

RATINGS: (See 'RATINGS' herein)
Fitch: "AAA with a stable outlook"
Moody's Investors Service, Inc.: "Aa1 with a stable outlook"
Standard & Poor's: "AA+ with a stable outlook"

NEW ISSUE

SERIAL BONDS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that interest on the Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (Including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on, the Bonds. See "Tax Matters" herein.

COUNTY OF ONONDAGA, NEW YORK

\$67,870,000 General Obligation (Serial) Bonds, 2013

CUSIP BASE†: 682745

Dated: Date of Delivery

Due: May 1, 2015-2033

MATURITIES

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
2015	\$4,560,000	4.00	0.39	3C6	2022	\$4,025,000*	5.00	2.51	3K8	2028	\$2,750,000*	5.00	3.31	3R3
2016	4,760,000	5.00	0.64	3D4	2023	4,100,000*	5.00	2.67	3L6	2029	2,400,000*	5.00	3.40	3S1
2017	5,125,000	4.00	0.97	3E2	2024	3,300,000*	5.00	2.81	3M4	2030	2,450,000*	5.00	3.47	3T9
2018	5,500,000	5.00	1.34	3F9	2025	3,400,000*	5.00	2.94	3N2	2031	2,250,000*	4.00	4.05	3U6
2019	3,800,000	5.00	1.67	3G7	2026	3,475,000*	5.00	3.11	3P7	2032	2,250,000*	4.00	4.10	3V4
2020	4,025,000	5.00	1.94	3H5	2027	3,500,000*	5.00	3.22	3Q5	2033	2,125,000*	4.00	4.15	3W2
2021	4,075,000	5.00	2.27	3J1										

* The Bonds maturing in the years 2022-2033 are subject to redemption prior to maturity as described herein under the heading "Optional Redemption".

The Bonds are general obligations of the County of Onondaga, New York (hereinafter referred to as the "County"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on May 1, 2014, November 1, 2014 and semi-annually thereafter on May 1 and November 1 in each year until maturity. Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the unqualified legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery in New York, New York or as may be agreed upon on or about June 28, 2013.

June 13, 2013

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE COUNTY DATED JUNE 7, 2013 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER AND THE DATED DATE ON PAGE 53, THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

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COUNTY OFFICIALS

JOANNE M. MAHONEY
County Executive

J. RYAN MCMAHON
Chairman, County Legislature

WILLIAM P. FISHER
Deputy County Executive

ROBERT E. ANTONACCI, II, CPA, ESQ.
County Comptroller

STEVEN P. MORGAN
Chief Fiscal Officer

SANDRA A. SCHEPP
County Clerk

KEVIN E. WALSH
Sheriff

GORDON J. CUFFY, ESQ.
County Attorney

WILLIAM J. FITZPATRICK, ESQ.
District Attorney

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No person has been authorized by the County of Onondaga to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County of Onondaga.

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OFFICIAL STATEMENT
of the
COUNTY OF ONONDAGA, NEW YORK

Relating To
\$67,870,000 General Obligation (Serial) Bonds, 2013

This Official Statement, which includes the cover page, has been prepared by the County of Onondaga, New York (the "County", and "State", respectively) in connection with the sale by the County of \$67,870,000 principal amount of General Obligation (Serial) Bonds, 2013 (hereinafter referred to as the "Bonds").

The factors affecting the County's financial condition and the Bonds are described throughout this Official Statement. In as much as many of these factors, including economic and demographic factors, are complex and may influence the County tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the County contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Bonds and the proceedings of the County relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

DESCRIPTION OF THE BONDS

The Bonds are general obligations of the County, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the County is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations (see "Tax Levy Limitation Law" herein).

The Bonds will be dated the date of delivery and will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on May 1, 2014, November 1, 2014 and semi-annually thereafter on May 1 and November 1 in each year until maturity. Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein.

Optional Redemption

The Bonds that mature on or before May 1, 2021 are not subject to optional redemption prior to their stated maturities. The Bonds that mature on or after May 21, 2022 will be subject to redemption in whole or in part at any time on or after May 1, 2021 at the option of the County, at 100% of the par amount plus accrued interest through the date of redemption. If less than all of the Bonds of a particular maturity are called for redemption, DTC or any successor securities depository will select the Bonds to be redeemed pursuant to its rules and procedures or, if book-entry system is discontinued, will be selected by the County's Chief Fiscal Officer, who has been appointed registrar (the "Registrar"), by lot in such manner as the Registrar in its discretion may determine. The County will cause notice of the call for redemption identifying the Bonds or portions thereof to be redeemed to be sent by facsimile transmission, registered or certified mail or overnight express delivery, not less than 30 nor more than 60 days prior to the redemption date, to the registered owner thereof. The County shall not be responsible for mailing notice of redemption to anyone other than DTC or another qualified securities depository or its nominee unless no qualified securities depository is the registered owner of the Bonds. If no qualified securities depository is the registered owner of the Bonds, notice of redemption shall be mailed to the registered owners of the Bonds. If a portion of a Bond is called for redemption, a new Bond in principal amount equal to the unredeemed portion shall be issued to the registered owner upon the surrender thereof.

NATURE OF OBLIGATION

Each of the Bonds when duly issued and paid for will constitute a contract between the County and the holder thereof.

Holders of any series of notes or bonds of the County may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds will be general obligations of the County and will contain a pledge of the faith and credit of the County for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the County has power and statutory authorization to levy ad valorem taxes on all real property within the County subject to such taxation by the County, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the County is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the County’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “Tax Levy Limitation Law,” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the city’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean. So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted. While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make

an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

See “Tax Levy Limitation Law” herein.

Book-Entry-Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE COUNTY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE COUNTY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

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Purposes of Issue

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the County Charter and the Local Finance Law, for the following purposes and amounts:

<u>PROJECT</u>	<u>AMOUNT</u>
Terminal Reservoir Tanks	\$ 11,700,000
Wetzel Road	6,200,000
2012 Road Improvements	5,501,000
ACJ Clinton St RTF	4,800,000
OCC Ferrante Hall Additions & Renovations	3,300,000
Parks Improvement & Maintenance	3,250,000
Suburban Green Infrastructure Improvements	3,000,000
Central Library Reconfiguration	2,700,000
Comp Energy & Asset Renewal	2,500,000
Community College (OCC) Athletic Fields	2,200,000
IT Phone System	2,200,000
MetroWWTP Primary Pump Replacement	2,000,000
2013 Road Improvements	1,500,683
Oak Orchard	1,500,000
Ed Kochian COB Rehab & Renovation	1,400,000
Community Plaza & Walks Renovation	1,357,000
Zoo HVAC Rehabilitation	1,300,000
Demolition of S1 Building at Van Duyn	1,000,000
Peoplesoft Hardware	1,000,000
Bridges 2011	900,000
Bridges 2010	875,000
Metro WWTP Bypass Treatment	800,000
IT Personal Computers	727,396
ACJ Harbor Brook In Water	650,000
OCC Site Improvements - Sidewalk	609,869
Oneida Lake Pump Station	600,000
Oncenter Complex Rehab/ Renovation	507,385
OnCenter Rehabilitation	500,000
ACJ Midland Ave	450,000
Behavioral Health Unit at Justice Center	400,000
OCC Technology Improvements	350,000
2010 Road Improvements	305,500
Metro WWTP Phosphorous Treatment System	300,000
Special Operations Facility Replacement	300,000
Branches Comp Infrastructure	242,936
OCC Campus Wide Energy Projects	225,000
OCC Site Improvements - Fire Alarm	190,131
Remodeling TA Intake	189,000
2009 Road Improvements	175,000
Community Plaza Garage	125,000
Correctional Facility Various Improvements	39,100
Total:	<u>\$67,870,000</u>

The proceeds of the Bonds will provide new monies for the aforementioned purposes.

THE COUNTY

General Information

The County of Onondaga is located in the central New York region, has a land area of 780.3 square miles and is approximately 35 miles in length and 30 miles in width. The County is governed under a home rule charter, which provides for the separation of the executive and legislative functions. This charter was approved by voter referendum in 1961. The 2010 U.S. Census showed a population of 467,026 for Onondaga County, which included a population of 145,170 for the City of Syracuse. The City of Syracuse is situated in the approximate center of the County and serves as the focus for commercial and business activities.

Pursuant to New York State Law, the County is responsible for the local funding of mandated social service programs, such as Medicaid. The County also administers health care services and operates the Van Duyn Home and Hospital (See “Van Duyn Home and Hospital”, herein), a long-term care facility. The County, in conjunction with its underlying units, is responsible for providing police, fire, sanitation and water services, as well as the maintenance of streets, parks and recreational facilities.

Governmental Organization

Onondaga County was established in 1794 and is comprised of separate municipalities, which include the City of Syracuse, 19 towns and 15 villages. The Onondaga Indian Reservation is also located in the County. In 1962, a County Charter became effective which divided the County into 24 legislative districts with an elected legislator representing each district in the County Legislature. Under the County Charter, a county executive was established to administer county government. The County Executive is the Chief Executive Officer and Chief Budget Officer of County government. The County Comptroller has responsibility for accounting and auditing of receipts and disbursements and is the Chief Accounting Officer. The County Executive and County Comptroller are elected to four-year terms and their current terms began in 2012. The County Clerk, Sheriff, and District Attorney are constitutional officials and are also elected to four-year terms. By Local Law No. 9 of 1995, the County merged the Division of Management and Budget into the Department of Finance, to be administered by the position of Chief Fiscal Officer. The Chief Fiscal Officer, who is appointed by and serves at the pleasure of the County Executive, is responsible for collection of taxes and other revenues, the custody and disbursement of all public funds of the County, and for the issuance of bonds, bond anticipation notes, and other financial offerings as provided for in the State Local Finance Law.

Pursuant to Local Law No. 11 of 1996, twenty-four legislative districts were reduced to nineteen districts effective January 1, 2002. Pursuant to Local Law No. 26 of 2010, nineteen legislative districts were further reduced to seventeen districts effective January 1, 2012.

Transportation

Approximately 60 million people live within a 350-mile radius of Onondaga County. This radius includes the populations of Boston, New York City, Philadelphia, Baltimore, Pittsburgh, Toronto and Montreal. The County’s central location is enhanced by its excellent transportation infrastructure and systems.

Air

Air passenger service is provided by five major airlines and twelve commuter airlines, offering approximately 125 daily arrivals and departures. The County is also served by three major air cargo carriers. Total passengers for 2012 (enplaned and deplaned) were 1,983,674, a .7% decrease as compared to 2011. In 2011 the Syracuse Airport Authority was established. See “Economic Development” herein.

Rail

Onondaga County is served by the railroad facilities of CSX (formerly Conrail) and Amtrak, which maintain terminals within the County. CSX’s computerized rail yard has the capacity to handle 2,200 cars per day, while Amtrak Rail serves Central New York travelers with daily departures from the inter-modal transportation center. See “Bus” herein.

Water

Water transportation is provided by the New York State Canal Corporation, a subsidiary of the New York State Thruway Authority. The system, designated as a National Heritage Corridor by the U.S. Congress, carries boaters the Niagara River with the Hudson River and the St. Lawrence Seaway, encompassing 524 miles. A major Barge Canal Terminal, located just one mile from downtown Syracuse, is being redeveloped for recreational boating uses by the New York State Thruway Authority, the City and private developers. The region is also served by the Port of Oswego, a deep-water port on Lake Ontario.

Highways

Onondaga County has been appropriately named the “Crossroads of New York State” due to the fact that the State’s two major interstate routes – the east-west New York State Thruway (I-90) and the north-south Interstate 81 intersect just north of the City of Syracuse. The New York State Thruway is accessed by six interchanges within the County. Interstate 690 forms an east-west axis through the County and Interstate 481 links the City of Fulton and surrounding towns. Also, there are more than 2,600 miles of highways, roads, and streets throughout the County.

More than 150 trucking companies, including the nation’s top 12 carriers of general freight, service the Onondaga County area.

Bus

Bus service is provided by two independent carriers, as well as by CENTRO, which is operated by the Central New York Regional Transportation Authority, and provides a high level of public transportation service to the County. Inter-city service is provided by several bus lines including Greyhound and Trailways. Two low-cost bus services, Megabus and Neon Bus (a division of Greyhound) operating within New York State and to Toronto and Philadelphia began operations in 2008. CENTRO operates an inter-modal transportation center adjacent to the regional market and in close proximity to NBT Bank Stadium and Destiny USA. The center provides mass transit lineage for rail and bus service. A new downtown CENTRO hub opened in 2012.

Higher Education

Onondaga County is a center for higher learning, with over 40,000 students currently attending colleges within the County. The Central New York region houses the third largest concentration of colleges and universities in the nation. Syracuse University (SU) is a highly regarded private college, offering a diverse portfolio of undergraduate and graduate degrees to its approximately 20,800 full and part-time students. Syracuse University’s Maxwell School of Citizenship and Public Affairs and Newhouse School of Communications are recognized as leaders in the field of public administration and journalism, respectively. It also has the School of Law and the Whitman School of Management’s MBA program among its many advanced degree programs.

Also located within the County are LeMoyne College, a Jesuit-run liberal arts college (3,400 students); the State University of New York’s Upstate Medical University, the largest medical school in upstate New York (1,500 students); and the SUNY College of Environmental Science and Forestry (2,600 students). In addition, over 12,500 students attend Onondaga Community College (OCC), a two-year college that is part of the State University of New York system. OCC was recently cited in the top 10% of community colleges in the country.

Over 88% of County residents over 25 have a high school education or higher, with 33.5% possessing a Bachelor’s Degree or higher (US Census Bureau, 2011 American Community Survey 1-year estimates) putting the County at or above State and national levels.

Health and Medicine

Five of the County’s largest employers are in the health care sector and three of the four major hospitals have recently completed or are continuing expansion plans in 2013. University Hospital in Syracuse is part of SUNY Upstate Medical University and is the only academic medical center in Central New York. It recently acquired Community General Hospital (renamed Upstate University Hospital at Community General) and the combined 2012 inpatient discharges totaled 27,600. The largest employer in the County, it is the home of the regional neurosurgery center and one of the country’s eleven Joslin Centers for Diabetes. It is also the region’s trauma center, burn center, kidney transplant and pediatric emergency center. St. Joseph’s Hospital Health Center (25,700 discharges) and Crouse Hospital (20,700 discharges) collectively provide a regional neonatal center, a high-risk obstetrics center and a cardiac surgery and cardiology program. In all, the County’s health care system includes the aforementioned hospitals and the Syracuse Veterans Medical Center, over 1,800 practicing physicians, two mental health centers, numerous ambulatory care programs, and a full range of long-term care facilities. Area hospitals operate approximately 1,800 licensed beds. In addition, there are approximately 3,000 beds in thirteen extended care facilities and nursing homes.

Culture and Recreation

Onondaga County offers a variety of cultural, recreational and entertainment opportunities.

Syracuse Stage is the premier regional professional theatre serving Syracuse and the Greater Central New York community. Syracuse Stage, a professional theatre in residence at Syracuse University, creates innovative, adventurous and entertaining productions, including new plays and bold interpretations of classics and musicals. Founded in 1974, Syracuse Stage produces six to seven productions, one of which is a collaboration with SU Drama. In addition, the education department produces one touring production for elementary and middle school students, in addition to the student matinee series of mainstage productions attended by about 20,000 students each season.

Syracuse Opera enriches the lives of the people of upstate New York through locally produced opera. Offering three main stage productions each season and year-round community performances and education programs, Syracuse Opera reaches over 60,000 people each year.

Syracuse Jazzfest is the Northeast's largest free jazz festival, attracting up to 80,000 music fans each year. This year's Festival, the 31st annual, will again be held at the County-owned park at Jamesville Beach. Jazzfest features nationally and internationally known jazz artists.

NBT Stadium is home of the Syracuse Chiefs - the Triple-A affiliate of the Washington Nationals since the 2009 season. The Stadium, which opened in 1997, was designed by HOK - the architects of Camden Yards in Baltimore, Coors Field in Denver, Jacobs Field in Cleveland and the new Yankee Stadium in New York. NBT Stadium, which seats 11,300, was designed to serve as a multi-purpose facility for a variety of area sporting and entertainment events.

The Syracuse Crunch brought professional hockey back to Onondaga County in 1994 in the 6,230-seat Onondaga County War Memorial. The Crunch is the American Hockey League affiliate of the Tampa Bay Lightning. The War Memorial is also the home of the Syracuse Silver Knights of the Major Indoor Soccer League. In its second season, the team attracted nearly 3,000 per game.

Syracuse University sports provide upstate New York with nationally-ranked men and women's collegiate athletics, featuring 20 intercollegiate teams. The 49,262-seat Carrier Dome, America's only on-campus domed stadium, is the home of Syracuse University football, basketball and lacrosse. Its men's and women's athletic programs are consistently ranked among the top 20 teams in the country and boast recent national championship teams. In 2009, for the first time in the history of the program, nine teams were featured in their sport's national ranking. In addition to Syracuse University sports, the Carrier Dome is the venue for Central New York's major concert events. The dome hosted the NCAA Men's Basketball Regional Championships five times since 1997 and will again in 2014. The University also hosts lectures by leading business, political, literary and media dignitaries.

Onondaga County Parks provides over 3 million annual visitors recreational, cultural, educational, and environmental opportunities in a 6,500-acre system. The County-owned Rosamond Gifford Zoo at Burnet Park is home to the Penguin Coast exhibit showcasing the Zoo's colony of Humboldt penguins. This \$3.75 million display opened in July 2005. The Zoo boasts over 700 animals, with its signature animals – the Amur tigers, ocelots, golden lion tamarins, and red pandas attracting residents and visitors to the in-City zoo. Primate Park featuring patas monkeys, siamangs and lemurs opened in 2010 while the new 3-acre Asian Elephant Preserve offers a new home for the internationally recognized elephant breeding program. In 2013, the zoo will unveil a giant pacific octopus exhibit.

Onondaga Lake Park was named "one of America's top ten national heritage parks" after renovations added Wegmans boundless playground, the region's premier skatepark, the Griffin Visitor Center, and various sports courts. Marina renovations were completed in 2010 and enhancements to the Wegmans Landing section of the park were completed in 2011. Distinguished by seven miles of waterfront trails, this is upstate New York's most-visited leisure facility and in 2013 a 2.5 mile extension of the trail will be completed.

Onondaga County's lakes have become destinations in the world of fishing, as evidenced by the national acclaim generated by the annual return of BASSMaster events at Oneida Shores and Onondaga Lake since 2007. In 2013, Jamesville Beach is hosting its fourth Ironman event and Oneida Shores, its fifth Iron Girl triathlon. The third annual Empire State Marathon will be held in October 2013.

In all, the County Parks system provides the community with a nature center, beaches, forested areas and natural feature parks, a centrally located multi-use park with intensive recreational opportunities, a marina and boat launches, athletic fields and a professional sports stadium, a fish hatchery, dog park, historic facilities and memorial areas, as well as an array of special events and programs which have significant impact upon tourism and quality of life. This is documented by approximately \$11 million in economic impact generated by activities (2012 estimate of the Syracuse Convention & Visitors Bureau).

Conventions and Tourism

Onondaga County has recognized the economic importance of conventions and tourism as a net wealth generator for the community. The County was the driving force behind the development of the Oncenter Complex, an integrated convention center complex consisting of three venues. Centrally located in downtown Syracuse, it attracts both regional and national events that contribute to the economic and cultural development the Onondaga County. The Nicholas J. Pirro Convention Center is available for major conventions, meetings, banquets, consumer and trade shows. The space includes a multi-purpose exhibit hall with 65,000 square feet, the 15,000 square feet grand ballroom and ten meeting rooms and atrium space. There is an enclosed walkway that attaches to a 1,000-space parking garage. The Center has undergone a green-roofing project that was completed in 2011 and is currently undergoing meeting room renovations to upgrade sound and lighting systems and technology advances.

The War Memorial has the versatility to accommodate numerous large-scale events, including ice shows, family shows, car shows, concerts, sports events and conventions. It offers over 91,000 square feet on three levels and can accommodate over 7,000 guests in the arena. Telescopic seating was recently installed in the arena along with a state-of-the-art digital scoreboard. The John H. Mulroy Civic Center is home to three distinct theaters that host a diverse variety of events, from stage productions, and lecture series, to symphonies and business meetings and can accommodate between 20 and 2,100 guests.

The Oncenter is an award winning facility that has continually been recognized for its outstanding level of customer service, flexibility of function space, quality of food and the hospitality of its staff. Managed by the international venue management company SMG, The Oncenter is advantageously positioned to offer clients creative and flexible options for their groups.

The versatility of the Oncenter has led to the annual attraction of over a half million visitors and thousands of room nights to Onondaga County. In 2012 there were over 900,000 visitors that attended a wide variety of events, including numerous theater, concert, sporting, tradeshow and catered events. The Women’s United States Bowling Congress Championship was held in the Oncenter Convention Center March – July 2011, which generated over \$36 million in 2011 economic impact to the County and the community. The 2018 U.S. Bowling Congress open tournament was awarded to Syracuse and is expected to generate \$70 million during its time at the Oncenter.

The Empire Expo Center is the home of the Great New York State Fair, which attracts nearly 1,000,000 people from across the Northeast during its 12-day run each August. The Fairgrounds attract hundreds of thousands of additional visitors to a wide variety of non-Fair events throughout the year. With more than 100 structures, 21 major buildings and parking for 23,000 cars, the Empire Expo Center hosts many events and the annual economic impact of these events to Central New York is an estimated \$200 million over several years. In 2013, it will again host Super Dirt Week and the 13th annual Syracuse Nationals Auto Show.

Population Trends

<u>Year</u>	<u>Onondaga County</u>	<u>New York State</u>	<u>United States</u>
1990	468,973	17,990,455	249,632,692
2000	458,336	18,976,457	281,421,906
2010	467,026	19,378,102	308,745,538
2012 (Estimated)	466,852	19,570,261	313,914,040

Source: U.S. Census Bureau.

Unemployment Rate Statistics

Annual Average Unemployment Rates (%)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2012</u> <u>YTD⁽¹⁾</u>	<u>2013</u> <u>YTD⁽¹⁾</u>
Onondaga County	5.1	5.1	4.5	4.4	4.1	5.2	7.7	8.1	7.8	8.1	8.6	8.3
New York State	6.4	5.8	5.0	4.6	4.6	5.4	8.3	8.6	8.3	8.5	9.0	8.7
United States	6.0	5.5	5.1	4.6	4.6	5.8	9.3	9.6	8.9	8.1	8.3	7.7

⁽¹⁾ Year-to-date (YTD) data is the average of the months January through March for each noted year.

Source: New York State Department of Labor and the U.S. Bureau of Labor Statistics

Monthly Unemployment Rates (%)

	<u>2012</u>											<u>2013</u>		
	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>
Onondaga County	8.7	8.3	7.8	8.1	8.4	8.5	8.0	8.0	7.7	7.4	7.8	8.8	8.5	7.7
New York State	9.1	8.7	8.0	8.4	8.7	8.9	8.5	8.1	8.1	7.9	8.2	9.3	8.8	8.1
United States	8.3	8.2	8.1	8.2	8.2	8.2	8.1	7.8	7.9	7.8	7.8	7.9	7.7	7.6

Source: New York State Department of Labor and the U.S. Bureau of Labor Statistics

Labor Market Statistics

The following tables present the distribution of employment in Onondaga County and employment trends for 2000, 2009, 2010 and 2011.

Trend of Total Employment
Total Employment and Employment as a % of Total Employment
2000, 2009, 2010 and 2011

Industry	<u>2000</u>	<u>Percent of Total</u>	<u>2009</u>	<u>Percent of Total</u>	<u>2010</u>	<u>Percent of Total</u>	<u>2011</u>	<u>Percent of Total</u>
Agriculture, Forestry, Fishing Hunting	578	0.2%	553	0.2%	543	0.2%	546	0.2%
Mining	126	0.1%	170	0.1%	180	0.1%	122	0.1%
Utilities	N/A	N/A	1,461	0.6%	1,600	0.7%	1,558	0.6%
Construction	10,272	4.1%	9,685	4.0%	9,287	3.9%	9,356	3.9%
Manufacturing	35,126	13.9%	22,626	9.3%	21,231	8.9%	20,591	8.6%
Wholesale Trade	14,277	5.7%	12,890	5.3%	12,588	5.3%	12,993	5.4%
Retail Trade	29,852	11.8%	27,230	11.2%	27,102	11.3%	27,538	11.5%
Transportation and Warehousing	8,049	3.2%	8,414	3.5%	8,311	3.5%	8,246	3.4%
Information	7,044	2.8%	4,532	1.9%	4,401	1.8%	4,340	1.8%
Finance and Insurance	12,474	4.9%	11,985	4.9%	11,605	4.8%	11,662	4.7%
Real Estate and Rental Leasing	3,331	1.3%	3,499	1.4%	3,293	1.4%	3,290	1.4%
Professional and Technical Services	11,033	4.4%	13,285	5.5%	13,204	5.5%	13,241	5.5%
Management of Companies and Enterprises	3,841	1.5%	3,703	1.5%	2,607	1.1%	2,471	1.0%
Administrative and Waste Services	11,959	4.7%	13,088	5.4%	13,562	5.7%	13,546	5.6%
Educational Services	8,213	3.3%	8,637	3.6%	8,841	3.7%	8,959	3.7%
Health Care and Social Assistance	26,253	10.4%	31,541	13.0%	31,489	13.1%	31,914	13.3%
Arts, Entertainment, and Recreation	2,645	1.1%	3,533	1.5%	3,422	1.4%	3,372	1.4%
Accommodation and Food Services	16,080	6.4%	17,365	7.1%	17,659	7.4%	17,899	7.5%
Other Services	9,412	3.7%	8,128	3.3%	8,123	3.4%	8,094	3.4%
Total, All Government	38,819	15.4%	40,599	16.7%	40,477	16.9%	39,952	16.6%
Unclassified	86	0.1%	169	0.1%	171	0.1%	236	0.1%
Total, All Industries	252,477	100.0%	243,092	100.0%	239,697	100.0%	239,926	100.0%

Note: Column totals may not foot due to rounding.
 2012 Annual figures are not available at this time.

Source: New York State Department of Labor, Quarterly Census of Employment and Wages Survey (QCEW).

Labor Force Statistics in Onondaga County

Persons in the labor force and persons employed (annual average) in Onondaga County for 2001 through 2013 YTD¹ are as follows (in thousands):

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>
2001	230.9	221.5
2002	231.7	220.3
2003	231.0	219.2
2004	232.2	220.4
2005	233.9	223.3
2006	233.7	223.5
2007	232.7	223.1
2008	234.7	222.6
2009	232.8	214.8
2010	230.7	212.0
2011	227.9	209.8
2012	226.9	208.5
2012 YTD ¹	225.8	206.5
2013 YTD ¹	225.0	206.2

¹ Year-to-date (YTD) data is the average of the months January through March for each noted year.

Source: New York State Department of Labor, Local Area Unemployment Statistics Program (LAUS)

Major Employers

Listed below are the major industrial and service-related employers in Onondaga County and the number of employees:

<u>Rank</u>	<u>Name</u>	<u>Employees</u>
1.	Upstate University Health System*	9,000-9,500
2.	Syracuse University	4,500-5,000
3.	St. Joseph's Hospital Health Center	4,000-4,500
4.	Wegmans Food Stores	3,500-4,000
5.	Crouse Hospital	2,500-3,000
6.	Loretto Adult Care Facilities	2,000-2,500
7.	Lockheed Martin MS2	2,000-2,500
8.	National Grid	1,500-2,000
9.	Raymour and Flanigan	1,500-2,000
10.	Time Warner Cable	1,500-2,000
11.	Syracuse V.A. Medical Center	1,000-1,500
12.	Carrier Corporation	1,000-1,500
13.	Welch Allyn, Inc.	1,000-1,500
14.	United Parcel Service	1,000-1,500
15.	Roman Catholic Diocese of Syracuse	1,000-1,500
16.	Verizon	1,000-1,500
17.	Excellus Blue Cross Blue Shield of CNY	500-1,000
18.	AXA Equitable Life Insurance Co.	500-1,000
19.	L. & J.G. Stickley, Audi & Co.	500-1,000
20.	The Bank of New York Mellon Corp.	500-1,000
21.	Syracuse Research Corp (SRC)	500-1,000

* In 2011, Upstate merged with Community General Hospital, formerly the 15th largest employer.

Source: Syracuse Chamber of Commerce, October 2012.

Commercial Banking

There are thirteen major commercial banks with more than 125 branches within the County. The four savings institutions have an additional 8 branches. Offices of the following commercial and savings banks are within the County:

<u>Commercial Banks</u>		<u>Savings Institutions</u>
Adirondack Bank	M & T Bank	Berkshire Bank
Bank of America, N.A.	NBT Bank, N.A.	Fulton Savings Bank
Community Bank, N.A.	Pathfinder Bank	Geddes Federal Savings & Loan Assn
First Niagara Bank	RBS Citizens Bank, N.A.	Seneca Federal Savings & Loan Assn
JP Morgan Chase Bank, N.A.	Solvay Bank	
Key Bank, N.A.	The Lyons National Bank	

Source: <http://www2.fdic.gov/idasp/main.asp> March 2013

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Economic Development

A centerpiece of the Governor's strategy to jumpstart the economy and create jobs, the Regional Councils were put in place in 2011 to redesign the state's approach to economic development from a top-down model to a community-based, performance-driven approach. The initiative empowers community, business, and academic leaders, as well as members of the public in each region of the state, to develop strategic plans specifically tailored to their region's unique strengths and resources in order create jobs and support economic growth.

In 2011, the Central New York Regional Economic Development Council's (REDC) plan was chosen as a "Best Plan" and was granted \$103.7 million in Economic Development money from New York State. Among the Onondaga County projects that were backed by the REDC and for which funding was approved are:

- Syracuse Inner Harbor Redevelopment - \$3 million
- Central New York Biotechnology Research Center and Site Development - \$5.5 million
- Clay Industrial Park - \$6.7 million
- Housing improvement projects - \$45 million

In 2012, the CNY region was honored with the "Top Performer" award, recognizing the region's efforts to keep the funded projects on schedule. Again, the region was awarded with significant NYS funds totaling \$93.8 million to fund 73 projects, including \$3.1 million for the expansion of the Syracuse Community Health Center, \$2.5 million for the Sibley's Building renovation in downtown Syracuse, \$1.5 million for the Inner Harbor redevelopment and \$1.0 million for infrastructure improvements in the Loguen's Crossing vicinity.

Collaboration is the key to Economic Development in the Onondaga County region. The Syracuse Chamber of Commerce and the Metropolitan Development Corporation combined in May 2010 to form the CenterState Corporation for Economic Opportunity (CEO). Representing not only Onondaga County, the CEO's 12-county region is home to 1.5 million people and over 130,000 college students. The 35 college campuses make it the third highest concentration of colleges and universities in the nation and bring in more than \$2 billion in research and development annually. The region is an international leader in green and clean technology, sensor systems and nanotechnology.

The County's Department of Economic Development and the City of Syracuse's Department of Neighborhood and Business Development have co-located and are collaborating, combining their resources to insure a focused effort to recruit and retain development within the County.

CenterState CEO serves as the region's primary economic, community and business development catalyst and works to achieve regional growth and total community prosperity through partnerships, planning and problem solving. Their Creative Core Emerging Business Competition has awarded over \$1 million to companies poised for growth. As a result of a Brookings-Rockefeller Project on State and Metropolitan Innovation, a potential transformational business practice is now CEO's primary initiative – increasing the region's export activity.

The Metro Export Initiative has three core strategies:

- Increase export activity of top exporters
- Assist the small and medium companies that have the products to export, but lack the expertise or personnel to pursue these opportunities
- Expand exports of the key service providers in Education, Healthcare and Medical Services and Tourism

Syracuse and Onondaga County continue to be known nationally for green initiatives. In 2013, the U.S. Water Alliance announced the three winners of the U.S. Water Prize, including Onondaga County, for its program to "Save the Rain" and embrace green infrastructure solutions to wet weather problems. County Executive Joanne Mahoney was recognized as the 2011 Public Official of the Year by Governing Magazine for her leadership. Onondaga County's "Save the Rain" program has been identified by the United States Environmental Protection Agency (EPA) as a model green infrastructure community. The special recognition makes Syracuse and Onondaga County one of only ten communities to receive this special designation. Over \$25 million has been spent locally on "Save the Rain" projects including porous pavement, green roofs, rain gardens, infiltration trenches and beds, and green streets. This initiative has been extended into the County's towns and villages. The Legislature passed a \$3 million resolution in May 2012 authorizing the program and dedicated another \$2 million in 2013.

One of the most successful sustainable initiatives, the Clean Tech Center, develops renewable and clean energy technology companies in New York State. A program of The Tech Garden – a 35,000 square-foot technology incubator, it is funded by NYSERDA to develop emerging businesses and commercializing technologies in renewable energy, alternative fuels, system integration and smart grid technologies, transportation and buildings and construction technologies.

The Green PILOT, a program to encourage private developers to construct buildings that meet the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) standards, was adopted by the Onondaga County Industrial Development Agency in May 2011. With the goal of reducing the upfront costs of going green, the program reduces a project's Payment in Lieu of Tax Schedule by a percentage based on the level of LEED certification (silver, gold, platinum) achieved.

The area's institutions of higher learning continue to make significant commitments to off-campus investments and initiatives, particularly within downtown Syracuse, bringing employment, economic activity, and cutting-edge research and development into the community. Current and planned developments by Syracuse University, SUNY's College of Environmental Science and Forestry (ESF), and the Upstate Medical University, the County's largest employer, are revitalizing downtown Syracuse along with surrounding neighborhoods and commercial districts.

The New York State Center of Excellence in Energy and Environmental Technologies, a collaborative venture, including the State, Syracuse University, SUNY's College of Environmental Science and Forestry (ESF), and private business, opened in March 2010. This \$41 million, high profile, downtown development focuses academic and corporate research and the development of innovations relating to clean and renewable energy, indoor environmental quality, and water resources. The project is the product of a federation of more than 200 businesses, organizations, and educational and research institutions. An \$8.7 million expansion is underway supported and funded through the REDC and a NYS REDC grant.

The \$23 million Central New York Biotech Accelerator, an incubator providing the environment to accelerate biological and medical products to market, has opened its doors. This 40,000 square foot facility is a joint venture of SUNY ESF and Upstate. Part of a multi-year, \$510 million capital plan advanced by the Upstate Medical University, the plan also includes development of a 10-acre new Western Campus, labeled Loguen's Crossing, consisting of major retail, residential, clinical, and research facilities located within the traditional boundaries of downtown Syracuse. Upstate continues to invest in its on-campus facilities. The new Golisano Children's Hospital, the centerpiece of a \$140 million expansion of its University Hospital, opened in September 2009. A new cancer center is scheduled to open in fall 2013. The \$74.5 million 90,000 square foot facility will consolidate all the patient cancer services. The \$72 million expansion of the Institute for Human Performance is underway and will nearly double the size of this research center for brain, spinal and nervous system diseases. A \$36 million new academic building is in the design phase. In 2011, Upstate purchased Community Hospital's assets, enabling it to expand enrollment in its schools, provide more training sites for students and preserve services at Community.

Local hospitals in the Syracuse area employ over 17,500 and the major hospitals are continually making capital investments. Expected to be open this summer, an \$84 million six floor addition at the Veterans Medical Center will create a new spinal cord injury/disease center adding 70 new positions. Crouse Hospital is enlarging its surgical rooms to house new technology equipment and is updating its operating room suites. Projects total \$50 million and Phase I, the surgical center, opened in 2011. In the Prospect Hill neighborhood surrounding St. Joseph Hospital, work has been completed to construct affordable housing for employees. St. Joseph's \$80 million new Emergency Room opened in February 2012, part of \$265 million in hospital expansion plans. Currently underway is the six-story expansion that will house 110 private rooms, operating rooms and intensive care units. Up to 600 construction jobs and 200 new full-time health care positions are materializing due to these new facilities. A new data center was also completed and the full hospital expansion's target completion is 2014. The County's Van Duyn Home and Hospital completed a \$5 million renovation, updating elevators, phone systems and nurses stations.

Syracuse University has been a major driver of the construction industry throughout the past decade. Total completed or undergoing building has exceeded \$500 million since 2004. Major buildings for its Management, Newhouse and Life Sciences schools were constructed, as well as dormitories and student apartments. Construction is well underway for a new \$95 million Law School building, expected to open in 2014. Adjoining the SU campus, SUNY ESF's \$28.3 million Gateway Building and \$31.4 million Centennial Hall on its main academic quad and its first dormitories adjoining the campus opened in 2011-12. A new \$86 million research academic building is being planned with a 2015 target date.

The University Hill area, which is home to Syracuse University, SUNY ESF, Upstate Medical University, and a concentration of the region's health care and hospital facilities, is separated from the traditional downtown only by an elevated section of Interstate 81. New York State has committed \$20 million in State support to assist with the "Connective Corridor" (\$42.5 million total project) to better link these two major economic centers. In December 2011, it was awarded \$10 million in Federal DOT funding. Through lighting, landscaping, signage, and streetscape improvements, the connective corridor is intended to eliminate real and perceived barriers between the two areas, resulting in an improved environment for commercial, residential, and cultural development in downtown Syracuse. The path of the Connective Corridor also serves as a link between the major arts and cultural centers and tourism destinations within downtown. Construction of these enhancements is nearly complete, including façade improvements and additional new busses for the route.

All of this development is occurring at a time of transition in downtown Syracuse, as older – often empty - buildings are being converted to market rate rental and owner-occupied housing. There are currently 1,503 completed downtown housing units, with another 500 planned or underway which includes renovating two towers at \$32 million for 400 Upstate Medical students and employees. Four major projects have added or will add 255 residential units, as well as retail and dining and office space, and

account for \$70 million in renovations. Occupancy rates are at 99%. In historic Armory Square, there is much activity. In summer 2009, Jefferson Clinton Commons, a \$20 million mixed use commercial and residential building opened, the first new construction, private-sector downtown building since 1992. The Washington Station Building opened in fall 2010. O'Brien and Gere Engineering, a large environmental engineering firm based in suburban Onondaga County, anchors this new 200,000 square foot mixed-use building. A renovated 51,000 square foot warehouse adjacent to the Armory Square now houses the local architect firm King and King. In August 2010, Urban Outfitters opened in a reconverted building. This is a significant retail win for the area and seventeen other shops have opened in the past year. A \$30 million, 180-room Marriott hotel will open in June 2013 and has added 200 construction jobs. The \$16 million renovation of the historic Landmark Theatre was completed in 2011 and local parking garages have had attractive facelifts. A \$6 million renovation of an older office building will provide Class A office space, known as Onondaga Tower.

In the Lakefront Development area, immediately north of downtown Syracuse, the expansion of the Carousel Center has transformed the Center into Destiny USA—a retail themed destination that is also pioneering new, environmentally-friendly construction techniques and building systems. The first new retail space was unveiled in December 2011 and themed restaurants, recreation attractions, movie theaters and a variety of retail outlets have opened in 2012-13. Travel and Leisure magazine has written that Destiny USA, pulling in 29 million visits a year, will be the second most-visited shopping and entertainment complex in America. At 2.4 million square feet, it is the nation's sixth-largest shopping venue and the largest in New York State.

Several of the area's largest high tech and knowledge-based industries are reporting significant growth, as described below.

Lockheed Martin Naval Electronics and Surveillance Systems-Radar Systems, a unit of Lockheed Martin Corporation, is leader in the design, development and integration of radar systems, vessel traffic management, simulation and training systems, and other complex electronic systems. The firm employs 1,900 people at its Syracuse headquarters. The company continues to win defense contracts for radar units and mine neutralization devices built in Syracuse, including a \$57 million Navy contract to upgrade the fleet's electronic warfare defenses against anti-ship missile threats awarded in March 2013.

Anaren, Inc designs, develops, manufactures and sells high-frequency electronic technology, for the wireless communications, satellite communications and consumer and defense electronics markets and employs 400 people in the County. Sales (\$116 million) and net profit (\$11.7 million, +105%) were up substantially from 2012 levels for the nine months ended March 31, 2013

Sensis Corporation was acquired by Saab AB in 2011 to form Saab Sensis Corp. It provides sensors, information technology, and simulation and modeling to the world's air navigation service providers, civil aviation authorities, airports, airlines and militaries. The company employs nearly 500 people in the Town of DeWitt, the site of its 80,000 square-foot headquarters building. In January 2012 the Federal Aviation Administration awarded Saab Sensis a \$54 million five-year contract for its airport surface surveillance capability program. Over 60 of the world's 100 largest airports use Sensis technology and Saab has designated Sensis to be its world headquarters for air traffic management business.

SRC, Inc., formerly Syracuse Research Corporation, is a not-for-profit research and development company with more than 55 years of experience in defense, environment and intelligence. Its radio-controlled improvised explosive device electronic warfare (CREW) system was recognized as a Top 10 Army Greatest Invention. SRC currently employs 600 people at its Cicero headquarters. Due to its success in creating a lightweight counter-mortar radar system for the U.S. Army, its growth in manufacturing led to a for-profit SRCtec subsidiary, which provides manufacturing and lifecycle support for complex electronics systems and employs an additional 230 people in its North Syracuse location. SRC continues to receive critical contract awards including a recently announced five year, \$20 million contract from the EPA to evaluate the manufacture, use and environmental consequences of new chemical substances entering the U.S. marketplace.

Welch Allyn, an internationally known manufacturer of medical and dental diagnostic instruments continues to serve as an industry leader and major force in the area's economy. The firm employs over 1,100 locally and 2,500 worldwide. The company completed a \$35 million, 175,000 square foot expansion and renovation to its headquarters. The Gold-LEED certified building represents a 55 percent increase in building space, yet there has only been an 8 percent increase in energy consumption and water consumption has decreased by 25 percent.

While the role and products have changed over the years, employees at the Bristol-Myers Squibb facility in East Syracuse have the same mission as they have had since 1943: to develop and deliver innovative medicines to help people prevail over serious diseases. 600 employees at this biotech campus are responsible for developing and manufacturing the latest biologic medicines.

Carrier Corporation has invested \$25 million in redeveloping its Dewitt campus and continues its position as the company's largest research and development center. The Dewitt site develops refrigeration systems for shipping containers and trucks cooling systems for store display cases and air conditioning, as well as software.

Anheuser Busch continues to invest in its Lysander facility. The firm employs 750 workers at its plant northwest of Syracuse and expects to continue its operations at full capacity. The company is a wholly-owned subsidiary of Anheuser-Busch InBev, the leading global brewer, and continues to operate under the Anheuser-Busch name and logo. It recently negotiated an agreement that would reduce the brewery's property taxes over 15 years in exchange for the company's pledge not to close the brewery during that time.

Tessy Plastics Corp, a plastics-parts maker in Elbridge, New York, with annual sales of \$206 million now employs 763, with an additional 100 contract employees. It just announced its sixth expansion since 2001, a 100,000 square foot warehouse, which will free up much needed manufacturing space. Not only is it expanding its western suburbs facility, it also purchased the former Syroco facility for a new \$1.8 million distribution site. Tessy was recognized with the 2012 Manufacturing Leadership 100 Award in the Innovative Enterprise category.

Sysco Food Distribution Company's \$20.1 million expansion project will construct, equip and renovate its cold dock and retain over 500 local jobs.

A squadron of unmanned aircraft (drones) is now based at the Air National Guard base in Mattydale, further securing the future of the base and retaining its 1,200 jobs. \$5.4 million was spent to modernize and expand the buildings. Hancock is the national headquarters for training Reaper maintenance personnel from all service branches

A \$63 million security and expansion at Syracuse Hancock International Airport opened in May 2013. The center portion of the airport has been completely rebuilt and the addition of 147,000 square feet has enabled the combination of the two security screening areas into one central checkpoint. The expansion has been paid for by facility charges, charged to each ticket for enplaned passengers. The project added 250 construction jobs, along with another 90 jobs to construct a \$6 million airport facility for Syracuse Jet Association.

Regionally, the County continues to participate in the 12-county Central Upstate Regional Alliance, which is a partnership of public, academic and no-profit organizations convened by the CenterState CEO. The partners work collaboratively to address common challenges and advance unique opportunities for the benefit of the entire region.

The Onondaga County Office of Economic Development works closely with the many other organizations in the area whose goals are to make doing business in the region easier. In addition to Centerstate CEO and the City of Syracuse, the County takes advantage of the following partners:

- Empire State Development and its New York State Excelsior Jobs Program – provides capital grants and tax credits for up to ten years, including job tax, R&D tax, real property tax credits. National Grid, the local utility offers utility discounts to NYS Excelsior designated companies. NYSERDA, a state authority which encourages energy alternatives, offers a wide array of utility incentives for residential, business and institutional facilities.
- Central New York Regional Planning Board provides planning services to spur business investment in the five County CNY-regions.
- Central New York Technology Development Organization and its Manufacturing Extension Program work with manufacturing companies to improve a company's manufacturing process, productivity and competitiveness. The Syracuse University Center of Excellence for Environmental Systems and a collaboration of Central New York government, education and business support agencies was one of the 10 winners of the highly coveted Presidents Advanced Manufacturing Jobs and Innovation Accelerator Challenge. The \$1.8m award will support systemic changes to accelerate innovations in Advanced Manufacturing of Thermal and Environmental Control Systems.
- Manufacturers' Association of Central New York provides members with the tools, information, and resources they need to compete.
- Empire State Development offers a wide variety of financial incentives to qualified business attraction and retention projects that create wealth within New York State.
- Greater Syracuse Business Development Center offers a variety of financing packages for small to medium-sized businesses located in Central New York.
- In an effort to train and prepare the local workforce, the New York State Small Business Development Center at OCC, Onondaga-Cortland-Madison BOCES and CNY Works and Workforce Investment Board provides small business assistance, customized training especially in mechanical, engineering, computer and customer service skills and job placement, respectively.

The County has made maximum use of available economic development tools. The Onondaga Civic Development Corporation (OCDC), a not-for profit local development Corporation, was established in October 2009. The corporation, which can provide tax-exempt financing for not-for-profit corporations, was formed with the purpose of encouraging the development or retention of industries that provide employment and job related training opportunities in the community. During 2012, the OCDC issued \$159 million bonds for the renovation and expansion of St. Joseph's Hospital Health Center which will modernize its operating facilities and expand patient rooms and an additional \$20 million for building renovations at LeMoyne College.

The Onondaga County Industrial Development Agency (OCIDA), a public benefit corporation created in 1970, uses its statutory powers to work with local businesses to build or expand their businesses in Onondaga County. During 2012, the OCIDA completed three Payment in Lieu of Tax Agreements (PILOTs) to keep Welch Allyn's corporate headquarters, Sysco Food's regional distribution center, and Bitzer Scroll's advanced manufacturing facility in Onondaga County. Additionally, the OCIDA may provide tax benefits for a number of expansion projects, including: Southern Wine and Spirits of Upstate New York which is undertaking a \$17 million expansion of its warehouse facility; JadaK is spending \$5 million to double its facility to expand its scanning R&D and manufacturing space; and Township 5, a development group, has recruited a Costco as the anchor tenant at its \$60 million development project. Finally, Onondaga County will be the site of Agrana Fruit, US's new northeast food processing facility, a \$38 million project expected to serve New York's State's rapidly growing yogurt industry.

The County is equally proactive in preparing sites for major developments. Through the OCIDA, the County has acquired 333 acres at the Clay Business Park - a large-scale, industrial development site. This site is marketed as a part of a statewide effort to attract large manufacturing and distribution firms. The site lends itself to a variety of other large-scale industrial developments seeking large, properly zoned, permitted sites with supporting infrastructure in place. The Governor's Regional Economic Development Council awarded \$1.6 million in grants to construct the necessary sewer and road improvements and, in 2012, the County designated \$2 million for cash capital to assist in these efforts. Another shovel-ready site is the Hancock Airpark, a 425-acre County-owned property. The efforts at Hancock have led to 50 acres being returned to the tax rolls and 750 jobs brought to the Airpark since 2005.

FINANCIAL STRUCTURE

Budgetary Procedures

The County Executive submits an operating budget each year, which, after the public hearing, is adopted by the County Legislature. Expenditures during the fiscal year may only be made pursuant to appropriations from the General Fund and other special purpose funds established by the County.

However, during the fiscal year, the County Legislature, on the recommendation of the County Executive, may, by resolution, make additional appropriations from any unencumbered balances in appropriations, contingency funds or unanticipated revenues, and to a limited extent by the issuance of budget notes.

Budget Monitoring and Fiscal Controls

Budget analysts regularly meet with fiscal officers in line departments to collect data on expenditures, revenues, performance measures and caseload trends and to discuss potential budgetary issues in upcoming months. The indicators in the database are updated at least monthly based on both the information submitted and discussions at these meetings. The data that has been collected is used to produce a number of reports projecting short and long-term budget performance. These reports include:

Appropriation/Revenue Forecasts

Monthly reports on key expenditure and revenue accounts are produced and these reports are the most important component of budget monitoring activities. The County's Budget Office staff meets monthly to review the status of all of the major revenue and expense items, and trends in the national and local economy that may impact County finances.

Quarterly reports on the status and forecast of key expenditure and revenue accounts, along with a profile of area economic conditions, are developed collaboratively by the County's Budget Office and departmental fiscal officers and are presented to the County Executive and County Legislature. The report is intended to provide decision-makers with the best available information regarding the condition of County finances. This information is the basis for fiscal and programmatic policy decisions during the course of the year, and establishes the financial foundation for the development of the County's annual operating budget in the early fall.

Five-Year Budget Projection

This document is intended to be an early warning system for budget officials. It is driven from the database of key indicators. This document is designed to permit officials to formulate plans to address major budget issues confronting the County on a timely basis.

Ensuing Year Departmental Budgets

These forecasts are used to project incremental growth of departmental budget accounts during the budget request process.

The County's Budget Process

Onondaga County has established an in-depth annual budget process, which is an important component of the County's overall commitment to disciplined financial management. In early June, the County's Budget Office receives requests for the upcoming fiscal (calendar) year from departments and spends the summer developing and refining revenue and expenditure estimates based on these requests. On or about September 15, the County Executive presents the executive budget to the County Legislature. The Legislature's Ways and Means Committee then undertakes a two to three week review process dominated by budget hearings in which each department presents and defends their budget request. This review of departmental budget requests by the Legislature is designed to result in financial accountability and attentiveness by every County department, and a legislative body familiar with the details of County finances and programs.

Special Reports

The major revenue and expenditure indicators serve as an important database for many special reports on key issues facing the County.

County Budget

The County continued the implementation of the new consolidated ERP system – PeopleSoft – during 2012. This \$10 million program will upgrade and consolidate decades old legacy systems in financial reporting, budgeting, purchasing and human resources. Financial reporting, budgeting and purchasing went live in 2012 with the 2013 budget developed and managed to adoption using this new system. Human Resources will be live in 2013.

The County used this new software to develop the 2013 budget, and at the same time began the process of restructuring how it budgets and funds its operations and programs. The 2013 budget was crafted based on functional program areas within each department. Departments were required to build program budgets by specifically identifying expenditures and revenues by each functional area. This approach, when coupled with identifying and assigning performance metrics to each program, will eventually enable the County to make more strategic decisions regarding the funding of programs. Resources will be directed to those programs and services that achieve the outcomes desired within the overall financial framework of the County and its priorities.

The County Executive presented the 2013 budget in September 2012. As the budget was developed, rising fringe benefit costs, including pension and health care, were significant contributors to the projected budget gap of \$14 million. Increased costs for Medicaid, Safety Net and Special Education Services to Children were also major contributors to the projected budget gap. To overcome this gap, the County Executive held headcount to a minimal increase, as well as all other discretionary spending. Additional sales tax growth, both in the County's retained percentage under the sales tax sharing agreement and general sales tax collections growth were factored into the budget gap reconciliation. Fund balance use in the amount of \$7 million, as well as no increase in the proposed tax levy, were also part of the County Executive's recommended budget.

The County Legislature adopted the 2013 Budget on October 9, 2012. The Legislature made additional appropriations cuts and increased revenue assumptions to reduce the property tax levy by \$7.2 million. The property tax levy has been reduced by the Legislature by a total of \$43 million over the last three years. The 2013 Budget supports \$1.2 billion in total expenditures, including internal transfers of \$228,837,299. Expenses were 1.3% above the 2012 budget as modified. The General Fund budget included an adopted property tax levy of \$140,998,859, a decrease of \$7,217,712 (-4.9%) vs. 2012. After accounting for budgeted and subsequent fund balance appropriations of \$22 million, the current undesignated fund balance is \$67 million or 10% of adjusted General Fund revenues. Recognizing debt service spikes in upcoming years, the County Executive committed \$5 million in fund balance in the 2013 budget to offset these increases. This debt service stabilization approach will continue to be utilized to reduce the impact on future operating budgets while using excess fund balance strategically.

In 2006, the New York State Comptroller required that County sales tax revenue allocated to municipal governments and school districts within the County must be budgeted as a revenue and expense. Formerly, the allocation of the non-County share of the sales tax was an off-budget transaction in most of New York State's counties. Since this accounting change artificially inflates General Fund revenues, the goal was restated to subtract this amount, which is estimated at \$82.3 million for 2013.

Sequestration

In 2010 the County issued \$17,570,000 of Build America Bonds (“BABs”) with a final maturity of 2026 and \$4,905,000 of Recovery Zone Economic Development Bonds (“RZEDBs”) with a final maturity of 2030. At the time of issue the County expected from the Federal Government a 35% interest subsidy related to the BABs and a 45% interest subsidy related to the RZEDBs. Effective March 1, 2013, as a result of the sequestration process required by the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the subsidy payments that occur between March 1, 2013 and September 30, 2013 will be reduced by 8.7% of what was originally anticipated. This equates to a decrease in subsidy for the June 15, 2013 payments of \$12,612.47 related to the BABs and \$5,527.03 related to the RZEDB’s.

The reduction of the 8.7% in subsidy payment will apply through the end of the federal government’s September 30 fiscal year end. The amount of the reduction, if any, after September 30, 2013 is not known.

Investment Policy

Pursuant to Article IV of the Onondaga County Charter, the Chief Fiscal Officer is the custodian of all County funds and is charged with the responsibility for creating and administering an investment policy, which is consistent with the Investment Policies and Procedures guidelines promulgated by the Office of the State Comptroller.

Pursuant to the Chief Fiscal Officer’s investment policy, investments of monies not required for immediate expenditure may be made in certain obligations authorized by Section 11 of the General Municipal Law of the State: a) Special time deposit accounts; b) Certificates of deposit; c) Obligations of the United States of America or obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; d) Obligations of the State of New York; and e) Subject to approval of the State Comptroller, tax or revenue anticipation notes of any municipality, school district or district corporation of the State, other than Onondaga County.

The Chief Fiscal Officer’s investment policy further provides that, in accordance with the provisions of Section 10 of the General Municipal Law of the State, all deposits, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of “eligible securities” with an aggregate “market value” equal to the aggregate amount of such deposits. Eligible securities used for collateralizing deposits shall be held by a third party bank or trust company subject to security and custodial agreements.

The Chief Fiscal Officer’s investment policy also authorizes the County to enter into repurchase agreements, subject to the following restrictions: a) all repurchase agreements must be entered into subject to a master repurchase agreement; b) obligations shall be limited to obligations of the United States of America and obligations of agencies of the United States of America; and c) the custodian shall be a party other than the trading partner.

As of April 30, 2013, the County’s portfolio consists of money market deposits, certificates of deposit, and U.S. government agency bonds, which range in maturity from one day to six years. The Chief Fiscal Officer’s investment policy does not permit the County to invest in derivatives or reverse repurchase agreements and the County has never invested in derivatives or reverse repurchase agreements.

State Aid

In 2013, budgeted State Aid represents approximately 13.0% of the County’s General Fund revenues. Nearly all of the State Aid received by the County is formula-based assistance for specific mandated human service programs.

The New York State Budget for the fiscal year beginning April 1, 2013 was enacted on March 28, 2013. While counties continue to govern under stressful fiscal conditions, the 2013-2014 State budget includes mandate relief actions and tools designed to provide counties with savings, funding or flexibility to manage more efficiently. The State fiscal year 2013-14 Budget increases direct state reimbursement/grants to counties by nearly \$200 million over the prior State budget. The major program increases include:

Medicaid \$107 million (full annual): The enacted State budget continues phasing down the current law’s three percent annual increase paid by counties to the State for Medicaid costs and accelerates savings projected as a result of the Affordable Care Act. In 2013, a county’s payment will be based on the total 2012 Medicaid payments increased by two percent. The State estimates a reduction of \$35 million in payments received from Counties in 2013 versus current law. In 2014, the payment to the State will be determined by increasing the annual 2013 payment by one percent. For 2015 and thereafter, the payment would be the same as it was in 2014. The net effect on the County’s budget for 2013 from the phase down of the current three percent annual increase in Medicaid costs is estimated to be \$500,000.

CHIPS and Marchiselli Programs \$32.8 million: The State budget authorizes the Consolidated Highway Improvement Program (CHIPS) and Marchiselli Capital Aid Programs to counties, cities, towns and villages for SFY 2013-14 at \$438.1 million and \$39.7 million, respectively. This is an increase of \$75 million from the previous year's state budget (nearly 21 percent), and the first increase in CHIPS funding in five years. Additionally, this State budget continues the \$75 million increase (\$438.1 million and \$39.7 million) in the 2014-15 budget. Onondaga County will receive an additional \$866,000 in CHIPS funding.

Conservative estimates for State revenues were included in the County's 2013 budget. The County constantly monitors State budget actions which might negatively impact County operations and endeavors to undertake appropriate measures to mitigate these impacts where possible.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo which are indirectly affected by applications to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 16, 2016 unless other legislation is extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for such fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation is not clear.

2013 Levy Limit Calculation

Pursuant to law, the County's Levy Limit calculation pertains to property tax levied for the general fund, city abstract, water fund (capital projects), and special drainage districts. The Levy Limit calculation does not apply to the Water Environment Protection (sewer) fund, as revenues raised in this fund are established solely through fees based on use. The 2012 adopted levy, including city abstract, water fund and special districts was \$166.7 million. The tax base growth factor of .53%, as determined by the Office of State Comptroller, was applied to the 2012 levy and 2012 pilot revenue was added to establish a beginning base levy of \$170.5 million used in the levy limit calculation. The levy growth factor of 2.0% was applied to the base levy and 2013 pilot revenue was subtracted from the base levy to determine a 2013 levy limit before exclusions of \$171 million. No adjustments or exclusions were applicable for determining the 2013 levy limit. However, a carryover from 2012 of \$408,000 due to being under the 2012 levy limit resulted in a total 2013 levy limit of \$171.4 million. The combined 2013 adopted levy of \$162.8 million was \$8.6 million under the allowable levy. The County is allowed to "carryover" 1.5% of the 2013 levy limit, or the amount actually levied under the levy limit, whichever is less. As a result of the actual levy being under the 2013 levy limit, approximately \$2.6 million will carryover to be added to the 2014 levy limit resulting in additional flexibility if the County needs to raise property taxes.

Employees

The County provides services through the employment of approximately 3,760 full time employees, excluding those employed at Onondaga Community College. The County's 2013 workforce represents a reduction of over 550 employees from January 2004 employment levels. An incentive program completed in the fall of 2010 resulted in 325 early retirements. There are approximately 375 Management/Confidential employees. The following table sets forth the number of employees and the labor organizations through which most employees are represented or affiliated. All collective bargaining agreements are under negotiation for successor agreements at this time.

<u>Labor Organization</u>	<u>Number of Employees</u>	<u>Contract Expiration</u>
Civil Service Employees Association (CSEA)	2,754	12/31/12 ⁽¹⁾
Onondaga County Sheriff's Police Association (OCSPA)	195	12/31/11 ⁽¹⁾
Deputy Sheriff's Benevolent Association (DSBA)	284	12/31/12 ⁽¹⁾
NYS Nurses Association	82	12/31/12 ⁽¹⁾
International Union of Operating Engineers	35	12/31/12 ⁽¹⁾
Central and Northern New York Building Trades Council	28	12/31/12 ⁽¹⁾
Onondaga Sheriffs Captains Association (OSCA)	7	12/31/11 ⁽¹⁾

⁽¹⁾ Currently under negotiations.

Pension Payments

Substantially all employees of the County are members of the New York State and Local Employees' Retirement System ("ERS"). The ERS is generally known as the "Common Retirement Fund". The Retirement System is a cost-sharing multiple public employee retirement system. The obligation of employers and employees to contribute, and the benefits to employees, are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers several plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. Tiers I - IV benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in the retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute 3% of gross annual salary towards the cost of retirement programs during their first ten years of service.

On December 10, 2009, Tier V was signed into law. The law is effective for new ERS and TRS hires beginning on January 1, 2010. New ERS employees will not become fully vested until after ten years of service and will now contribute 3%. There is no provision for these contributions to cease after a certain period of service. Overtime in excess of \$15,000 will not be subject to ERS either in contribution from the County or the employee.

On March 16, 2012, a new Tier VI was signed into law. The law is effective for new ERS and TRS hires beginning on April 1, 2012. New ERS employees will become fully vested after ten years of service and will now contribute a minimum of 3%. Depending on salary, this will range from 3 - 6% beginning April 1, 2013. There are additional restrictions on overtime earnings, and retirement pay is now based on the final five years. Full retirement age is raised to 63 years. The new Tier is estimated to have saved Onondaga County \$618,000 in 2012 and a projected \$1,660,000 in 2013.

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The County's December 15 contributions to the ERS for the years 2003 through 2013 are shown in the table below (includes Onondaga Community College):

<u>Year</u>	<u>Amount Contributed to ERS</u>	<u>Percentage of Pension Eligible Salaries</u>
2003 ⁽¹⁾	16,315,583	4.57%
2004 ⁽²⁾	24,161,264	13.02%
2005	20,617,865	11.10%
2006	19,624,050	10.42%
2007	20,187,445	10.10%
2008	16,405,925	8.20%
2009	17,026,672	7.93%
2010	24,622,685	11.75%
2011 ⁽³⁾	42,155,931	21.40%
2012	42,788,760	19.92%
2013 (Budget)	46,456,919	20.87%

(1) Includes a one-time early retirement incentive payment of \$7,539,850.

(2) The County elected to amortize the 2004 local cost exceeding 7% of payroll over five years in the amount of \$6 million and a taxable general obligation bond issue in this amount was sold in December 2004, which was retired in October 2009.

(3) Includes a payment of \$11,933,848 for the 2010 Early Retirement Incentive (ERI) costs. The County appropriated excess 2010 fund balances to make a lump sum payment in 2011 to pay off this entire liability on December 15, 2011. The percentage of salaries would have been 15.34% without the ERI costs.

Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for the ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning the actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS and PFRS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year will be based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget. The 2008 turmoil in the financial markets and the decline in the pension fund's value have required increased County contributions since 2010. For 2013, the base contribution increases by \$3.7 million or 8.6%.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the County's employees is not subject to the direction of the County. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the County potentially affecting other budgetary matters. While Tier V and Tier VI which were implemented in 2009 and 2011, respectively may help alleviate some of this liability in the long-term, it is uncertain at this time the extent to which they may do so subsequent to 2013. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

GASB 45 and Other Post-employment Benefits (OPEB)

The County provides post-retirement healthcare benefits to various categories of former employees. Those benefits are funded on a pay-as-you-go basis. Under the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 45 (GASB 45), all governmental entities are required to report the estimated cost of the accrued liability for such post-retirement healthcare costs. Governments, including Onondaga County with budgeted revenues in excess of \$100 million, began reporting that liability in its 2007 year-end statements.

GASB 45 will require governments to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require governments to report a net OPEB obligation initially.

Under GASB 45, based on actuarial valuation, an annual required contribution (ARC) will be determined for each municipality. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

As of December 31, 2012, the most recent actuarial valuation date, the actuarial accrued liability (AAL), the portion of the actuarial present value of the total future benefits based on the employees' service rendered to the measurement date, is \$922.5 million. The actuarial value of the Plan's assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$922.5 million. The County's beginning year Net OPEB obligation was \$201,312,214. The County's annual OPEB expense was \$76,072,461 and is equal to the adjusted annual required contribution (ARC). The County's is on a pay-as-you-go funding basis and paid \$24,067,124 to the Plan for the fiscal year ending December 31, 2012, resulting in a net increase to its unfunded OPEB obligation of \$52,005,337, for a fiscal year ending December 31, 2012 total net unfunded OPEB obligation of \$253,317,551. The aforementioned liability and ARC is recognized and disclosed in accordance with GASB 45 standards in the County's December 31, 2012 financial statements. The County's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the County's finances and could force the County to reduce services, raise taxes or both.

There is no authority under present State law to establish a trust account or reserve fund for this liability.

The County continues to identify ways to reduce its OPEB liability and implements strategies accordingly. The County is currently in the process of addressing the growth of this liability in the following ways: Post 65 retirees will be transitioned to a Medicare Advantage Plan effective August 1, 2013 thereby removing them from the County's self insured plan and saving an estimated \$3.5 million a year. Healthcare plan design changes agreed upon by the County's Healthcare Coalition begin January 1, 2015. The new plan design is expected to save between \$2.4 and \$2.7 million in costs through increased office visit co-pays and increased prescription co-pays for mail order fills. The plan design is subject to ratification by the unions at the time labor agreements are settled. The County is currently seeking in collective bargaining negotiations to increase the health plan employee contribution ratios from the current levels of 10% medical/15% prescription hybrid to 11.8% medical/30% prescription. This change would generate approximately \$6.7 million in plan savings.

Other Information

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes for which the Bonds are to be issued, is the County Charter and the Local Finance Law.

The County is in compliance with the procedure for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the County has ever been past due.

The fiscal year of the County is the calendar year.

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the County.

Data Security

Onondaga County has had systems in place for several years to ensure the continuity of governmental operations and security of critical information in the event of a disaster or major emergency. Data for core governmental systems is backed up daily and disaster tapes are stored offsite weekly per contract with Iron Mountain. Open systems servers and data are backed-up; the backups are stored on site. In the event of a disaster, servers would need to be rebuilt and data would be restored manually from tape backups.

Financial Statements

The County's financial statements are reported in conformance with generally accepted accounting principles and requirements as dictated by The Governmental Accounting Standards Board. GASB promulgates accounting principles and guidelines for financial reporting for use by State and local governments throughout the United States.

In the year ending December 31, 2011, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement No. 54 changes the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation to provide users more consistent and understandable information about a fund's net resources. Constraints are broken down into five different classifications: non-spendable, restricted, committed, assigned, and unassigned. The classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor constraints on the specific purposes for which resources in a fund can be spent.

The County retains an independent certified public accounting firm for a continuous independent audit of all financial transactions of the County. The last such audit covers the fiscal year ending December 31, 2012 and is attached hereto as APPENDIX C to this Preliminary Official Statement.

Accounting Practices

The County's fiscal year is a calendar year, from January 1 through December 31. The County uses the modified accrual basis of accounting for all funds except the internal service fund. Revenues are recorded when they become susceptible to accrual, meaning they are both measurable and available. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when a liability is incurred if it is expected to be paid within the next twelve months, except interest on general long-term obligations, which is recorded when due. Liabilities expected to be paid after twelve months are considered long-term. Enterprise and internal service funds use the accrual basis of accounting. Under the accrual basis, accounting transactions are recorded when the underlying economic event takes place without regard for when the cash receipt or cash disbursement takes place.

The financial affairs of the County are subject to periodic audit by the State Comptroller and the County Comptroller conducts an annual audit of the County's finances. Since 1976, the County has retained independent certified public accountants to audit its financial statements. The County engaged an independent certified public accountant to audit the County's financial statements for 2013 and subsequent years.

Fund Structure

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the County:

General Fund: accounts for all financial resources except those required to be accounted for in another fund. Sources of revenue include: Countywide Real Property Taxes, State and Federal Aid, Sales Tax, User Fees, etc.

Special Revenue Funds: account for revenues from specific taxes or other earmarked revenue sources, which are required by law or regulation to be accounted for in special funds. Grants, County Road Fund, Road Machinery Fund, Water, Water Environment Protection, Van Duyn, Library, ONCENTER Revenue and Community Development are included in Special Revenue Funds. The only special revenue fund considered a major fund at this time is the Water Environment Protection Fund.

Debt Service Fund: accounts for resources for payment of principal and interest on short and long-term debt.

Internal Service Fund: accounts for the financing of goods or services, on a cost reimbursement basis, provided by one department or agency to other departments or agencies within the same government or to other governments. The Insurance Fund is an internal service fund.

Trust and Agency Funds: The Agency Fund is used to account for money and property received and held by the County acting as an agent with only custodial responsibility. An asset and liability are recorded in equal amounts. Private purpose trust funds are used to account for expendable trust funds in which the trust principal and earnings thereon may be expended for the purposes of the trust. Private purpose trust funds are accounted for in essentially the same manner as the governmental funds.

Included in the Combining Statement of Onondaga County are the Component Units: Onondaga Community College, ONCENTER Management Corporation, Housing Development Fund Company, Industrial Development Agency, and Friends of Rosamond Gifford Zoo. OTASC (Onondaga Tobacco Asset Securitization Corporation), established to sell the tobacco bonds, is blended as a Nonmajor Debt Service Fund.

Revenues

General Fund revenues are comprised of locally-derived income and aid provided by New York State and the federal government. According to the County's 2012 audited financial statements, total revenues grew from \$548.9 million in 2007 to \$625.0 million in 2012 for a total five-year increase of 13.9%. These numbers reflect the sales tax accounting pass-through adjustment, which totaled \$146.7 million in 2007 and \$86.4 million for 2012. From 2011 to 2012, revenues adjusted by the sales tax accounting change increased \$27.0 million, a net increase of 4.5%. Gross sales tax cash receipts for 2012 were a record high, offsetting the Property Tax Levy which the Legislature voted to lower by \$5.6 million in the 2012 budget and an additional \$7.2 million in 2013. State and Federal aid comprised 28.1% of the total revenues in 2012, below the 2011 level of 29.0%, but in dollars, up \$2 million.

Local Revenue

More than half of the County's General Fund revenues derive from real property taxes and related tax items, plus sales and use tax. In 2012 these revenues combined to total \$397.2 million or 63.6% of the total General Fund revenues of \$625 million (adjusted by \$86.4 million for sales tax accounting adjustment). Between 2007-2012, the county-wide property tax levy went from \$183.8 to \$148.2 million, a decrease over five years of \$35.6 million or 19.4%. During the same 5-year period, the County's share of sales tax revenues grew from \$140.0 to \$234.0 million, an increase of \$94 million or 67.1%. This was also up from \$203.8 million in 2011, reflecting the new sales tax sharing agreement for the ten years through December 31, 2020 and increased collections.

Expenditures

Operating Fund expenditures include all General Fund expenditures. Total expenditures increased 15.4% from \$497.3 million in 2007 to \$574.0 million (adjusted for sales tax accounting change in both years). This was 6.3% above the 2011 level of \$540.2 million on an adjusted basis.

Fund Balance

In December 1999 the County Legislature adopted a resolution of intent to maintain an unreserved General Fund balance equal to 10% of its General Fund revenues. This goal was reaffirmed in December 2009 with a commitment to restore reserves to 10% within three years, should it fall below. The County ended 2012 with its fund balance at \$99.8 million, less pre-pays of \$7.4 million and encumbrances of \$3.3 million, or a net unreserved fund balance of \$89.1 million, 13.2% of adjusted General Fund revenues. After accounting for budgeted and subsequent fund balance appropriations of \$22 million, the current undesignated fund balance is \$67 million or 10% of adjusted General Fund revenues. Appropriations include \$5,000,000 reserve for future debt service. Since 1999, the County's unreserved fund balance has exceeded its 10% goal in every year except 2004. In October 2007, as part of the 2008 budget, legislation was passed to permanently adjust the general fund calculation established by the 1999 resolution for the sales tax pass-thru accounting change. See "County Budget", herein.

Van Duyn Home and Hospital

In 2012, the County declared its intent that, after November 30, 2013, the County would be out of the business of providing skilled nursing facility services at Van Duyn Home and Hospital, the County's 513-bed skilled nursing facility. The County authorized the sale of certain real property interests to OCDC and entered into a Facility Acquisition Agreement with OCDC to sell certain real property interests of Van Duyn Home and Hospital to OCDC. It is anticipated that OCDC will resell those real property interests pursuant to a Facility Sale Agreement to 5075 West Seneca, LLC, effective November 30, 2013. Pursuant to an Operational Asset Purchase Agreement, the County is concurrently selling the operating interests of Van Duyn Home and Hospital to VDRNC, LLC. The County retained the rights necessary to operate Van Duyn Home and Hospital until November 30, 2013 when the presumptive buyer, having obtained the required approvals from New York State, will assume the operations. In the alternative, if the presumptive buyer fails to obtain New York State approval to operate Van Duyn Home and Hospital, the County has afforded OCDC three years to locate a new buyer. It is anticipated that the State will grant the presumptive buyer the required approvals to operate Van Duyn Home and Hospital.

Although the 2013 County budget appropriates funding to support a full year of operations at Van Duyn Home and Hospital, it is anticipated that the sale to a subsequent third party operator will be complete as of November 30, 2013 and that the County will cease its operations as of such date.

The purchase price for the real property interest is \$4,950,000, of which a \$50,000 deposit has been paid in escrow to OCDC. The balance will be paid to OCDC over 60 months, with payments received by OCDC to be remitted to the County. The purchase price for the operating assets is \$50,000 held in escrow and to be released to the County at closing. At closing the County will transfer \$2 million to the buyer; the County appropriated these funds in December 2012. Remaining facility debt service, retiree and extraneous costs will be paid from the sale proceeds and remaining fund balance.

In 2012, the County's General Fund provided the local share to draw down IGT revenue in support of Van Duyn Home and Hospital operations. As a result, Van Duyn Home and Hospital received revenue in the amount of \$17.8 million with a general fund contribution of \$7.7 million. The Facility's governmental fund ended 2012 with a \$8.2 million surplus and fund balance of \$19.1 million. The IGT payment received during 2012 accounted for this increase.

2013-2018 Capital Improvement Plan

In addition to the budget monitoring process for the operating budget, the six-year Capital Improvement Plan ("CIP") is designed to balance the need for public facilities with the fiscal capacity of the County to provide for these needs. The CIP provides the basis for the development of reliable capital expenditure, debt service and revenue estimates, as well as impacts on future operating budgets.

In conjunction with the County's land use plan, currently the 2010 Development Guide but soon to be replaced by the Sustainable Development Plan, a draft of which has been released for public review and feedback, the CIP serves as a general guide for the planning and construction of major capital projects facilities in the County. The County adopts a six-year capital plan, which sets forth the capital projects – both new and previously authorized, which are anticipated to be either authorized or continued in the ensuing six fiscal years. The County Legislature adopted the 2013-2018 Capital Improvement Plan on October 9, 2012.

The adoption of the capital plan does not constitute an authorization to proceed with a project nor the financing thereof. Each project must be voted on individually by the County Legislature and passed by a two-thirds majority to authorize the issuance of obligations. Accordingly, it is difficult to exactly forecast which projects and the total amount of bonds outlined by the capital plan that may be authorized by the County Legislature during 2013-2018.

The 2013-2018 Capital Plan outlined \$182 million of proposed general fund projects and \$162 million of sewer projects projected to be funded by borrowing. The figures below estimate when the CIP Projects will be funded with County debt (000's omitted). The remaining \$38 million will be funded with County bonds issued beyond 2018.

<u>Department</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Emergency Communications	0	861	3,000	3,256	4,038	0
Facilities Management	0	2,500	6,800	5,000	7,000	8,000
Parks	0	4,000	13,000	5,000	2,000	430
Library	0	0	2,000	1,350	0	0
Transportation	2,000	20,000	25,000	20,000	15,000	15,000
Metropolitan Water Board ⁽¹⁾	0	0	0	0	0	0
Water Environmental Protection ⁽²⁾	<u>0</u>	<u>14,276</u>	<u>18,000</u>	<u>40,000</u>	<u>35,000</u>	<u>34,000</u>
Totals	2,000	41,637	66,080	74,606	63,038	57,430

⁽¹⁾ While Metropolitan Water Board capital projects are financed with general obligations of the County, debt service on these obligations, in the first instance, is paid with special ad valorem levies apportioned among three zones of assessment. Although there are no new projects proposed, there is still \$25.7 million authorized/unissued after this issue for tanks and energy efficiencies.

⁽²⁾ In addition to the numbers presented above, there still remains approximately \$159 million in authorized unissued debt, required for the purpose of the Onondaga Lake Amended Consent Judgment. See "Onondaga Lake" and "Estimate of Obligations" to be issued herein.

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TAX INFORMATION

Municipal Subdivisions in the County

There are 19 towns in Onondaga County as well as the City of Syracuse. Real property is assessed for taxation by local assessors in each town within the County and in the City of Syracuse and is placed on the respective tax rolls. The 2012 assessed and full valuations listed below were used to apportion the 2013 County property tax levy. Of the 20 taxing jurisdictions in Onondaga County, eighteen have adopted a full market value assessment standard, representing approximately 86% of the County's full market value.

<u>Towns</u>	<u>2012 Assessed Value for 2013 County Tax⁽¹⁾</u>	<u>2012 NYS Equalization Rates (%)⁽²⁾</u>	<u>2012 Municipalities Full Valuation⁽³⁾</u>	<u>Percent Full Value (%)</u>
Camillus	1,583,559,840	100.00	1,583,559,840	5.93
Cicero	2,183,934,732	100.00	2,183,934,732	8.18
Clay	148,247,301	4.34	3,415,836,429	12.79
Dewitt	2,536,334,352	100.00	2,536,334,352	9.50
Elbridge	314,323,727	100.00	314,323,727	1.18
Fabius	121,883,156	100.00	121,883,156	0.46
Geddes	840,626,519	93.00	903,899,483	3.38
Lafayette	309,106,345	93.00	332,372,414	1.24
Lysander	1,535,780,652	100.00	1,535,780,652	5.75
Manlius	2,414,995,305	100.00	2,414,995,305	9.04
Marcellus	412,946,869	100.00	412,946,869	1.54
Onondaga	1,359,599,475	100.00	1,359,599,475	5.09
Otisco	4,213,127	2.26	186,421,549	0.70
Pompey	629,165,248	100.00	629,165,248	2.36
Salina	1,746,579,680	100.00	1,746,579,680	6.54
Skaneateles	1,278,082,038	100.00	1,278,082,038	4.79
Spafford	379,961,746	114.55	331,699,473	1.24
Tully	240,084,962	100.00	240,084,962	0.90
Van Buren	<u>659,424,909</u>	100.00	<u>659,424,909</u>	2.47
Town total	18,698,849,983		22,186,924,293	83.08
Syracuse	3,817,690,659	84.50	4,517,977,111	16.92
Grand total	22,516,540,642		26,704,901,404	100.00

(1) Assessed value is the value placed on the property by town or city assessors.

(2) As a result of different assessing practices in each municipality, there is a different relationship of assessed value to full value. In order to apportion the County tax levy across jurisdictions, the different assessed values are "equalized" to full value. The 2012 equalization rates and 2012 full valuations used to apportion the 2013 adopted County property tax levy to the municipalities were established by the N.Y.S. Office of Real Property Services

(3) Full value represents the true value of a property at some prior point in time. Full value is based on actual field appraisals and surveys conducted by the N.Y.S. Office of Real Property Services, and, from that information, equalization rates were established to convert assessed value to full value.

Full Value and County Property Tax Levy

The table below sets forth the County assessed and full valuation used for the apportionment of County taxes, the amount of the County tax levy, and the assessed and full value tax rate:

Year of Tax Levy	Assessed Value ⁽¹⁾	Total Full Value ⁽²⁾	Property Tax Levy ⁽³⁾	Tax Rate Per \$1,000 Full Value
2013	\$ 22,516,540,642	\$ 26,704,901,404	\$ 140,998,859	\$ 5.28
2012	22,391,182,944	26,666,826,135	148,216,571	5.56
2011	20,168,205,458	26,420,301,254	153,821,817	5.82
2010	19,980,204,538	26,148,206,733	183,997,042	7.04
2009	19,390,307,377	25,599,869,832	179,821,396	7.02
2008	18,771,577,301	24,690,825,684	179,707,960	7.28
2007	17,212,915,514	23,252,773,560	183,847,937	7.91
2006	16,564,405,146	21,412,101,056	182,353,259	8.52
2005	15,965,221,936	20,014,617,713	177,306,231	8.86
2004	15,281,641,452	18,928,895,968	171,572,905	9.06
2003	14,831,297,571	18,298,432,005	158,805,333	8.68

⁽¹⁾ Assessed value for the previous year is utilized for purposes of levying County taxes.

⁽²⁾ Total full value figures are calculated using the taxable assessed full value for County purposes and State Equalization rates. The amount of assessed full value takes into account properties that are partially exempt from County taxation pursuant to Real Property Tax Law, Section 458 (veterans), Section 460 (clergy), Section 464 (volunteer firemen), and Section 467 (aged). This procedure is set forth in Title 2 of Article 8 of the Real Property Tax Law. The New York State Office of Real Property Services assigns an equalization rate for the assessing jurisdictions within the County.

⁽³⁾ The County tax levy is apportioned using full value figures obtained from the municipality's preceding year assessment roll. For example, the 2013 County tax levy is apportioned using the 2012 total full value figures, which are obtained from the municipality's preceding 2012 assessment roll.

Tax Collection Record

County Tax Collection Rates for Towns

Year	County Levy	First Year Unpaid ⁽¹⁾	% Unpaid Year-end	Unpaid After Tax Lien Sale 4/30/13	% Unpaid 4/30/13
2013	\$ 319,290,719	N/A	N/A	N/A	N/A
2012	318,555,842	\$ 10,723,425	3.37%	\$9,659,289	3.03%
2011	310,719,182	10,220,139	3.29%	5,187,468	1.67%
2010	284,262,783	10,440,848	3.67%	2,867,464	1.01%
2009	274,562,462	9,333,523 ⁽²⁾	3.40% ⁽²⁾	1,231,272	0.45%
2008	268,336,983	8,365,860	3.12%	742,748	0.28%
2007	260,313,637	6,074,852	2.33%	488,338	0.19%
2006	244,920,971	5,337,994	2.18%	200,673	0.08%
2005	235,417,115	5,078,579	2.16%	129,222	0.05%
2004	230,992,385	5,012,694	2.17%	106,026	0.05%
2003	211,549,412	5,090,042	2.41%	93,713	0.04%

⁽¹⁾ Reflects payments made through December in the year following the year of levy.

⁽²⁾ Unpays including tax liens sold. County-only first year unpays is \$1,889,577 (0.68%). See "Tax Lien Sale" herein.

County Tax Collection Rates for the City of Syracuse ⁽¹⁾

<u>Year</u>	<u>County Levy</u>	<u>First Year Unpaid ⁽²⁾</u>	<u>% Unpaid Year-end</u>	<u>Unpaid 4/30/13</u>	<u>%Unpaid 4/30/13</u>
2013	\$ 66,984,842				
2012	68,683,460	\$ 4,450,687	6.48%	\$3,966,538	5.78%
2011	67,037,234	4,677,041	6.98%	3,296,625	4.92%
2010	69,062,961	4,892,297	7.08%	2,718,809	3.94%
2009	66,934,981	5,064,608	7.57%	2,363,707	3.53%
2008	66,311,802	4,404,469	6.64%	1,796,755	2.71%
2007	66,708,506	4,357,763	6.53%	1,440,610	2.16%
2006	66,718,244	4,412,782	6.61%	775,745	1.16%
2005	65,443,753	4,426,380	6.76%	556,535	0.85%
2004	66,429,007	4,644,312	6.99%	595,123	0.90%
2003	63,099,943	4,864,376	7.71%	484,980	0.77%

⁽¹⁾ The City of Syracuse allows for quarterly payment of current year taxes.

⁽²⁾ Reflects payments made through December in the year following the year of levy.

Accumulated County Tax Collection Rates for the County and City ⁽¹⁾

<u>Year</u>	<u>County Levy</u>	<u>First Year Unpaid ⁽²⁾</u>	<u>% Unpaid Year-end</u>	<u>Unpaid After Tax Lien Sale 4/30/13</u>	<u>% Unpaid 4/30/13</u>
2013	\$ 386,275,561				
2012	387,239,302	\$ 15,174,112	3.92%	\$13,625,827	3.52%
2011	377,756,416	14,897,180	3.94%	8,484,092	2.25%
2010	353,325,744	15,333,145	4.34%	5,586,273	1.58%
2009	341,497,443	14,398,131 ⁽³⁾	4.22%	3,594,978	1.05%
2008	334,648,785	12,770,329	3.82%	2,539,503	0.76%
2007	327,022,143	10,432,615	3.19%	1,928,948	0.59%
2006	311,639,215	9,750,776	3.13%	976,418	0.31%
2005	300,860,868	9,504,959	3.16%	685,757	0.23%
2004	297,421,392	9,657,006	3.25%	701,150	0.24%
2003	274,649,355	9,954,418	3.62%	578,692	0.21%

⁽¹⁾ The City of Syracuse allows for quarterly payment of current year taxes.

⁽²⁾ Reflects payments made through December in the year following the year of levy.

⁽³⁾ Unpays including tax liens sold. The after tax lien sale number is \$6,954,185 (2.0%). See "Tax Lien Sale", herein.

Largest Taxpayers – 2013 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuations</u>
National Grid	Utility	\$ 738,486,630
Verizon	Utility	194,044,918
HUB Properties Trust	Real Estate	69,531,632
Wegmans Food Market	Retail/Grocery	55,530,892
LBUBS2001 C3 Erie Retail LLC*	Commercial	53,621,400
Bristol Myer Squibb	Manufacturing	44,691,800
Great Northern Mall	Retail	38,856,913
Syracuse Mob LLC	Real Estate	26,804,734
Nob Hill of Syracuse Apt	Apartments	21,548,994
Aldi Inc	Retail/Grocery	21,215,000

The ten largest taxpayers listed above have an estimated full valuation of \$1,264,332,913, which represents 4.73% of the County's 2013 full value tax base used for County tax apportionment.

* Shoppingtown Mall LLC

Constitutional Tax Margin

In accordance with Section 10 of Article VIII of the State Constitution, the amount which may be raised in the County by taxes on real estate in any fiscal year for County purposes, in addition to providing for the interest on and the principal of all indebtedness, may not exceed an amount equal to 1.5 per centum of the five-year average full valuation of taxable real estate of the County, less certain exclusions as prescribed therein.

Below is a summary of the computation of the Constitutional Tax Margin for 2009 through 2013 which incorporates State adjustments for final equalization rates:

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Tax Limit	\$ 326,466,631	\$ 349,755,604	\$ 364,519,132	\$ 374,466,034	\$ 380,606,104
Total Additions/(Exclusions)	24,536,902	17,750,310	23,117,332	23,572,348	26,899,343
Total Taxing Power	351,003,533	367,505,914	387,636,464	398,038,382	407,505,447
Total Tax Levy ⁽¹⁾ (subject to limit)	119,306,551	125,452,963	141,732,991	144,349,055	140,654,418
Tax Margin	231,716,982	242,052,951	245,903,473	253,689,327	266,851,029
Tax Margin %	70.98%	69.21%	67.46%	67.75%	70.11%

⁽¹⁾ Total Tax Levy is net of both credits for prior year surplus or deficit sales taxes and the town's share of sales tax used to reduce the County levy on towns.

Tax Collection Procedure

Real property taxes levied for County purposes are collected and enforced in accordance with the Onondaga County Special Tax Act. County, town, special district and re-levied unpaid village and school district taxes are levied on or about December 24, and are due through January 31 without penalty. All towns within the County, and the City of Syracuse, have the responsibility for collecting County real property taxes during the warrant period (January 1 - March 31).

Each town tax receiver is required to pay the full amount levied for town and town special district purposes to the town supervisor. The balance of collected taxes is remitted to the County's Chief Fiscal Officer. After March 31, uncollected taxes relating to property located outside the City of Syracuse becomes the responsibility of the County's Chief Fiscal Officer. The City of Syracuse retains responsibility for collecting County taxes on property within the City.

After the return of the town tax rolls to the Chief Fiscal Officer on April 1, the following penalties accrue with respect to delinquent taxes: 6% for April; 6.5% for May; 7% for June; 7.5% for July, plus \$.25 per line for filing a notice of lien in the office of the Chief Fiscal Officer and \$1.00 to discharge any such filed lien; and 8% for August. Delinquent taxes of the current year are advertised once each week for two weeks on or about September 1. Penalty fees for September are 8%, \$5.25 filing fee, plus a \$70.00 charge added to cover advertising and administrative expenses. On or about October 1, the Chief Fiscal Officer conducts a tax certificate sale. The County of Onondaga purchases most or all of the available tax sale certificates ("Certificates"), covering the amount of tax due, plus penalties.

A small portion of the Certificates purchased on behalf of the County are subsequently sold to private individuals. Certificates sold at the annual tax sale may be redeemed at anytime within a three-year period following such sale. Interest at the rate of 12% per annum is added to the face amount of the Certificate.

In 1995, the Onondaga County Legislature passed a local law, which allowed for installment payment of delinquent property taxes that are the responsibility of the County's Chief Fiscal Officer. Provisions in the local law enable a property owner to make a 25% down payment of all delinquent taxes and finance the balance over a two year period with twenty-four equal monthly payments. This legislation followed the County enactment of the partial payment program of current year taxes in 1994. Both programs have met with overwhelming success and have played a significant role in reducing the number of properties included in the annual delinquent tax auction.

The City of Syracuse Commissioner of Finance acts as the collector of County taxes levied on real property located within the City. Prior to January 1, 1978, the City's Commissioner of Finance remitted to the County's Commissioner of Finance, now the Chief Fiscal Officer, the entirety of such county tax levy. Since 1978, however, the City's Commissioner of Finance has been remitting to the County's Chief Fiscal Officer only the amount of such County tax levy actually collected by the City. The City remains responsible for the enforcement of uncollected tax liens, and periodically, uncollected tax liens of the prior year are sold at tax sale and the proceeds of such sale are remitted to the Chief Fiscal Officer. The County maintains a reserve for uncollected taxes to provide for any deficiency in such remittance.

Title and interest in certain delinquent tax liens on properties in the City of Syracuse were sold to American Tax Funding Servicing LLC in August 2006 and January 2008. The County's proceeds under these transactions have totaled \$4.6 million. American Tax Funding Services purchased the liens previously sold to State of New York Municipal Bond Bank Agency in 2003. None of the delinquent tax liens on properties within the City of Syracuse were sold in the 2010 tax lien sale.

Tax Lien Sale

In January 2010, Onondaga County sold \$13,300,000 of the 2007, 2008 and 2009 real property tax liens to a special purpose trust. None of the delinquent tax liens on properties within the City of Syracuse were sold in the 2010 tax lien sale. The County tax liens are evidenced by a tax sale certificate, which bears interest at 12% per year. The trust issued federally taxable certificates of participation with the repayment revenue stream to be derived from the redemption of the tax sale certificates. The certificates of participation matured April 1, 2013 and were fully funded by property tax payment receipts.

Payments In-Lieu of Taxes ("PILOTS")

The County received \$2,724,700 and \$3,980,749 from payments in lieu of taxes for the fiscal years ending 2011 and 2012 respectively. The Destiny final "first phase" payment of \$1,336,276 accounted for the 2012 increase. Budgeted 2013 pilots are \$2,862,388. PILOTS are received from various economic development agreements negotiated by the County. Although these properties are not on the tax roll, each property has an assessed valuation determined in the same manner as real property taxes.

Onondaga County Sales Tax

In September 2004, the County raised its local sales tax rate to 4% from 3%. New York State law requires a reauthorization of local sales rates in excess of 3% every two years. Onondaga County's "additional" 1% rate was reauthorized by the State in June 2011 for the period December 1, 2011 - November 30, 2013. The County Legislature determines the allocation of sales tax every ten years and on May 4, 2010 the County Legislature unanimously approved a sales tax sharing agreement for the years 2011-2020. This agreement covers the entire 4% local share and acknowledges the "additional" 1% rate must be reauthorized by the New York State Legislature every two years.

The agreement in 2012 essentially gave the City 23.3% of the total, while the County retained 73.0%. Towns received about one-third of their previous allocation in 2012 (2.3% of the total), and the Schools' share declined to 1.4%. This new agreement along with strong overall sales tax growth increased the County's revenues from sales taxes by \$30 million to \$234 million in 2012 with any additional growth in sales tax collections added to this base in proportion to the County's sharing percentage for 2013-2020.

In 2012, local sales tax revenues were allocated as follows:

	3% Formula		1% Formula		Total	
	<u>Dollar</u>	<u>Percent</u>	<u>Dollar</u>	<u>Percent</u>	<u>Dollar</u>	<u>Percent</u>
County	231,286,566	96.2%	2,682,471	3.4%	233,969,037	73.0%
City	0	0%	74,545,823	93.1%	74,545,823	23.3%
Towns & Villages	5,467,793	2.3%	1,823,461	2.3%	7,291,254	2.3%
Schools	<u>3,594,413</u>	1.5%	<u>1,000,655</u>	1.2%	<u>4,595,068</u>	1.4%
	\$ 240,348,772		\$ 80,052,410		\$ 320,401,182	

COUNTY INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the County (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the County and the Bonds, include the following:

Purpose and Pledge

Subject to certain enumerated exceptions, the County shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The County may contract indebtedness only for a County purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity

Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statutes. Unless substantially level or declining debt service is utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The County is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the County is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

The County has the power to contract indebtedness for any County purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the five year average full valuation of taxable real estate of the County and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the New York State Office of Real Property Services. The New York State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Statutory Procedure

In general, the New York State Legislature has authorized the power for the County to borrow and incur indebtedness by the enactment of the Local Finance Law subject, to the provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the County Charter and the General Municipal Law.

Pursuant to the Local Finance Law and its Charter, the County authorizes the issuance of bonds by the adoption of a bond resolution approved by at least two-thirds of the members of the County Legislature, the Finance Board of the County. The County Legislature has delegated to the Chief Fiscal Officer of the County the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- 1) Such obligations are authorized for a purpose which the County is not authorized to expend money; or,
- 2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the date of such publication; or,
- 3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions, the County complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto. The County has authorized bonds for a variety of County objects or purposes.

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made to reduce the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See “Payment and Maturity” under “Indebtedness of the County” herein). In general, the Local Finance Law contains provisions providing the County with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes, deficiency notes and budget and capital notes.

Debt Outstanding End of Fiscal Year

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Bonds ⁽¹⁾	\$ 305,523,373	\$ 343,500,873	\$ 378,232,800	\$ 402,138,494	\$ 437,519,534
Bond Anticipation Notes ⁽²⁾	<u>6,212,831</u>	<u>8,531,101</u>	<u>17,383,334</u>	<u>20,000,000</u>	<u>19,529,000</u>
Total	\$ 311,736,204	\$ 352,031,974	\$ 395,615,134	\$ 422,138,494	\$ 457,048,534

⁽¹⁾ After defeasance, including tobacco bond defeasances initially totaling \$95,197,600 and \$19,919,754 in 2001 and 2005, respectively.

⁽²⁾ Does not include accrued payments from EFC or grants receivable from other sources.

Note: 2008-2012 does not include the results of tax lien sale. See “Tax Lien Sale”, herein.

Debt Management

Onondaga County has been proactive in making debt management a priority. The County actively monitors its outstanding debt, reviewing candidates for refunding. Taking advantage of the lowest interest-rate environment in forty years, the County refunded \$18.5 million of 10-year-old bonds in 2003, saving \$1.8 million through 2014. In 2009, a \$33,345,000 refunding resulted in savings of \$3.3 million over 14 years. The County refunded approximately \$21 million of its bonds in June 2012, saving \$1.9 million and is monitoring the savings level of another refunding of approximately \$21 million of outstanding debt.

In 2009, the County took advantage of the available incentives and issued Build America Bonds (BAB’s) and Recovery Zone Bonds (RZ’s) totaling \$22.4 million. Over the 16 year life of the BAB’s the County expects to realize the Federal Government’s 35% interest subsidy of \$3.7 million and for the 20 years of the RZ’s, a 45% subsidy totaling over \$2.3 million. The Federal Government’s sequestration has eliminated a percentage of the annual subsidy beginning in March 2013. The reduction is estimated to be 8.7% of the total subsidy. See “Sequestration” herein.

As part of the 2008 budget process, the County amended its 1999 resolution that established the 10% fund balance goal. The calculation for General Fund revenues was formally adjusted to reflect the 2006 NYS accounting change for sales tax passed-through to other municipalities. Since the County ended 2006 with its fund balance at 12.9% of General Fund revenues, the 2008 budget allocated \$8 million to fund projects for which the County had not yet borrowed. That provided approximately 15 years of \$750,000 annual tax relief. During the 2013 budget process, the County Legislature approved legislation designating \$5 million of fund balance for future debt service payments.

Although all of the County’s debt is “full faith and credit”, certain of the County’s general fund debt service are supported by sources outside of local tax assessments. Emergency 911 Center’s debt - for its upgrades and interoperable system - is supported by the landline and wireless surcharge revenue. The County petitioned New York State and was granted an increase in its landline surcharge effective December 1, 2009 to enable continued debt service offset for its emergency communications radio equipment. New York State Office of Court Administration subsidizes interest on debt for upgrades to the County courthouse. The Community College debt is partially supported with college chargeback revenues.

The County's debt policies were formalized in 2002 and were again ratified by the County Legislature during the 2013 Budget process. The debt management goals are:

<u>Goal Statement</u>	<u>Numerical Goal</u>	<u>2013 Budget</u>	<u>2013 Pro-forma</u> ⁽²⁾
Debt Service/General Funds Revenue ⁽¹⁾	5%	3.5%	3.9%
Minimize debt service of County residents			
Maximum total net indebtedness	\$500/capita	\$465/capita	\$496/capita
Full valuation taxable property	1%	0.81%	.87%
Rapid debt repayment –			
Retire debt within 10 years	65%	78%	79%

⁽¹⁾ Adjusted revenues to reflect the sales tax accounting change. See "Onondaga County Sales Tax", herein.

⁽²⁾ Pro forma includes the addition of the Bonds to total outstanding debt, adding subsequent year debt service to current levels.

Details of Outstanding Indebtedness

The following table sets forth the short-term and bonded indebtedness of the County as of June 3, 2013 and June 28, 2013 (Pro forma).

	Amount Outstanding <u>June 3, 2013</u>	(Pro forma) ⁽¹⁾ Amount Outstanding <u>June 28, 2013</u>
Short-Term Indebtedness ⁽²⁾	\$ 44,884,989	\$ 44,884,989
Bonded Indebtedness ⁽³⁾	\$ 439,030,863	\$ 506,900,863
Total Indebtedness	\$ 483,915,852	\$ 551,785,852
Total Indebtedness after Defeasance	\$ 460,172,852	\$ 528,042,852

⁽¹⁾ Pro forma includes the addition of the Bonds to total outstanding debt and adding subsequent year debt service to current levels.

⁽²⁾ Drawdown of EFC grid notes.

⁽³⁾ See "Bonded Indebtedness as of June 3, 2013", herein.

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Bonded Indebtedness as of June 3, 2013

<u>Bond Issue</u>	<u>Date of Bonds</u>	<u>Interest Rate</u> ⁽¹⁾	<u>Amount Outstanding</u>	
• General Obligation (Serial) Bonds, 1996	2/15/1996	5.000%	624,000	(2*)
• NYS EFC Series B Bonds, 1998	3/15/1998	1.407-3.301%	1,745,000	(3)
• General Obligation (Serial) Bonds, 1998	5/1/1998	5.000-5.125%	4,400,000	(2*)
• General Obligation (Serial) Bonds, 1999	5/1/1999	4.700-5.000%	1,605,000	(2*)
• NYS EFC Series 2000A	3/9/2000	1.014-3.829%	535,000	(3)
• NYS EFC Series 2001A	3/8/2001	1.014-3.829%	4,005,000	(3)
• General Obligation (Serial) Bonds, 2001 Series A	5/15/2001	5.000-5.250%	5,075,000	(2*)
• NYS EFC Series 2001B	7/26/2001	1.062-3.420%	945,000	(3)
• NYS EFC Series 2002A	3/14/2002	4.132-4.982%	920,910	(3)
• General Obligation (Serial) Bonds, 2002 Series A	5/1/2002	5.000%	4,150,000	(2*)
• NYS EFC Series 2002G	7/25/2002	0.836-4.800%	9,120,000	(3)
• NYS EFC Series 2003A	3/13/2003	0.851-4.711%	540,000	(3)
• General Obligation (Serial) Bonds, 2003 Series B (Federally Taxable)	7/15/2003	4.200-4.350%	100,000	
• Public Improvement Refunding (Serial) Bonds, 2003 Series C	7/15/2003	3.750-5.000%	950,000	
• NYS EFC Series 2003F	7/24/2003	3.170-4.500%	2,555,000	(3)
• NYS EFC Series 2004D	7/22/2004	0.761-4.964%	6,175,000	(3)
• NYS EFC Series 2005A	3/3/2005	3.374-4.399%	10,495,000	(3)
• NYS EFC Series 2005B	7/14/2005	3.349-3.999%	3,560,000	(3)
• General Obligation (Serial) Bonds, 2005 Series A	8/15/2005	4.000-5.000%	15,700,000	(2)
• NYS EFC Series 2006C	7/13/2006	4.031-4.861%	35,630,000	(3)
• General Obligation (Serial) Bonds, 2006 Series A	11/14/2006	3.500-5.000%	21,100,000	
• NYS EFC Series 2007D	9/1/2007	3.940-4.789%	33,080,000	(3)
• General Obligation (Serial) Bonds, 2007 Series A	12/19/2007	4.000-5.000%	18,850,000	
• NYS EFC Series 2008A&B	6/19/2008	4.270%	1,360,000	(3)
• General Obligation (Serial) Bonds, 2009 Series A	3/5/2009	3.000-5.000%	49,450,000	
• General Obligation Refunding (Serial) Bonds, 2009	12/3/2009	3.000-5.000%	23,945,000	
• NYS EFC Series 2010C	6/24/2010	1.054 - 4.226%	2,620,000	(3)
• General Obligation (Serial) Bonds, 2010 Series A	6/29/2010	4.000-5.000%	26,725,000	
• General Obligation (Serial) Bonds, 2010 Series B Federally Taxable Build America Bonds	6/29/2010	4.250-5.150%	17,570,000	(4)
• General Obligation (Serial) Bonds, 2010 Federally Taxable Recovery Zone Bonds	6/29/2010	5.500-5.900%	4,905,000	(5)
• NYS EFC Series 2011C	6/1/2011	0.281-4.399%	14,320,000	(3)
• General Obligation (Serial) Bonds, 2011	6/29/2011	2.000-5.000%	31,500,000	
• NYS EFC Series 2012B	6/21/2012	0.445-4.169%	11,395,000	(3)
• General Obligation (Serial) Bonds, 2012	6/28/2012	3.000-5.000%	51,425,000	
• General Obligation Refunding (Serial) Bonds, 2012	7/11/2012	2.000-5.000%	17,855,000	
• NYS EFC Series 2012E	11/15/2012	0.269-3.069%	<u>4,100,953</u>	(3)
Total Serial Bonds Outstanding as of June 3, 2013			<u>\$439,030,863</u>	(6)

(1) Interest rate – current through maturity date.

(2) Principal outstanding has been partially defeased with the proceeds from Tobacco Revenue Securitization. (See “Debt Management” herein.)

(2*) Indicates issue refunded in 2009; only undefeased amounts remain outstanding.

(3) NYS Environmental Facilities Corporation (Onondaga County portion). Interest expense is subsidized by the New York State Revolving Loan Fund Program for Clean Water.

(4) Represents Build America Bonds which will receive up to a 35% federal interest subsidy. See “Sequestration”, herein.

(5) Represents Recovery Zone Bonds which will receive up to a 45% federal interest subsidy. See “Sequestration”, herein.

(6) Of the \$439,030,863 of outstanding bonded indebtedness as of June 3, 2013, \$23,743,000 is defeased with proceeds from Tobacco Bonds.

Estimate of Obligations to be Issued

After this issue, there will be \$38 million of general purpose financing that is authorized and unissued. Approximately \$33 million of those projects are contemplated for financing in 2014. The County has received an allocation to issue \$3.2 million in Qualified Energy Conservation Bonds (QECBs), taxable bonds offering 70% federal interest subsidy. The County may issue these bonds to partially finance replacement windows in the Civic Center office building or for energy initiatives at Metro Water.

The County has obtained and is continuing to pursue low-interest financing from the State through the Environmental Facilities Corporation (EFC) for various sewer improvements including those relating to the Onondaga Lake Amended Consent Judgment (ACJ). The County has financed \$204 million in projects with EFC long-term financing bonds. The EFC’s short-term zero-interest loan program is an attractive source of funding that the County takes advantage of. When available, short-term financing is used for up to three years during construction before permanent grant and subsidized loan funding is obtained. There is currently \$44.8 million in short-term debt outstanding, with another \$41.3 million available to be drawn. Stimulus funds (American Recovery and Reinvestment Act “ARRA” funding) of \$20 million are included in the short-term financing and are eligible for up to 50% loan forgiveness. Short-term EFC notes rolling to long-term and additional projects financed will combine to add \$35 million of long-term EFC debt in 2013. The amount currently authorized and unissued is \$159 million for ACJ purposes. See “2013-2018 Capital Improvement Plan” and "ONONDAGA LAKE" herein.

EFC has been proactive and in 2011 and 2012 refinanced several of its issuances that the County participated in, resulting in lower interest rates in 2011 and subsequent years. Another refunding by EFC is underway in 2013.

Rate of Principal Retirement

The following table represents the net amounts and percentage of principal of general obligation long-term debt to be retired over the following periods.

Fiscal Years Ending December 31	Accumulated Term	Total Amount ⁽¹⁾	Percent Retired (%)	Accumulated Percentage (%)
2014 – 2018	5 Years	\$ 95,270,832	48	48
2019 - 2023	10 Years	67,347,000	34	82
2024 – 2028	15 Years	30,527,000	15	97
2029 – 2032	20 Years	<u>6,337,000</u>	3	100
	Total	\$ 199,481,832		

⁽¹⁾ Represents only General Fund long-term debt.

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Calculation of Total Net Indebtedness (As of June 3, 2013)

The following table sets forth the debt limit of the County and its debt-contracting margin as of June 3, 2013:

5-Year Average Full Valuation of Taxable Real Property	\$ 25,373,740,246
Debt Limit-7% thereof ⁽¹⁾	1,776,161,817
Outstanding Indebtedness:	
Bonds	\$ 439,030,863
Bond Anticipation Notes	<u>44,884,989</u>
Outstanding Gross Indebtedness	\$ 483,915,852
Less Exclusions:	
Appropriations ⁽²⁾	\$ 3,395,000
Sewer Debt (Bonds) ⁽³⁾	187,457,570
Sewer Debt (Notes) ⁽³⁾	44,884,989
Water Debt (Bonds) ⁽⁴⁾	10,158,131
Defeased Bonds ⁽⁵⁾	<u>23,743,000</u>
Total Exclusions	\$ <u>269,638,690</u>
Total Net Indebtedness ⁽⁶⁾	\$ 214,277,162
Net Debt-Contracting Margin	\$ 1,561,884,655
Percentage of Debt-Contracting Power Exhausted.....	12.1%

⁽¹⁾ The Debt Limit of the County is computed in accordance with the provisions of Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law.

⁽²⁾ Appropriations from adopted 2013 Budget on principal for indebtedness not otherwise excluded.

⁽³⁾ Pursuant to Section 124.10 of the Local Finance Law

⁽⁴⁾ Pursuant to Section 136.00 of the Local Finance Law.

⁽⁵⁾ Debt defeased with Tobacco Revenue Bonds in August 2001 and November 2005.

The issuance of the Bonds will increase the gross and net indebtedness of the County by \$46,270,000.

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Bonded Debt of Political Subdivisions Within The County

The approximate gross bonded debt of political subdivisions within the County is as follows:

City of Syracuse including the City School District (as of May 16, 2012).....	\$ 361,379,886	
Other School Districts (as of June 30, 2012)	591,850,082	(1)
Towns (as of December 31, 2011).....	65,131,797	
Villages (as of May 31, 2011).....	44,382,605	
Fire Districts (as of December 31, 2011).....	<u>21,496,507</u>	
Gross Total	\$1,084,240,877	

The approximate amount of the above gross bonded debt, which is excludable from various debt limitations, is as follows:

State Aid - Support of School Bonds	\$ 542,897,035	(2)
Town Water & Sewer Bonds	12,225,519	
Village Water & Sewer Bonds.....	8,698,499	
City of Syracuse	<u>165,729,795</u>	(3)
Total Excludable.....	\$ 729,550,848	
Net Bonded Debt.....	\$ 354,690,029	

- (1) Does not include Revenue or Tax Anticipation Notes. Does include \$59,818,000 bonds refunded to align debt service with building aid payout schedules and/or issued as advance refunding bonds to realize present value savings.
- (2) Includes \$52,500,000 State Building Aid applicable to Syracuse City School District as well as \$59,818,000 bonds refunded to align debt service with building aid payout schedules and/or issued as advance refunding bonds to realize present value savings.
- (3) Includes Debt Reserves comprised of funds received from the sale of Parking Garage Facilities which have outstanding bonds and reserves for special assessment debt (\$4,467,490), Refunded Bonds (\$4,720,000), Airport Debt (\$56,980,000) Water Debt (\$53,533,119), Revenue Anticipation Notes (\$43,500,000) and appropriations not otherwise excluded (\$2,529,186).

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Debt Ratios

The following table sets forth certain ratios related to the County's indebtedness as of June 3, 2013 and pro forma:

	As of June 3, 2013			Pro forma at June 28, 2013 ⁽¹⁾		
	<u>Amount of Indebtedness</u>	<u>Per Capita</u> ⁽²⁾	<u>% of Full Valuation</u> ⁽³⁾	<u>Amount of Indebtedness</u>	<u>Per Capita</u> ⁽²⁾	<u>% of Full Valuation</u> ⁽³⁾
Gross Direct Indebtedness ⁽⁴⁾	\$ 483,915,852	\$1,036.16	1.81%	\$551,785,852	\$1,181.49	2.07%
Net Direct Indebtedness ⁽⁴⁾	\$ 214,277,162	\$ 458.81	0.80%	\$282,147,162	\$ 604.14	1.06%
Gross Direct plus Net Underlying Indebtedness ⁽⁵⁾	\$ 838,605,881	\$1,795.63	3.14%	\$906,475,881	\$1,940.95	3.39%
Net Direct plus Net Underlying Indebtedness ⁽⁵⁾	\$ 568,967,191	\$1,218.28	2.13%	\$636,837,191	\$1,363.60	2.38%

⁽¹⁾ Pro forma includes the addition of the Bonds to total outstanding debt and adding subsequent year debt service to current levels.

⁽²⁾ The County's 2010 population is 467,026 according to the 2010 U.S. Census.

⁽³⁾ The County's full valuation of taxable real estate for 2013 is \$26,704,901,404. (See "Property Tax Information" herein.)

⁽⁴⁾ See "Calculation of Total Net Indebtedness as of June 3, 2013" herein.

⁽⁵⁾ The County's applicable share of net underlying indebtedness is \$354,690,029. (See "Bonded Debt of Political Subdivisions within the County" herein.)

Bonded Debt Service

A schedule of Bonded Debt Service, including principal on the Bonds, may be found in APPENDIX B to this Official Statement.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Bond when duly issued and paid for will constitute a contract between the County and the holder thereof. Under current law, provision is made for contract creditors of the County to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the County upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the County may not be enforced by levy and execution against property owned by the County.

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the County, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such

matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Bonds should the County be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Bonds to receive interest and principal from the County could be adversely affected by the restructuring of the County's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the County (including the Bonds) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the County under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the County

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See "Nature of Obligation" and "State Debt Moratorium Law" herein.

No Past Due Debt. No principal of or interest on County indebtedness is past due. The County has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Bonds. The following is a discussion of certain events that could affect the risk of investing in the Bonds. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial and economic condition of the County as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the County's control. There can be no assurance that adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the County to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds could be adversely affected.

The County is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the County, in any year, the County may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the County. In some years, the County has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the County to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the County. Unforeseen developments could also result in substantial increases in County expenditures, thus placing strain on the County's financial condition. These factors may have an effect on the market price of the Bonds.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the County. Any such future legislation would have an adverse effect on the market value of the Bonds (See "Tax Exemption" herein).

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the County and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the County and hence upon the market price of the Bonds. See "Tax Levy Limitation Law" herein

LITIGATION

The County is subject to a number of lawsuits in the ordinary conduct of its affairs. The County does not believe that these suits or any other existing or threatened suits individually, or in the aggregate, will have a material adverse effect on the financial condition of the County. Set forth below is a discussion of the County's insurance against certain risks of loss and a summary of larger claims brought against the County.

Self-Insurance

The County has elected to self-insure certain risks of loss, including workers' compensation, all liability risks and certain physical damage risks. The County's self-insurance program also provides certain medical benefits to all active and retired employees, which is administered by a third-party. In addition, to limit self-insurance exposure, the County has purchased an Excess Liability Insurance Policy, subject to certain exclusions, for claims in excess of the County's self-insured retention of \$2,000,000. Since 1996, the County has contracted out the administration of its workers' compensation program. The County has established an internal service fund to account for all self-insurance activities, including liability judgments. The fund is supported by annual budget appropriations, which are charged back to the specific departments.

Tax Certiorari Claims

There are a number of tax certiorari proceedings pending involving properties that are subject to the levy of County taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Tax certiorari claims are administered by the City of Syracuse and by the towns, which assess property in the County. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money. The County, however, is responsible for the County portion of any certiorari tax refunds. The County's certiorari claims for 2008 through 2012 were \$218,414, \$253,002, \$459,255, \$193,919 and \$452,897 respectively. The County has not found it necessary to borrow funds for tax certiorari refunds since budgeted amounts, together with other available funds, have been sufficient to meet such requirements.

Onondaga Lake

On January 20, 1998, Onondaga County entered into an Amended Consent Judgment (ACJ) with the New York State Department of Environmental Conservation (NYSDEC) and the Atlantic States Legal Foundation (ASLF). This was in settlement of litigation commenced in 1988 which alleged violations of the Clean Water Act in the discharge of wastewater into Onondaga Lake from the Metropolitan Sewage Treatment Plant (METRO) and combined sewer overflow (CSO) outfalls (the effluent). The settlement set forth a plan of required upgrades and other measures to address bacteria, ammonia and phosphorus in lake waters contributed to by the effluent. The ACJ was filed in the U.S. District Court for the Northern District of New York.

Under the ACJ, the County has been required to undertake a number of capital projects and related monitoring activities intended to meet the effluent limits specified therein. Construction of these ACJ projects commenced in 1998. To date, over thirty ACJ projects have been completed. These projects have focused on abatement of overflow from combined sewers in portions of the consolidated sanitary district and the reduction of effluents primarily from METRO. The entire ACJ program was expected to be completed within the final ACJ milestone date of January 1, 2012. However, in 2008, the ACJ parties agreed to extend the final major milestone dates for the Clinton and Harbor Brook CSO projects from January 1, 2012 to January 1, 2013. They also agreed to complete a review process on these and related CSO projects remaining to be completed under the ACJ. The review included extensive analysis of the use of green infrastructure technologies as alternatives to the current ACJ planned projects and the impacts of the use of these green technologies on the need for and sizing of collection, treatment and storage (gray) facilities when they are installed upstream of CSO discharges. The analysis illustrated the benefits of a gray/green program.

In September 2009, the parties presented to the U. S. District Court Judge for the Northern District of New York, a proposed agreement for further significant modifications to the ACJ (the Fourth Stipulation to the ACJ). The modifications were endorsed by the United States Environmental Protection Agency (EPA) and the Department of Justice. The Onondaga Nation and a number of community groups that had opposed implementation of the remaining ACJ CSO projects expressed strong support for the modifications. The modifications to the ACJ, approved by the United States District Court for the Northern District of New York on November 16, 2009, replace the current CSO program with a combination of gray and green infrastructure programs to be implemented in phases to be completed by December 31, 2018. The revised program requires 95% system wide annual average wastewater volume capture by more environmentally beneficial methods. Projects incorporating these methods are commonly referred to as "gray" and "green" projects.

The Department of Water Environment Protection (WEP) has advised that in today's dollars, the estimated cost of the improvements and studies required by the revised ACJ is \$674.4 million, excluding interest expenses and the cost of any possible upgrades that might eventually be required at METRO, or to divert all or a portion of the effluent from METRO to the Seneca River.

All regulatory mandates associated with the 2009 ACJ amendment have thus far been met and all necessary approvals have been received with the exception of approval for the CSO Floatables Facilities Plan. The County is currently in discussions with the NYSDEC about potential pathways for achieving the goals associated with the subject plan. Construction continues for several large-scale CSO projects, including Clinton CSO Storage, Harbor Brook CSO Storage, and CSO 003 and 004 Conveyances; all are expected to be completed within compliance due dates. Planning level costs are known for the majority of all other ACJ projects (including green infrastructure). The additional process studies associated with the phosphorus removal project identified in the Metro WWTP Optimization report submitted to the NYSDEC on August 31, 2011 are scheduled to be completed in June 2013. Those results shall be transmitted to the NYSDEC via report addendum. Immediately following NYSDEC approval of the associated recommendations, Phase II, engineering design, shall proceed.

New York State has appropriated \$74.9 million of the Clean Water/Clean Air Environmental Bond Act funds for projects covered under the ACJ. In addition to aid through the Environmental Bond Act, based on pledges by State officials, the County also planned on receiving approximately \$85 million in supplemental funding over the 15 years of the project as initially scheduled in the 1998 ACJ. To date, \$88 million has been received from other New York State sources. The federal government has

appropriated \$121.3 million in federal funds (inclusive of assistance from the U.S. Army Corps of Engineers). Short-term funding of \$20 million for the Harbor Brook Project was provided under the ARRA program and this project is eligible for up to 50% loan forgiveness (up to \$10 million). In addition, the County has received \$11.8 million in funds from the City and the Niagara Mohawk Power Corporation (now National Grid) and also has contributed cash on hand of \$9.1 million.

To date, the County has closed on \$132.3 million in EFC long term loans to fund Lake projects. The County anticipates \$226.8 million in local funding for the gross capital costs associated with the ACJ in its Capital Improvement Plan. The County has earmarked \$35.5 million of its WEP fund balance for principal and interest costs to cover the County's local share of future debt costs not recoverable through State and federal grants and associated with the ACJ project. As of December 31, 2012, the Consolidated Sanitary District also has an additional \$22.0 million in bonded debt reserves available to apply against future debt costs.

It is anticipated that once the ACJ CSO projects have been completed, discharges from County facilities will not cause or contribute to alleged bacteria exceedences in Onondaga Lake unless applicable standards have been made more restrictive. However, despite the signing and approval of the Fourth Stipulation, in the event that the ACJ projects do not bring the County into compliance with applicable water quality standards, the County could be required to undertake additional measures.

Onondaga Nation Land Claim

In March 2005, the Onondaga Nation (the "Nation") filed suit against the County and others over the ownership of land in Onondaga County, parts of which include most of the City of Syracuse and/or lands adjacent to Onondaga Lake (the "Lake"). Pursuant to §10 of the State Law, the State is obliged to provide representation for defendants in Indian land claim actions. Former Governor Pataki appointed the law firm of Goodwin Proctor to represent Onondaga County and its co-defendants in the land claim action, at the expense of the State. In *Cayuga Nation of New York v. Pataki*, the United States Court of Appeals for the Second Circuit applied the doctrine of laches to dismiss the Cayuga Indian land claim. The United States Supreme Court has declined to certify an appeal from that decision. In August 2006, the State and counsel for Onondaga County and other non-state defendants made a motion to dismiss based primarily upon the Cayuga decision and the Onondaga Nation has responded to that motion. The motion was heard in September 2007, and decided in favor of all defendants in 2010. On January 4, 2013 the United States Court of appeals for the Second Circuit affirmed the District Court's dismissal of the claim.

Among the factors discussed by the Nation in bringing suit was the intent to become involved in cleanup of the Lake. The Nation has publicly stated its intent to use the land claim action to establish its right to comment on environmental improvements to Onondaga Lake and its tributaries. Affirmance of the lower court's dismissal of the Nation's land claim has raised questions as to the Nation's legal ability to claim Trustee status with respect to the Lake and its environs. Nevertheless, the United States Department of Interior, acting in its capacity as Natural Resources Trustee and Trustee for the Nation, has accorded the Nation participatory rights in ongoing discussions on development of a Natural Resource Damages Restoration Plan for the Lake and its environs.

CERCLA Claims

Onondaga Lake is a New York State-owned waterway held in trust by the State. In 1989, the State of New York initiated litigation against AlliedSignal, which resulted in a Consent Decree in 1992 pursuant to which AlliedSignal agreed to conduct an extensive remedial investigation of industrial contaminants in Onondaga Lake and portions of the Geddes Brook-Nine Mile Creek system.

In 1994, the Onondaga Lake sediments were listed in the National Priorities List (NPL) as a Superfund Site under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA").

Also, in 1994, AlliedSignal commenced a contribution action against the County contending that the County may be liable for some share of any CERCLA and other response costs, as well as an unspecified percentage of any natural resources damages, which ultimately may be assessed against AlliedSignal. As such, AlliedSignal contended that the County is a potentially responsible party ("PRP"). AlliedSignal merged with Honeywell International, Inc. in 1999 and now operates under the Honeywell name.

On August 6, 2004, pursuant to a settlement, Honeywell agreed to withdraw its lawsuit against the County with prejudice. By its terms, the settlement creates a contingent liability, which requires the County to pay a total sum of \$1 million if, and only if, Honeywell spends more than \$200 million in mercury-related remediation in Onondaga Lake within twelve years.

On July 1, 2005, the State issued a Record of Decision outlining the selected remedies for Onondaga Lake. In September 2005, the New York State Department of Environmental Conservation (“NYSDEC”) notified the County and sixteen other entities that the State and the Environmental Protection Agency (“EPA”) had incurred oversight costs with respect to the Onondaga Lake NPL site in the amount of \$16 million. Thereafter, the County and others entered into Tolling Agreements with the NYSDEC, which suspended the running of any applicable statute of limitation pending negotiations. The present tolling agreement runs to August 15, 2013. This Tolling Agreement is likely to be extended for at least an additional six (6) months.

In October 2006, the State and Honeywell submitted to the U.S. District Court for the Northern District of New York, a proposed Consent Decree, which was approved on January 4, 2007. The Consent Decree requires Honeywell to implement the agreed remediation plan within nine years. Documents accompanying the proposal estimate Honeywell’s cost of implementing the agreed plan for remediation at \$451 million.

In early 2007, Honeywell and the State requested that the court extend the time for selection of a remedy for the Geddes Brook Nine Mile Creek site for an additional two years. On or about November 19, 2008, New York State released a Proposed Remedial Action Plan for Operable Unit 1 (OU1) of the Geddes Brook/Nine Mile System, a sub-site of the Onondaga Lake Superfund Site. The PRAP describes OU1 as extending upstream in Nine Mile Creek, from a point approximately 3,000 feet upstream of Onondaga Lake to a point approximately 600 feet upstream of Nine Mile Creek’s confluence with Geddes Brook. OU1 also includes a portion of Geddes Brook from Geddes Brook’s confluence with Nine Mile Creek upstream to Geddes Brook’s confluence with the West Flume, an artificial water body which was part of the Allied complex. In January 2011, New York State and Honeywell reached an agreement for the clean-up of areas in and around Geddes Brook and Nine mile Creek, to be completed by 2014.

On October 31, 2008, the EPA and the NYSDEC served a Demand for Payment letter upon seventeen PRP’s, including the County. The Demand letter addressed to the County identifies the County’s PRP status as related to the Town of Salina Landfill, a sub-site of the Onondaga Lake NPL site. The agencies demand reimbursement of CERCLA-related oversight costs in the amount of \$12,498,818.63. The County disclaims liability and has identified a number of defenses.

Settlement negotiations of the EPA and NYSDEC demands are continuing. These negotiations have been complicated by the bankruptcy proceedings instituted by Crucible Specialty Metals and General Motors, two principal PRPs. The County has filed claims in these proceedings.

In November 2009, the County filed a claim in the Crucible bankruptcy proceeding, contending, *inter alia*, that the debtor and the trustee in bankruptcy remain statutorily obligated to provide for the post-closure care and maintenance of the landfill, which obligation must be satisfied from the proceeds of the debtor’s estate. In August, 2010, the State and the Crucible Estate in Bankruptcy settled the State’s claim under the Resource Conservation and Recovery Act. Post-closure care costs and the County’s claim were dismissed as duplicative.

By letter dated October 30, 2009, the EPA requested that the County and other alleged PRPs enter into negotiations with the EPA to conduct a Remedial Investigation and Feasibility Study (“RIFS”) of a yet to be fully defined site which the EPA is referring to as the Lower Ley Creek site.

The County filed a claim to recover costs that may be incurred as a result of the EPA’s demands in the General Motors Liquidation bankruptcy proceedings. By Agreement, the County’s claim was included within the larger reserve for Federal unsecured claims in an amount of no less than \$70 million to address the County’s Lower Ley Creek Claim. In June, 2012 The United States and the General Unsecured Creditor trust reached a settlement to resolve the claims brought by the United States and the State of New York for an allowed general unsecured claim for both the United States and the State of New York for Lower Ley Creek of \$39,103,434 of which the allowed general unsecured claim of the United States for oversight costs is \$896,556. In its filings in support of the settlement the United States has very preliminarily estimated the cleanup costs for Lower Ley Creek in the neighborhood of \$46 million.

The County has been advised by the United States that the United States has received approximately \$22 dollars in the initial distribution. The County is prepared to assert defenses to claims for contribution. It is not possible to state with certainty the extent, if any, of liability.

By letter dated March 11, 2010, the EPA advised National Grid of the Agency’s determination to designate National Grid as a PRP with respect to the Onondaga Lake Superfund site due to releases from property formally owned by Niagara Mohawk Power Corp., National Grid’s predecessor in interest, at 600 Hiawatha Boulevard. The EPA alleges that the property is contaminated with hazardous substances generated by Niagara Mohawk in the course of operating a manufactured gas plant. In 2001, the County acquired the property from Niagara Mohawk. Therefore, the EPA’s letter advised National Grid and the County that the agency was evaluating whether to list the County as a PRP as well. Pursuant to an agreement between the County and Niagara

Mohawk at the time of transfer of the property, the County contends that National Grid, as successor in interest to Niagara Mohawk, retains liability for the site. By letter dated March 25, 2010, the County gave National Grid notice of a potential claim as required by the agreement.

WASTE BEDS 1-8: Located on the southwest shore of Onondaga Lake, the County acquired Waste Beds 1-6 from the State of New York in the early 1980's. This site is covered by the terms of the settlement between Onondaga County and Honeywell and as such the County contends that ownership of this site should not generate additional potential liability for the County. It is the County's position that any liability that the County might otherwise have as the current site owner has been fully addressed in the Stipulated Judgment resolving Honeywell's contribution action against the County.

MURPHY'S ISLAND: This is a site along Onondaga Lake acquired by the County in the early 1980s for use as park land. The site is now the subject of a RIFS being conducted by Honeywell to determine the extent of CERCLA related contamination and remedial options. In 2011, the Onondaga County Legislature passed a memorializing resolution expressing the desire to enter into discussions with the Onondaga Nation at some point in the future to explore the transfer of the site to the Nation. The Resolution has recently been cited as a basis by the EPA and NYSDEC to request that Honeywell revise a Human Health Risk Assessment to address the site's potential for use for fanning, hunting and gathering uses. Honeywell has advised the County that it is willing to revise the report, but that its studies of the site have led the company to conclude that no contaminants now present at the site are related to Honeywell's past industrial operations. However, the NYSDEC has disputed this assertion. The extent of any County liability cannot be determined at this time.

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

Beginning in 1978, the County became involved itself in certain aspects of disposal of solid waste in Onondaga County. State legislation was obtained in 1981 to create the Onondaga County Resource Recovery Agency (OCRRA), a state agency specifically vested with the duty to manage the disposal of solid waste in Onondaga County.

Assuming responsibility for waste management in November 1990, OCRRA has operated the system through construction and operation of a Waste-To-Energy facility (WTE), an agreement with Covanta, LLP to operate the facility, and agreements with local haulers to bring suitable solid waste to the facility.

In order to construct and implement the OCRRA WTE facility, \$184 million in bonds were issued in 1992 and refinanced in 2003. These bonds will be retired no later than 2022. As part of that refinancing, OCRRA agreed to the transfer of the facility and facility site to Covanta, as early as 2015, upon Covanta's meeting certain terms and conditions including payment of \$1 for the facility, fair market value for the facility site and assumption of the subordinate lien debt. The OCRRA bonds continue to be secured by the delivery agreements that Onondaga County assigned to OCRRA. These agreements expire between 2013 and 2015. Both by state legislation and agreement, the County is not liable for OCRRA debts. As an additional means of securing these revenues OCRRA has secured contracts with major haulers providing for the haulers to deliver waste to OCRRA. These contracts expire at the end of 2014.

As stated above, OCRRA advises that in 2015 Covanta has the opportunity to take title to the facility and facility site. Since the distinction currently recognized by the Courts between valid and invalid interstate waste site designation legislation rests upon the public ownership and operation of the waste disposal system, OCRRA's transfer of ownership of the facility and/or facility site to Covanta may impact the County's efforts to exercise interstate flow control. The decision by Participating Municipalities not to renew their delivery agreements may also call into question the viability of operating the system in the manner it is presently operated. Any renewed and/or revised County Solid Waste Management Plan must necessarily take these factors into account.

The current twenty-year plan was approved by the State in November 1992. In light of the recent finalization of the State's Solid Waste Management Plan, the need to clarify the current and future arrangement with Covanta concerning the WTE Facility, and the quality of the existing solid waste management program being carried out by OCRRA on behalf of Onondaga County, the County requested a two-year extension on the current Local Solid Waste Management Plan.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel for the Bonds is set forth in Appendix D, hereto.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The County has made certain representations and covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in gross income for federal income tax purposes. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of the representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon, in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or courts decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration’s proposed 2014 budget includes a legislative proposal which, for tax years beginning after December 31, 2013, would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individual and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such future legislative proposal, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, of the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the County or Beneficial Owners to incur significant expense.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as APPENDIX D.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the "Rule"), as the same may be amended or officially interpreted from time to time, promulgated by the Securities and Exchange Commission (the "Commission"), the County has agreed to provide, or cause to be provided,

- (i) during each fiscal year in which the Bonds are outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB"), or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule certain annual financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced under the headings: "THE COUNTY", "FINANCIAL STRUCTURE", "TAX INFORMATION", "COUNTY INDEBTEDNESS", "LITIGATION", and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of the audit) for the preceding fiscal year, if any; such information, data and audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each fiscal year or, if audited financial statements are prepared, sixty days following receipt by the County of audited financial statements for the preceding fiscal year, but, in no event, not later than the last business day of each fiscal year.
- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Bonds:
 - (a) principal and interest payment delinquencies
 - (b) non-payment related defaults, if material
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties
 - (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Bonds, unscheduled draws on credit enhancements reflecting financial difficulties
 - (e) substitution of credit or liquidity providers, or their failure to perform
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax- status of the Bonds
 - (g) modifications to rights of Bondholders, if material
 - (h) bond calls, if material and tender offers
 - (i) defeasances
 - (j) release, substitution, or sale of property securing repayment of the Bonds
 - (k) rating changes
 - (l) bankruptcy, insolvency, receivership or similar event of the County
 - (m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
 - (n) appointment of a successor or additional trustee or the change of name of a trustee, if material

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Bonds.

With respect to event (d) the County does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

The County may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, if the County determines that any such other event is material with respect to the Bonds; but the County does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

- (iii) in a timely manner, to the MSRB or any other facility designated or authorized by the commissioner to receive Reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The Annual Information and the Material Event Notices, if any, will be filed with the Municipal Securities Rulemaking Board and its Electronic Municipal Market Access system for municipal securities disclosures.

The County reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The County acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the County's obligations under its continuing disclosure undertaking and any failure by the County to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The County reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County; provided that, the County agrees that any such modification will be done in a manner consistent with the Rule.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

The County is in compliance with all prior undertakings pursuant to the Rule for the past five years.

FINANCIAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Financial Advisor") serves as an independent financial advisor to the County on matters relating to debt management. The Financial Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Financial Advisor has provided advice as to the plan of financing and the structuring of the Bonds and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the County and other sources of information believed to be reliable. The Financial Advisor has not audited, authenticated, or otherwise verified the information provided by the County or the information set forth in this Official Statement or any other information available to the County with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Financial Advisor with respect to the accuracy and completeness of or any other matter related to such information and this Official Statement.

RATINGS

Fitch Ratings, Moody's Investors Service, Inc. and Standard and Poor's Rating Services, a Division of The McGraw Hill Companies have assigned their municipal bond ratings of "AAA with a stable outlook", "Aa1 with a stable outlook" and "AA+ with a stable outlook", respectively, to the Bonds. Such ratings reflect only the view of such organizations, and an explanation of the significance of such ratings may be obtained from: Fitch Ratings, One State Street Plaza, New York, New York 10004, (212) 908-0500, Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, (212) 553-0300 and Standard & Poor's Credit Market Services, 55 Water Street, New York, New York 10041, (212) 438-2400. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised or withdrawn by such rating agency, if in its judgment, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Bonds.

ADDITIONAL INFORMATION

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the County’s management’s beliefs as well as assumptions made by, and information currently available to, the County’s management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the County’s files with the repositories. When used in County’s documents or oral presentation, the words “anticipate”, “believe”, “intend”, “plan”, “foresee”, “likely”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “will”, or “should”, or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the County, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the County for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds, the County will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the County, as to which no representation can be made.

The Official Statement is submitted only in connection with the sale of the Bonds by the County and may not be reproduced or used in whole or in part for any other purpose.

The County hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Any statements made in this Official Statement and indicated to involve matters of opinion or estimates are represented to be opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

Additional copies of this Official Statement may be obtained upon request from the office of the Chief Fiscal Officer, 421 Montgomery Street, Syracuse, New York 13202 (315-435-3346 x4111) or from Fiscal Advisors & Marketing, Inc., 120 Walton Street, Suite 600, Syracuse, New York 13202 (315-752-0051), downloaded from Fiscal Advisors & Marketing, Inc.’s Internet address: <http://www.fiscaladvisors.com> or I-Deal Prospectus’s Internet address: <http://www.tm3.com>.

Fiscal Advisors & Marketing, Inc. and the County may place a copy of this Official Statement on their websites at www.fiscaladvisors.com and www.ongov.net, respectively. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. and the County have prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the County nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the County disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the County also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The County will act as Paying Agent for the Bonds. The County's contact information is as follows: Chief Fiscal Officer, John H. Mulroy Civic Center, 421 Montgomery Street, Syracuse, New York 13202-2998, Phone: (315) 435-3346 x4111, Telefax: (315) 435-3439.

This Official Statement has been duly executed and delivered by the Chief Fiscal Officer of the County of Onondaga, New York.

COUNTY OF ONONDAGA

Dated: June 13, 2013

/s/ Steven Morgan
Chief Fiscal Officer

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
ASSETS					
Cash and Investments	\$ 48,643,683	\$ 29,452,648	\$ 54,124,765	\$ 69,227,739	\$ 44,330,459
Receivables:					
Property Taxes	35,543,011	28,625,100	36,273,084	41,133,372	45,689,657
Accounts Receivable	41,630,113	53,361,555	43,120,931	45,543,581	46,395,494
Due from Federal and State Governments	61,622,270	70,360,821	66,512,373	65,897,488	67,439,504
Due from Other Governments	4,204,064	3,771,489	3,484,488	3,130,899	3,392,138
Due from Other Funds	1,759,393	3,702,536	3,005,347	3,679,689	25,401,947
Prepaid Expenditures & Other Assets	2,870,769	2,939,410	4,788,766	5,286,175	7,434,194
TOTAL ASSETS	\$ 196,273,303	\$ 192,213,559	\$ 211,309,754	\$ 233,898,943	\$ 240,083,393
LIABILITIES AND FUND EQUITY					
Accounts Payable and Accrued Liabilities	\$ 39,240,954	\$ 36,743,282	\$ 42,851,645	\$ 41,909,995	\$ 50,991,358
Due to Other Governments	66,806,199	71,031,359	65,133,253	68,623,193	61,884,952
Due to Other Funds	1,800,000	1,900,000	1,200,000	1,000,000	534,005
Deferred Property Tax Revenues	13,732,074	6,924,913	14,194,816	18,476,298	22,373,936
Other Deferred Revenues	3,909,130	932,570	3,029,978	4,499,984	4,389,735
Contracts Payable - Retainage	11,134	15,241	6,900	14,407	2,457
Other Liabilities	61,211	256	365,243	180,994	116,068
TOTAL LIABILITIES	125,560,702	117,547,621	126,781,835	134,704,871	140,292,511
FUND EQUITY					
Reserved:					
Non-spendable (prior: Prepaids)	\$ 2,870,769	\$ 2,939,410	\$ 4,788,766	\$ 5,286,175	\$ 7,434,194
Unreserved:					
Assigned (prior: Appropriated) ⁽¹⁾	7,978,873	11,112,343	18,695,058	28,919,636	25,068,778
Unassigned (prior: Unappropriated)	59,862,959	60,614,185	61,044,095	64,988,261	67,287,910
TOTAL FUND EQUITY	70,712,601	74,665,938	84,527,919	99,194,072	99,790,882
TOTAL LIABILITIES and FUND EQUITY	\$ 196,273,303	\$ 192,213,559	\$ 211,309,754	\$ 233,898,943	\$ 240,083,393

⁽¹⁾ The Assigned Fund Balance includes \$1,967,320, \$2,352,640, \$3,019,698, and \$3,068,132 of fund balance that was previously classified as "Encumbrances" for 2008-2011, respectively. The County has modified its fund balance classifications to comply with GASB No. 54. See "Financial Statements", herein.

Source: Audited financial reports of the County. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
REVENUES					
Real Property Taxes and Tax Items	\$ 183,730,470	\$ 183,094,220	\$ 183,083,404	\$ 158,026,303	\$ 155,264,959
Non-Property (Sales) Taxes ⁽¹⁾	299,044,343	284,398,541	302,259,198	315,009,768	328,278,544
Revenues from Federal Sources	60,877,055	81,000,925	78,235,370	89,295,419	87,213,238
Revenues from State Sources	99,982,910	91,052,381	93,289,324	84,272,724	88,326,259
Departmental Income	25,566,932	27,186,470	25,329,605	26,291,235	27,076,679
Service for Other Governments	17,174,952	15,334,568	15,181,554	19,291,892	18,268,238
Sale of Receivables	-	11,270,385	-	-	-
Interest Earned	3,111,826	1,059,816	975,369	966,338	792,885
Miscellaneous	5,644,925	6,547,817	5,942,938	5,862,245	6,180,306
Total Revenues	<u>\$ 695,133,413</u>	<u>\$ 700,945,123</u>	<u>\$ 704,296,762</u>	<u>\$ 699,015,924</u>	<u>\$ 711,401,108</u>
EXPENDITURES					
General Government Support ⁽¹⁾	\$ 196,276,069	\$ 195,564,062	\$ 193,611,004	\$ 148,422,007	\$ 141,133,214
Economic Assistance and Opportunity	241,435,326	234,697,854	237,880,615	264,160,594	283,995,469
Health	42,775,449	39,752,199	33,846,102	39,696,962	51,789,911
Public Safety	111,338,806	108,131,830	118,351,445	117,375,263	125,625,329
Culture and Recreation	17,405,487	17,571,614	16,349,236	16,255,023	12,938,539
Education	51,383,514	51,636,672	51,284,124	47,952,884	39,572,323
Home and Community Services	2,806,402	3,243,401	2,667,027	3,003,004	1,508,623
Transportation	3,427,670	3,836,680	3,953,290	4,332,453	3,888,078
Total Expenditures	<u>\$ 666,848,723</u>	<u>\$ 654,434,312</u>	<u>\$ 657,942,843</u>	<u>\$ 641,198,190</u>	<u>\$ 660,451,486</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 28,284,690</u>	<u>\$ 46,510,811</u>	<u>\$ 46,353,919</u>	<u>\$ 57,817,734</u>	<u>\$ 50,949,622</u>
Other Financing Sources (Uses):					
Operating Transfers In	8,714,565	46,504	872,084	822,973	649
Operating Transfers Out	(46,635,806)	(42,603,978)	(37,364,022)	(43,974,554)	(50,353,461)
Total Other Financing	<u>(37,921,241)</u>	<u>(42,557,474)</u>	<u>(36,491,938)</u>	<u>(43,151,581)</u>	<u>(50,352,812)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(9,636,551)</u>	<u>3,953,337</u>	<u>9,861,981</u>	<u>14,666,153</u>	<u>596,810</u>
FUND BALANCE					
Fund Balance - Beginning of Year	80,349,152	70,712,601	74,665,938	84,527,919	99,194,072
Residual Equity Transfers (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 70,712,601</u>	<u>\$ 74,665,938</u>	<u>\$ 84,527,919</u>	<u>\$ 99,194,072</u>	<u>\$ 99,790,882</u>

⁽¹⁾ Includes sales tax gross up of \$149,888,382, \$149,343,342, \$147,759,335, \$100,996,848 and \$86,432,145 for 2008, 2009, 2010, 2011 and 2012, respectively due to accounting changes. See "Onondaga County Sales Tax" section of Official Statement.

ALL FUNDS

Revenues, Expenditures and Changes in Fund Balance - Budget

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
	Adopted Budget	Adopted Budget	Adopted Budget	Adopted Budget	Adopted Budget
REVENUES					
Real Property Tax Levy	\$ 179,821,396	\$ 183,997,042	\$ 153,821,817	\$ 148,216,571	\$ 140,998,859
Special District Tax Levies	63,234,433	62,528,723	64,042,343	68,304,383	68,782,570
Services for Other Governments	56,267,837	52,607,641	61,528,096	55,686,927	55,598,924
Non-Property (Sales) Taxes ⁽¹⁾	318,677,879	287,902,381	306,374,417	321,400,305	339,570,086
Revenues from State Sources	140,937,666	140,995,051	142,434,512	131,561,445	137,690,491
Revenues from Federal Sources	85,223,335	93,758,163	98,125,152	108,023,067	110,779,117
Other Receipts, Etc.	317,598,461	324,390,953	320,987,022	340,204,285	364,054,228
Total Revenues	<u>\$ 1,161,761,007</u>	<u>\$ 1,146,179,954</u>	<u>\$ 1,147,313,359</u>	<u>\$ 1,173,396,983</u>	<u>\$ 1,217,474,275</u>
EXPENDITURES					
General Government Support ⁽¹⁾	\$ 780,109,745	\$ 762,067,829	\$ 737,353,637	\$ 757,310,718	\$ 777,191,956
Community College	73,040,082	78,237,387	82,650,100	84,719,904	89,637,800
Community Development	3,554,192	3,937,839	4,341,754	3,869,416	4,781,252
Van Duyn Hospital	44,724,471	44,569,510	47,725,684	50,982,288	49,809,506
Grant	32,130,822	31,618,970	32,351,583	29,100,363	31,557,588
County Road	31,135,180	28,369,121	32,246,166	34,123,475	37,343,545
Road Machinery	8,826,120	6,888,200	6,122,550	6,578,933	7,618,434
Oncenter Revenue Fund ⁽²⁾	-	-	-	-	1,750,000
Water	10,061,100	9,082,803	8,862,181	8,976,134	8,858,933
Water Environment Protection	71,519,921	71,607,746	68,975,060	73,884,379	76,242,030
Library	13,274,163	13,100,929	13,528,665	14,986,961	15,243,591
Debt Service	33,417,512	35,974,779	41,087,571	45,941,263	47,287,764
Insurance	72,549,805	78,932,030	83,383,098	88,777,983	90,661,509
Total Expenditures	<u>\$ 1,174,343,113</u>	<u>\$ 1,164,387,143</u>	<u>\$ 1,158,628,049</u>	<u>\$ 1,199,251,817</u>	<u>\$ 1,237,983,908</u>
Excess of Revenues Over (Under) Expenditures/ Budgetary Fund Balance Used	<u>\$ (12,582,106)</u>	<u>\$ (18,207,189)</u>	<u>\$ (11,314,690)</u>	<u>\$ (25,854,834)</u>	<u>\$ (20,509,633)</u>

⁽¹⁾ Includes sales tax gross up of \$154,354,343, \$149,809,115, \$95,924,741, \$83,565,717 and \$82,336,191 for 2009, 2010, 2011, 2012 and 2013, respectively due to accounting changes. See "Onondaga County Sales Tax" section of Official Statement.

⁽²⁾ Prior to 2012 the Oncenter was a Component Unit. In 2012 it was reclassified as a Primary Government Component and, as such, the County's 2013 budget reflects this reclassification.

Source: Unaudited annual financial budgets of the County. This Appendix is not itself audited.

APPENDIX - B
Onondaga County

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Excluding this Issue			Principal of This Issue	Total Principal All Issues
	Principal (1)	Interest	Total		
2013	31,174,968	18,096,111.40	49,271,079.40		31,174,968
2014	34,407,604	16,217,606.33	50,625,210.33		34,407,604
2015	34,101,474	14,893,991.75	48,995,465.75	4,560,000	38,661,474
2016	31,221,180	13,589,006.12	44,810,186.12	4,760,000	35,981,180
2017	30,886,180	12,286,803.17	43,172,983.17	5,125,000	36,011,180
2018	30,046,180	11,009,215.18	41,055,395.18	5,500,000	35,546,180
2019	29,031,180	9,796,426.10	38,827,606.10	3,800,000	32,831,180
2020	26,385,884	8,631,822.44	35,017,706.44	4,025,000	30,410,884
2021	25,570,884	7,509,404.31	33,080,288.31	4,075,000	29,645,884
2022	23,315,000	6,462,493.29	29,777,493.29	4,025,000	27,340,000
2023	22,750,000	5,512,141.22	28,262,141.22	4,100,000	26,850,000
2024	20,915,000	4,620,982.29	25,535,982.29	3,300,000	24,215,000
2025	17,565,000	3,813,118.42	21,378,118.42	3,400,000	20,965,000
2026	15,665,000	3,139,542.60	18,804,542.60	3,475,000	19,140,000
2027	12,465,000	2,560,308.99	15,025,308.99	3,500,000	15,965,000
2028	10,100,000	2,083,980.72	12,183,980.72	2,750,000	12,850,000
2029	9,305,000	1,650,704.28	10,955,704.28	2,400,000	11,705,000
2030	8,200,000	1,273,778.39	9,473,778.39	2,450,000	10,650,000
2031	5,640,000	977,708.83	6,617,708.83	2,250,000	7,890,000
2032	4,755,000	763,259.50	5,518,259.50	2,250,000	7,005,000
2033	3,670,000	578,515.78	4,248,515.78	2,125,000	5,795,000
2034	3,710,000	410,702.63	4,120,702.63	0	3,710,000
2035	3,100,000	254,192.25	3,354,192.25	0	3,100,000
2036	3,130,000	110,297.85	3,240,297.85	0	3,130,000
2037	400,000	7,000.00	407,000.00	0	400,000
TOTALS	\$437,510,534	\$146,249,113.84	\$583,759,647.84	\$67,870,000	\$505,380,534

(1) Does not include defeased Bonds. Does include Environmental Facilities Bonds of \$145,525,534.

COUNTY OF ONONDAGA, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DECEMBER 31, 2012

Such Audited Financial Statement and opinion were prepared as of the date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

**COUNTY OF ONONDAGA, NEW YORK
COMPREHENSIVE ANNUAL FINANCIAL REPORT
EFFECTIVE JANUARY 1, 2013**

PREPARED BY THE COMPTROLLER'S OFFICE

**COUNTY COMPTROLLER
ROBERT E. ANTONACCI II, CPA**

DEPUTY COMPTROLLER/ACCOUNTING

JAMES V. MATURO

DEPUTY COMPTROLLER/AUDITING

PHILIP M. BRITT

CHIEF GOVERNMENTAL ACCOUNTANT

ANTHONY P. CALOGERO

EXECUTIVE ASSISTANT

NANCY L. CAMPOLITO

ACCOUNTING STAFF

KAREN J. BUSKO

SHARON L. MASTROENI

SUZANNE M. COWIN

LISA M. VERTUCCI-NAVE

SHARON C. HUGHES

JOYCE E. WILSON

AUDITING STAFF

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JUITH E. ELLIS

LINDA M. MARNELL

JULIUS F. PERROTTA

INDEPENDENT AUDITORS

TESTONE, MARSHALL, & DISCENZA, LLP

COUNTY OF ONONDAGA, NEW YORK
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED DECEMBER 31, 2012
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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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**INTRODUCTORY
SECTION
(UNAUDITED)**

COUNTY OF ONONDAGA, NEW YORK

LIST OF PRINCIPAL OFFICIALS

COUNTY LEGISLATURE

EFFECTIVE JANUARY 1, 2013

CHAIRMAN: J. RYAN MCMAHON II

JOHN C. DOUGHERTY

DAVID H. KNAPP **

KATHLEEN A. RAPP

LINDA R. ERVIN

DANNY J. LIEDKA

CHRISTOPHER J. RYAN

KEVIN A. HOLMQUIST

BRIAN F. MAY

DEREK T. SHEPARD JR.

CASEY E. JORDAN

WILLIAM H. MEYER JR.

MARK A. STANCZYK *

PATRICK M. KILMARTIN *

MICHAEL E. PLOCHOCKI

JUDITH A. TASSONE

MONICA WILLIAMS

* FLOOR LEADERS

** CHAIR, WAYS & MEANS COMMITTEE

COUNTY COMPTROLLER

ROBERT E. ANTONACCI II, CPA

COUNTY EXECUTIVE

JOANNE M. MAHONEY

CHIEF FISCAL OFFICER

STEVEN MORGAN

COUNTY SHERIFF

KEVIN E. WALSH

DISTRICT ATTORNEY

WILLIAM J. FITZPATRICK

COUNTY CLERK

SANDRA A. SCHEPP

COUNTY OF ONONDAGA

ORGANIZATION CHART

VOTERS

Comptroller County Clerk District Attorney County Executive County Legislature Sheriff

Administrative & Financial Services Human Services Physical Services

Authorized Agencies-Financial

Economic Development

Elections Board

Emergency Management

Finance Department

Law Department

Office of the Environment

Personnel Department

Planning Agency

Purchase Division

Aging and Youth

Authorized Agencies-Human

Correction Department

E911-Emergency Communications

Emergency Management

Health Department

Long Term Care

Mental Health Department

Onondaga County Public Library

Probation Department

Social Services Department

Veterans Service Agency

Authorized Agencies-Physical

Information Technology

Facilities Management

Metropolitan Water Board

Parks & Recreation

Transportation

Water Environment Protection

ii:



COUNTY OF ONONDAGA

Office of the
County Comptroller

*John H. Mulroy Civic Center, 14th Floor
421 Montgomery Street
Syracuse, New York 13202-2998
(315) 435-2130 • Fax (315) 435-2250
www.ongov.net*

James V. Maturo
Deputy Comptroller/Accounting

Philip M. Britt
Deputy Comptroller/Audit

Robert E. Antonacci II, CPA
Comptroller

May 8, 2013

To the Citizens of Onondaga County,
Honorable Joanne M. Mahoney, and
Honorable Members of the Onondaga County Legislature

I am pleased to submit the Comprehensive Annual Financial Report of Onondaga County for the year ended December 31, 2012. Responsibility for accuracy of the data as well as the completeness and fairness of its presentation, including all disclosures, rests with the management of this government. To provide a reasonable basis for making these representations, the County has established a comprehensive set of internal controls that is designed to protect the government's assets from loss, theft, or misuse. These controls also allow the County reliable information for the preparation of these financial statements. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of financial operations of the County in accordance with accounting policies generally accepted in the United States of America. All disclosures considered necessary for the reader to gain an understanding of the County's financial activities have been included.

The County has engaged independent auditors who have audited the basic financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors have concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's basic financial statements for the fiscal year ended December 31, 2012, are fairly presented in conformity with U.S. generally accepted accounting policies. The report of the independent auditors can be found on page ix of the financial section of this report.

The independent audit of the financial statements was part of a broader, federally mandated "Single Audit". The County is required to undergo an annual audit in conformity with the provision of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***. The Single Audit Report includes the schedule of federal financial assistance, the independent auditors' report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations. The Single Audit Report is not included in this CAFR, however, when available, it is a public record and available to all interested parties upon request.

Generally accepted accounting principles require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter on transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Government Profile

Onondaga County is located in close proximity to the geographic center of upstate New York approximately midway between Albany and Buffalo. Onondaga County has a land area of 793.5 square miles and a 2010 U.S. Census population of 467,026. The most significant municipal entity within the County is the City of Syracuse, which has a 2010 U.S. Census population of 145,170 and which also serves as the County seat. The County's population is concentrated along two interstate highway corridors that intersect in the middle of the County. The County's industrial, and to a lesser extent its commercial establishments, are similarly concentrated within the same corridors.

Onondaga County was established in 1794 by an act of the New York State Legislature. The current county executive form of government was adopted by voter referendum in 1961. The County Executive is elected by direct vote for a term of four years. The County Executive is the chief executive officer of the County with, among other powers, authority to appoint heads of County departments conditional to legislative confirmation, to appoint other executive officers as provided by law, to supervise the administration of every department except as otherwise provided, to propose the annual operating budget plan, to approve or disapprove every local law or ordinance adopted by the County Legislature, to authorize all contracts on behalf of the County, and shall be the chief budget officer of the County. The County Legislature is the policy making, appropriating and governing body of Onondaga County. The County Legislature is comprised of members elected from seventeen legislative districts for two-year terms. The County Legislature is vested with the power to enact local laws, ordinances and resolutions, to adopt budgets and levy taxes, to override by a two-thirds vote any veto by the County Executive of any legalized act, to fix compensation for all County officers and employees, and to authorize the issuance of capital debt obligations where a two-thirds majority so approves. The offices of County Comptroller, Sheriff, District Attorney and County Clerk are elected by general direct vote, and each serves a four-year term. The Comptroller is the chief accounting and auditing officer for the County and, as such, has major responsibility for the internal financial controls and financial reporting. The County Clerk is the custodian of all legal, real property and court documents. The Sheriff is the chief law enforcement officer for the County. In addition to the above officials, the Chief Fiscal Officer has responsibility for the collection and custody of County monies, administration of real property and sales taxes, and the sale of County indebtedness. The Chief Fiscal Officer is appointed by the County Executive, subject to County Legislature ratification.

Onondaga County provides a full range of public services to its residents including public safety, health, transportation, education, economic assistance, home and community, culture and recreation, and general administrative support. This report includes all funds and account groups over which Onondaga County exerts substantial control, significant influence and accountability as defined in the Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity* and Statement 39, *Determining Whether Certain Organizations are Component Units*. Based on these Statements, the Onondaga County Resource Recovery Agency, the Onondaga County Water Authority, and the Central New York Regional Planning Board do not meet the criteria to be units of the reporting entity, and accordingly are excluded from this report. Predicated on the criteria of these Statements, the Onondaga County Convention Center/War Memorial Management Corporation, Onondaga Community College, Onondaga County Industrial Development Agency, Friends of Rosamond Gifford Zoo, and the Housing Development Fund Company meet the requirements for recognition as component units and accordingly their financial information is presented in a discrete format in the Financial Section of this report. The Onondaga Tobacco Asset Securitization Corporation (OTASC) meets these requirements for recognition as a component unit and their financial information is blended as a Nonmajor Debt Service Fund in the Financial Section of this report.

The County maintains a budgetary control system to ensure compliance with the annual adopted budget and with other applicable laws. Budgetary control is achieved by use of a pre-encumbrance system that reserves available appropriations prior to the initiation of the contract process. This system has the advantage of centrally accounting for a County department's expenditure plans prior to actual development of contracts. Upon finalization of contracts, the pre-encumbrance is replaced by an encumbrance. Encumbered amounts do not lapse at year-end, but are re-appropriated into the ensuing year's budget as prescribed by Onondaga County Law. The County Comptroller submits to the Legislature a monthly report of revenues and expenses compared to budget. Additionally, the Executive Department's Division of Management and Budget submits to the Legislature a quarterly report of budgetary projections.

Onondaga County employs an internal audit staff that reports to the County Comptroller. This internal audit staff conducts periodic financial, operational and compliance audits of County departments and other related entities. The internal control structure is subject to evaluation during these internal audits.

Factors Affecting Financial Condition

Local Economy: The County budget is affected by the condition of the local economy. Expenditures such as public assistance, Medicaid, and other mandated human service costs vary directly with the condition of the local economy, as do some major County revenues such as sales tax.

The local economy supporting County government continues to struggle in regards to unemployment and job growth. The unemployment rate for Onondaga County averaged 8.1% in 2012 compared with 7.7% the previous year. Nonfarm payrolls only increased .2% year over year. However, sales tax, the largest source of County revenue, experienced strong growth between 2011 and 2012. Collections in 2012 increased 5.12% from the previous year with the County share of retained sales tax rising 14.8% from 2011 on an accrued collections basis. The increase in the County share of retained sales tax has been offset by a reduction in the property tax levy of \$43 million since 2010. Economic headwinds that may affect the local economy include: federal sequestration, relatively high unemployment, unstable retail gas prices, and stagnant home sales.

Onondaga County ended 2012 with an \$18.6 million favorable variance vs. budget. Strong sales tax collections and stabilizing mandate costs drove this surplus. During 2012 the County experienced a 5.12% growth in sales tax collections far exceeding the national 12 month CPI average, which stood at 1.7%. It was also nearly 2% higher than the 2012 NYS average increase of 3.3%. Some factors potentially driving the sales tax growth include continued high gas prices, and the opening of new shopping and dining attractions at DestinyUSA. The sales tax sharing agreement also increased the county's share of the sales tax revenues, resulting in a County total of \$234 million in 2012, a \$30 million increase over 2011. Mandated costs grew at a lower rate than expected also contributing to the County's healthy surplus. Temporary Assistance caseloads have leveled as the economy slowly recovers and more people enter the workforce. Costly Foster Care placements continue to decrease as the County pushes in resources to maintain youth in the community with appropriate supports while costs for special children's services continued to decrease.

In June 2012, Onondaga County issued \$51.4 million in General Obligation (GO) Serial Bonds and refunded \$20.6 million in outstanding debt. The refunding resulted in total savings of \$1.9 million. Borrowing rates are at historically low rates and the true interest cost of the GO's was 2.7%. The rating agencies continue to recognize Onondaga County's solid financial position and Moody's, Standard &

Poor's, and Fitch rated the County Aa1, AA+ and AAA. This distinguishes Onondaga as one of the highest-rated New York State counties.

The County Legislature adopted a new 10-year sales tax sharing formula in May of 2010 that took effect beginning January 2011. The agreement includes provisions to share both the 3% portion (permanent tax) and 1% portion (temporary tax renewable by the State legislature every two years under a formula significantly different from the past agreement). Under the new formula, 2012 was the final year that towns and villages shared in sales tax collections. The County will retain most of the 3% portion and share slightly in the 1% portion; with the overall percentage retained by the County increasing from 45% in 2010 to approximately 74% after the agreement is fully phased in beginning in 2013. The City will retain most of the 1% portion. Schools will share less than 1% of the overall tax in 2013, now that the agreement is fully phased in.

The County's diverse economic base continues to play a key role in recovering from the economic downturn. Onondaga County is the hub of a regional medical sector that is a major economic driver, and is also part of a larger educational region with more than 30 colleges and universities, 138,000 students and approximately \$1.2 billion in annual R&D expenditures at the largest institutions. Upstate Medical University is finishing construction of a \$20 million, 60,000 square foot facility which will be the future home of the Central New York Biotech Accelerator, opening in 2013. This is the first phase of a 14-acre site redevelopment that will provide business incubation space to promote commercial applications from research. Upstate is also building a new Cancer Center, with a spring 2014 targeted opening and has renovated one of two dormitories to house 400 students. Total investment is \$74.5 million for the cancer center and \$40 million for the dormitories. Its Phase II of the Institute for Human Performance will be completed in 2014, a \$72 million investment. Five of the County's top 11 employers are the hospitals and adult care facilities, employing over 18,000. The County's second largest employer is Syracuse University. During the past ten years, there has been \$500 million invested in new facilities and enrollment has climbed 27% to 21,000 students.

Long Term Financial Planning: Each year the County prepares a six-year Capital Improvement Plan (CIP). The CIP process is both a programmatic and fiscal tool, providing an opportunity for decision-makers to regularly evaluate infrastructure needs and competing capital investments within a fiscal framework that includes debt service projections and future operating costs. For 2012 the County pared back projects considered in the CIP to only those that could be initiated during the six year capital planning period. The current capital plan outlines \$501 million in projects with \$192 million of the resources targeted for Water Environment improvements and \$227 million for road infrastructure and maintenance.

The County has established debt policies that form the fiscal parameters for the capital planning process. The policies are included in the County's annual operating budget document and authorized annually by the County Legislature as part of the budget review process. The debt policies call for General Fund debt service to remain below 5% of General Fund revenue; for overall net direct indebtedness to remain below \$500 per capita and 1% of the full value of taxable property; and to maintain a debt payment schedule in which 65% or more of the outstanding debt will be retired within ten years.

In addition the County Legislature has established a General Fund balance policy that establishes a fund balance goal of 10% of net revenues and calls for amounts in excess of 10% to be applied to avoid future debt or for tax relief. Net revenues are calculated as gross revenues less sales tax pass through revenue budgeted for municipalities.

Onondaga Lake. Onondaga County entered into an Amended Consent Judgment (ACJ) in 1998 that established a plan to reduce sewage outflows into Onondaga Lake through specific improvements to the Metropolitan Wastewater Treatment Plant and abatement of combined sewer overflows. Total project costs are currently estimated at \$674.4 million. The project is being supported through a combination of state and federal grants and debt covered by local user fees. The State has appropriated \$74.9 million of the Clean Water/Clean Air Environmental Bond Act funds for projects covered under the ACJ. In addition to aid through the Environmental Bond Act, based on pledges by state officials, the County also planned on receiving approximately \$85 million in supplemental funding over the 15 years of the project as initially scheduled in the 1998 ACJ. To date, \$88 million has been received from other New York State sources. The Federal government has already appropriated \$121.3 million in Federal funds (inclusive of assistance from the U.S. Army Corps of Engineers). Short-term funding of \$20 million for the Harbor Brook Project has been extended under the ARRA program and the project is eligible for up to 50% loan forgiveness (up to \$10 million). In addition, the County has received \$12 million in funds from other sources (City and the Niagara Mohawk Power Corporation (now National Grid) and has cash on hand of \$9.1 million.

To date, the County has closed on \$132.3 million in EFC long term loans to fund lake projects. The County anticipates \$226.8 million in local funding for the gross capital costs associated with the ACJ in its Capital Improvement Plan.

In the event that the ACJ projects do not bring the County in compliance with applicable water quality standards, the County will be required to undertake additional measures. Additional information regarding this commitment can be found in Note 15 to the financial statements.

Cash management. New York State Law directs which type of investments its counties may use to invest idle cash. Those types of investments are more fully described in Note 3 to the financial statements. Income as a result of these investments was \$1,757,948 in 2012.

Risk management. Onondaga County is self-insured for general liability, employee health benefits, unemployment, workers' compensation, and vehicle related losses. The County utilizes an internal service fund to account for its self-insurance activities. The County purchases insurance for property losses. The County employs loss control and safety specialists and also conducts a variety of worker safety programs. Additional information on the County's risk management activities can be found in Note 13 to the financial statements.

Retirement and other postemployment benefits. The County participates in the New York State and Local Employees' Retirement System (ERS). The ERS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the ERS. The ERS is noncontributory except for employees who joined the ERS after July 27, 1976. Employees hired before January 1, 2010 contribute 3% of their salary and after ten years of service, the ERS becomes non-contributory for those employees as well. Those employees hired after January 1, 2010 contribute 3% of their salary for all of their years of public service and there is a limitation on the amount of overtime that can be included as wages. Under the authority of the NYSRSSL, the State 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 employers to the pension accumulation fund.

In addition to providing pension benefits, the County provides certain health insurance benefits to retired employees and survivors under its self-insured health program. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. As of the end of the year, there were 3,086 retirees receiving these benefits. In 2007, the County adopted Governmental Accounting Standards Board Statement No. 45, ***Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions***, on a prospective basis. This statement requires municipalities to begin amortizing the long-term, actuarially determined, liability for providing benefits to retirees. The County will recognize this liability over a thirty-year period.

Additional information on the County's retirement and postemployment benefits can be found in Note 10 to the financial statements.

Acknowledgments

This Comprehensive Annual Financial Report could not have been completed without the dedication and teamwork of my entire staff. I would like to express my appreciation to my staff and thank them for a job well done.

I also wish to thank the County Executive, the Chief Fiscal Officer, and the County Legislature for their leadership and support of efforts to improve the financial operations of Onondaga County.

Sincerely,

A handwritten signature in black ink that reads "Robert E. Antonacci II CPA". The signature is written in a cursive style with a horizontal line through the "A" and "C".

Robert E. Antonacci II, CPA

FINANCIAL
SECTION



TESTONE
MARSHALL
DISCENZA
CPAS

HELPING OUR CLIENTS'
VISIONS ADD UP

INDEPENDENT AUDITOR'S REPORT

The Honorable County Executive, Joanne M. Mahoney
and Honorable Members of the County Legislature
County of Onondaga, 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 Onondaga, New York, as of and for the year ended December 31, 2012, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of Onondaga County Community College and Friends of the Rosamond Gifford Zoo, which together represent 96% and 83%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Onondaga County Community College and Friends of the Rosamond Gifford Zoo is based solely upon the reports of the other auditors.

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 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.

Opinions

In our opinion, 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 Onondaga, New York as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and Other Postemployment Benefits Plan Schedule of Funding Progress on pages xii-xxiv and 44-47 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Onondaga, New York's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 general accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2013, on our consideration of the County of Onondaga, New York'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 County of Onondaga, New York's internal control over financial reporting and compliance.



May 8, 2013
Syracuse, New York

As management of Onondaga County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found beginning on page iii of this report.

Financial Highlights

- The assets of Onondaga County exceeded its liabilities at the close of the most recent fiscal year by \$676,745,679 (*net position*).
- The government's total net position decreased by \$3,999,091.
- As of the close of the current fiscal year, Onondaga County's governmental funds reported combined ending fund balances of \$186,602,065, a decrease of \$23,953,943 in comparison with the prior year.
- At the end of the current fiscal year, total fund balance for the general fund was \$99,790,882, or 13.1% of total budgetary basis general fund revenues.
- Onondaga County's governmental activities long-term liabilities, including premium and issuance discounts on debt, increased by \$89,844,366 or 10.9%, during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, e.g., uncollected taxes and compensated absences.

The governmental activities of the County include general government support, education, public safety, health, transportation, economic assistance and opportunity, home and community services, and culture and recreation.

The government-wide financial statements include the County as the primary government, and Onondaga Community College, ONCENTER Management Corporation, Onondaga County Housing Development Fund Company, Friends of Rosamond Gifford Zoo, and Onondaga County Industrial Development Agency as component units for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Onondaga Tobacco Asset Securitization Corporation (OTASC), although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 1-4 of this report.

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

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

Onondaga County maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, water environment protection and the capital projects fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its governmental funds, with the exception of the Capital Projects Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 5-9 of this report.

Internal Service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its risk management activities. Because these services predominantly benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements.

The basic internal service fund financial statements can be found on pages 10-12 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for governmental funds.

The basic fiduciary fund financial statements can be found on page 13 of this report.

Component Units. As discussed above, component units are legally separate entities for which the County is financially accountable. The component units addressed above, excluding OTASC, are reported in aggregate in the government-wide financial statements.

The combining statements for the component units can be found on pages 14-17.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 18 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budget and actual schedules for the major governmental funds and funding progress for postemployment benefits. These required schedules and notes to the schedules can be found on pages 44-47.

Combining statements for nonmajor governmental funds are presented immediately following the required supplementary information on pages 48-51 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$676,745,679 at the close of the 2012 fiscal year.

The portion of the County's net position represented by its investment in capital assets, e.g., land, buildings, and equipment, less any related debt used to acquire those assets that is still outstanding is \$943,407,659. 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 from other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

The portion of the County's net position that represents resources that are subject to external restrictions on how they may be used is \$24,925,639. The remaining (\$291,587,619) is unrestricted net deficit.

County of Onondaga's Net Position

	Governmental activities	
	2011	2012
Current and other assets	\$ 424,886,990	\$ 436,899,656
Capital assets	1,261,151,533	1,362,375,377
Total assets	\$ 1,686,038,523	\$ 1,799,275,033
Long-term liabilities	816,976,136	904,030,595
Other liabilities	188,317,617	218,498,759
Total liabilities	1,005,293,753	1,122,529,354
 Net Position:		
Net invested in capital assets of related debt	776,806,016	943,407,659
Restricted	24,805,553	24,925,639
Unrestricted	(120,866,799)	(291,587,619)
Total net position	\$ 680,744,770	\$ 676,745,679

The County's net position decreased by \$3,999,091, significantly less than the \$23,953,943 deficit reported at the fund level. The net increase in fixed assets of \$101,223,844 exceeded the increase in long-term debt of \$89,844,366. This was the major factor in that decrease.

County of Onondaga's Changes in Net Position

	Governmental activities	
	2011	2012
Revenues:		
Program Revenue:		
Charges for services	\$ 200,299,414	\$ 211,473,766
Operating grants and contributions	213,197,032	214,295,520
Capital grants and contributions	30,235,526	55,211,478
General Revenue:		
Property taxes	164,188,059	161,254,615
Other taxes	316,703,720	332,217,015
Other	9,728,778	9,246,223
Total revenues	<u>934,352,529</u>	<u>983,698,617</u>
Expenses:		
General government support	168,264,794	167,937,434
Education	67,898,863	51,230,463
Public Safety	141,546,415	151,420,062
Health	109,899,660	123,164,947
Transportation	41,477,441	44,554,903
Economic assistance and opportunity	283,357,681	304,096,029
Culture and recreation	35,394,512	38,422,777
Home and community services	85,755,517	85,256,094
Interest on long-term debt	22,144,792	21,816,079
Total expenses	<u>955,739,675</u>	<u>987,898,788</u>
Deficiency in revenues under expenses	(21,387,146)	(4,200,171)
Special Item (ONCENTER Transfer)	-	201,080
Decrease in net position	<u>(21,387,146)</u>	<u>(3,999,091)</u>
Net position - Beginning	702,131,916	680,744,770
Net position - Ending	<u>\$ 680,744,770</u>	<u>\$ 676,745,679</u>

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$67,287,910 while total fund balance reached \$99,790,882. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.9% of total budgetary basis general fund expenditures, while total fund balance represents 13.2% of that same amount.

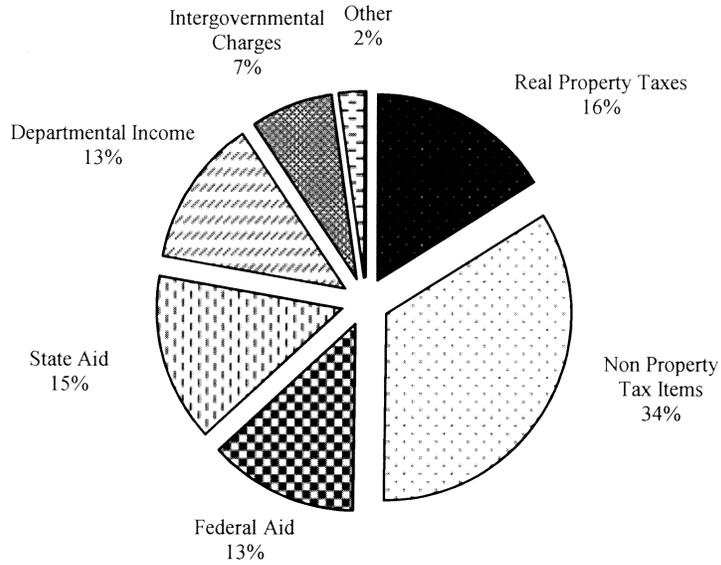
The general fund's fund balance increased by \$596,810 during the current fiscal year. In 2012, the improvement in the local economy including continued higher gas prices, and the opening of new shopping and dining attractions at Destiny USA, was the driving factor behind the County's share of sales tax increasing to \$8.1 million over the adopted budget. Mandated costs grew at a lower rate than expected. Temporary Assistance caseloads have leveled as the economy slowly recovers and more people enter the workforce. Foster Care placements continue to decrease as the County pushes in resources to maintain youth in the community with appropriate supports while costs for special children's services also continued to decrease. The increase in sales tax and lower than mandated costs offset the planned use of \$18 million of fund balance.

Water Environment Protection appropriated approximately \$1.5 million in prior years fund balance into 2012 operations. Expenditures finishing \$3.4 million under budget offset the use of any appropriated fund balance. The result was an operating surplus of \$2,237,900.

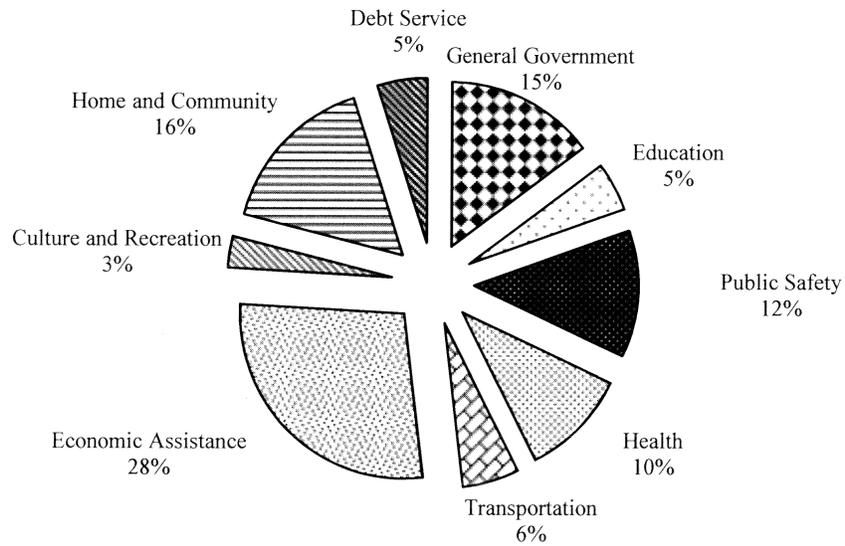
The County's 2011 Debt Service Fund budget authorized an appropriation of \$9.0 million from reserve for bonded debt. Due to unbudgeted revenue of \$1.0 million from interest and other sources, \$5.6 million from bond premium, the County offset that appropriation by approximately \$5.0 million and reported an operating deficit of \$4,015,209.

Internal Service Funds. Unrestricted net position of the Internal Service Fund increased \$4,862,966 increasing net position to \$14,932,743. This gain is due to lower than expected health costs. This surplus will be credited back to County departments in future years. As stated earlier, the activity of the Internal Service Fund predominantly benefits the primary government. It has been included within governmental activities in the government-wide financial statements.

County Revenues Governmental Funds



County Expenditures Governmental Funds



General Fund Budgetary Highlights

Appropriations: \$21.7 million increase in appropriations can be summarized as follows:

- \$3.5 million increase to fund the County's 38.41% share of IGT to Van Duyn which will generate an additional \$5.6 million in Federal Aid to Van Duyn
- \$3.1 million increase is the carryover of encumbrances from 2011 to 2012.
- \$2.9 million increase for sales tax pass through payments to other municipalities
- \$1.8 million increase in transfer to the County Road Fund for the 2012 workplan
- \$1.3 million increases in the Sheriff's Custody correctional health costs
- \$1.1 million increase in Facilities Management's transfer to capital projects
- \$1.0 million increase in Mental Health's comprehensive psychiatric emergency program
- \$1.0 million increase in various Departments to allocate interdepartmental billing costs
- \$0.9 million increase in E911's transfer to capital projects
- \$0.9 million increase in County General to forgive a \$900,000 ONCENTER Management Corporation loan

Revenues: \$18.6 million increase in the revenue budget can be summarized as follows:

- \$3.5 million increase in the use of appropriated fund balance to fund the County's 38.41% share of IGT to Van Duyn which will generate an additional \$5.6 million in Federal Aid to Van Duyn
- \$2.9 million increase for sales tax pass through payments to other municipalities
- \$1.8 million increase in the use of appropriated fund balance for the County Road 2012 workplan
- \$1.3 million increase in the use of appropriated fund balance for Sheriff's Custody correctional health costs
- \$1.1 million increase in the use of appropriated fund balance for Facilities Management's transfer to capital projects
- \$1.0 million increase in Mental Health State Aid account for the comprehensive psychiatric emergency program
- \$1.0 million increase in various Departments to allocate interdepartmental billing costs
- \$0.9 million increase in the use of appropriated fund balance in E911's for building repairs
- \$0.9 million increase in the use of appropriated fund balance in County General to forgive a \$900,000 ONCENTER Management Corporation loan

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of December 31, 2012 amounts to \$1,362,375,377 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land, buildings, improvements, equipment, park facilities, roads, highways, water rights, drainage and sewage treatment, and bridges.

County of Onondaga's Capital Assets
(net of depreciation)

	Governmental Activities	
	2011	2012
Land	\$ 18,316,300	\$ 20,477,562
Intangible Assets	29,750,000	29,750,000
Land Improvements	13,951,225	13,700,803
Building and Improvements	192,308,507	186,440,719
Equipment	47,687,324	45,078,082
Infrastructure	613,138,702	674,050,334
Construction in progress	345,999,475	392,877,877
Total	\$ 1,261,151,533	\$ 1,362,375,377

Major capital asset events during the current fiscal year included the following:

A number of capital projects were completed during the year. These include \$4.3 million in projects associated with ACJ for Onondaga Lake and \$91.5 million for road improvements reducing the construction in progress account and increasing infrastructure and other capital assets. In addition, the County added approximately \$47.0 million to the construction in progress account including \$11.2 million in Metropolitan Water Board improvements.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$425,660,144 and loans payable of \$171,444,678. This debt increased by \$34,762,556 during the current fiscal year.

	Activities	
	2011	2012
Serial bonds	\$ 262,222,000	\$ 289,604,000
OTASC tobacco settlement bonds	135,227,931	136,056,144
Loans	164,892,191	171,444,534
Total	\$ 562,342,122	\$ 597,104,678

Additional information on the County’s debt can be found in Note 8 to the financial statements.

The County maintains a “AAA” rating from Fitch, a “AA+” rating from Standard & Poor’s and a “Aa1” rating from Moody’s for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year average full valuation of taxable real property. The County has utilized 12.50% of its statutory debt limit at December 31, 2012.

Economic Factors and Next Year's Budget and Rates

The Onondaga Economy

According to the New York State Department of Labor, Onondaga County's unemployment rate in 2012 averaged 8.1%, slightly higher than the average rate recorded for 2011 of 7.7%. The statewide average for 2012 was 8.5%, while the national average was 8.1%. The yearly average is fairly consistent with comparable unemployment statistics and is reflective of a continued sluggish economy.

In an excerpt from the June 2012 issue of the Employment in New York State newsletter, the Central New York regional, as measured by the Syracuse Metropolitan Area, economic recovery "feels like a roller coaster. With so many ups, downs, and unexpected twists and turns, it can be difficult to get a clear reading on the direction of the local economy."

The sluggish rate of recovery in the Syracuse area is reflected in recent trends in private sector job growth. According to the New York State Department of Labor, the 2012 annual average private sector job count in the Syracuse metro area rose 0.3% to 256,700. Employment gains were concentrated in the following industries: educational and health services (+1,100), trade, transportation, and utilities (+600), natural resources, mining, and construction (+600), and leisure and hospitality (+300). Employment losses were concentrated in manufacturing (-1,200), financial activities (-300), professional and business services (-300), information (-200), and government (-200). Although positive, this rate of growth lags behind the state and the national private sector job count increases of +1.8% and +2.2%, respectively, over the same time period.

Additionally, the County's geographic location in the middle of the State and its excellent transportation infrastructure contribute to its relative vibrancy. This vibrancy will be furthered in the upcoming year with the continued expansion of Destiny USA as a major retail and entertainment destination; the planned development of hotels, office space, and other retail; the expansion of infrastructure repair activity; and the Syracuse Inner Harbor project, as reported by the local department of labor.

Centerstate Corporation for Economic Opportunity (Centerstate CEO) in its economic forecast for 2013 identified several opportunities and reasons for optimism:

- Businesses, across all sectors, expect to increase exporting goods and services. Significant growth in education and Health Care sectors will have a positive ripple effect on the broader regional economy.
- For our 12 counties, receiving \$137.5 million (2012) and \$193.8 million (2011) in funding from the state's Regional Economic Development Councils, has resulted in increased economic development across the region.
- Businesses believe a firm decision on tax structures will provide businesses with predictability resulting in more activity and investment.
- A stronger focus by consumers for "buying local" has supported industries from agriculture, to manufacturing, to retail.

According to the Milken Institute's Best-Performing Cities 2012 index, the Syracuse MSA was ranked 87th (up from 91st) out of the largest 200 MSA's in terms of overall economic performance as measured by a weighted index that accounts for job growth, wage and salary growth and technology output. The Syracuse area MSA received higher rankings for high tech GDP location quotient, which measures the concentration of the technology

industry relative to the national average. The Milken Institute's index is designed to objectively measure which U.S. metropolitan areas are most successful in terms of job creation, retention, and quality; as well as overall economic performance. The index has been calculated since 1999 and is used as a tool for understanding consumer markets and business expansion opportunities, assisting in determining which regions may present a lower risk of doing business. The slightly above average ranking in this index is further evidence that the region is buffeted somewhat from larger national trends and enjoys a relatively stable economy as a result of its diverse industrial composition.

Certain industrial sectors position the region for future economic sustainability including the area's largest high tech and knowledge-based sector businesses such as:

- Lockheed Martin Naval Electronics and Surveillance Systems-Radar Systems, a unit of Lockheed Martin Corporation, is a leader in the design, development and integration of radar systems, vessel traffic management, simulation and training systems, and other complex electronic systems. The firm employs 2,400 people at its Syracuse headquarters.
- Anaren, Inc designs, develops, manufactures and sells high-frequency electronic technology, for the wireless communications, satellite communications and consumer and defense electronics markets and employs 400 in the county.
- Sensis Corporation was acquired by Saab AB in 2011 to form Saab Sensis. It provides sensors, information technology, and simulation and modeling to the world's air navigation service providers, civil aviation authorities, airports, airlines and militaries. The company employs over 500 in the Town of DeWitt.
- SRC, Inc. is a not-for-profit research and development company with more than 50 years of experience in defense, environment and intelligence.
- Welch Allyn, an internationally known manufacturer of medical and dental diagnostic instruments continues to serve as an industry leader and major force in the area's economy.

As part of Governor Cuomo's 2011 "NY Open for Business" policy initiative, 10 regions across New York drafted 5-year strategic plans and competed for \$785 million in Economic Development Awards. The Central New York Regional Economic Development Council's (REDC) plan was chosen as a Best Plan and was granted \$103.7 million. Among the Onondaga County projects that were backed by the regional council and landed funding were:

- Syracuse Inner Harbor Redevelopment - \$3 million
- Central New York Biotechnology Research Center and Site Development - \$5.5 million
- Clay Industrial Park - \$6.7 million
- Housing improvement projects - \$45 million

Collaboration is the key to Economic Development in the Onondaga County region. The Syracuse Chamber of Commerce and the Metropolitan Development Corporation combined in May 2010 to form the CenterState Corporation for Economic Opportunity (Centerstate CEO). This is a 12- county business leadership and economic development organization. In 2012, it again was successful in the competition for the \$738 million that the State was providing. As the Top Performer, the Central New York area received \$93.8 million for 73 projects. Central

New York was recognized as one of the most proactive, developing the projects that had successfully won funding in 2011.

Syracuse and Onondaga County continue to be known nationally for green initiatives and County Executive Joanne Mahoney was recognized as the 2011 Public Official of the Year by Governing Magazine for her leadership. Onondaga County's "Save the Rain" program has been identified by the United States Environmental Protection Agency (EPA) as a model green infrastructure community. The special recognition makes Syracuse and Onondaga County one of only ten communities to receive this special designation. The most recent accolade is the 2013 United States Water Prize for "Save the Rain" from the U.S. Water Alliance. Over \$25 million has been spent locally on "Save the Rain" projects including porous pavement, green roofs, rain gardens, infiltration trenches and beds, and green streets. This initiative has been extended into the County's towns and villages. The Legislature granted \$3 million authorizing the program and has added an additional \$2 million in 2012 to continue this initiative.

Onondaga 2013 Budget

The County Executive presented the 2013 budget in September 2012. Despite sharp increases in local costs to support state mandated services, labor costs and transportation, the increase in sales tax collections, coupled with the sales tax sharing agreement, contributed significantly to achieving a balanced budget with no property tax increase in the County Executive's proposed budget.

The 2013 Budget was adopted on October 9, 2012 as amended by the County Legislature. The County Legislature amended the proposed budget by decreasing appropriations and raising revenue estimates to reduce the County Executive's proposed tax levy by \$7.2 million, or 4.9% as compared to 2012, to \$140,998,859.

The 2013 Adopted Budget supports \$1,237,983,908 in total appropriations, including internal transfers of \$228,837,299, up 1.3% above the 2012 budget as modified. The 2013 adopted budget applied \$8.0 million of General Fund reserves. The unreserved General Fund balance equals \$72 million after having adjusted for the appropriation of \$8.0 million in fund balance used in the operating budget and the additional use of excess General Fund reserves to fund non-recurring and capital expenditures in the amount of \$9.0 million to close the budget gap. This includes the \$18.6 million budget surplus recognized in 2012. General Fund reserves are 11% or \$5 million in excess of the County 10% policy.

Consumption based user fees were increased 1.08% in the Water Environment Protection Department (Sanitary District Fund) in 2013. Wholesale water rates charged by the Metropolitan Water Board (Water Fund) remained the same as 2012.

Other Potentially Significant Matters

On March 1, 2013, federal sequestration was implemented reducing federal spending by \$85 billion through across the board cuts largely split evenly between defense and the rest of the federal budget with the exception of most entitlement programs (Medicaid, TANF, Food Stamps, Social Security).

The exact impact on counties cannot yet be determined, but federal estimates assume the statewide impact in New York would be a loss of up to \$700 million in federal aid in 2013. Of the \$700 million expected to be cut, not much goes directly into county budgets, but across the board reductions of about 8 percent would impact programs that counties may administer on behalf of the state/federal government like the social services block grant,

LIHEAP, public health grants, environmental grants, clean water and sewer revolving loan funds, transportation aid, some child care funds, homeland security grants, etc.

Congress could not agree on a full annual budget leading up to the elections last year and they have been funding the government through a series of continuing resolutions.

In 2012, the Legislature authorized the sale of Van Duyn Home and Hospital, the County's 513-bed nursing home, and declared its intent for the County to be out of the business of providing residential nursing services. The County sold Van Duyn Home and Hospital to the Onondaga Civic Development Corporation (OCDC). Within such sale documents, the County reserved to itself sufficient rights to operate the facility until OCDC is able to resell the facility to a subsequent third party operator approved by the New York State Department of Health. Although the 2013 County budget appropriates funding to support a full year of operations, it is anticipated that the sale to a subsequent third party operator will be complete as of November 30, 2013 and that the County will cease its operations as of such date.

In 2012, the County's General Fund provided the local share to draw down IGT revenue in support of Van Duyn operations. As a result, Van Duyn received revenue in the amount of \$17.8 million with a general fund contribution of \$7.7 million. The Facility's governmental fund ended 2012 with a \$8.2 million surplus and fund balance of \$19.1 million. The IGT payment received during 2012 accounts for this increase.

Requests for Information

This financial report is designed to provide a general overview of the County of Onondaga's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Comptroller's Office, 14th Floor Civic Center, 421 Montgomery Street, Syracuse, New York, 13202.

BASIC FINANCIAL STATEMENTS

COUNTY OF ONONDAGA, NEW YORK
Statement of Net Position
December 31, 2012

	Governmental Activities	Component Units
ASSETS		
Cash, cash equivalents and investments	\$ 162,664,893	\$ 26,350,707
Deposits by contractors	760,000	-
Receivables:		
Property taxes (net of \$17,022,828 reserve)	45,689,657	-
Accounts receivable (net of \$7,592,273 reserve)	82,786,029	20,843,853
Due from state and federal governments	110,408,796	2,299,414
Due from other governments	4,487,233	-
Inventories	7,190,335	557,900
Prepaid items and other assets	10,181,805	83,435
Deferred charges	2,976,675	-
Notes receivable	-	39,190
Lease receivable	-	4,734
Endowment assets:		
Investments	-	2,083,878
Promises to give	-	122,300
Restricted cash	9,754,233	-
Capital assets net of accumulated depreciation	1,362,375,377	119,341,099
Total assets	1,799,275,033	171,726,510

See notes to financial statements.

COUNTY OF ONONDAGA, NEW YORK
Statement of Net Position
December 31, 2012

	Governmental Activities	Component Units
LIABILITIES		
Accounts payable	49,061,430	3,945,906
Accrued liabilities	65,499,261	2,744,202
Contracts payable - retainage	5,888,159	-
Other liabilities	5,111,004	2,544,396
Due to other governments	62,918,117	-
Due to Onondaga County	-	513,386
Deferred revenue	30,020,788	27,583,499
Long term obligations and unpaid liabilities:		
Due within one year	67,797,601	-
Due in more than one year	836,232,994	36,230,248
Total liabilities	1,122,529,354	73,561,637
NET POSITION		
Net invested in capital assets	943,407,659	119,284,989
Restricted for:		
Capital projects	2,222,194	5,031,310
Debt service	22,703,445	-
Endowments	-	3,432,442
Loans	-	44,788
Unrestricted	(291,587,619)	(29,628,656)
Total net position	\$ 676,745,679	\$ 98,164,873

COUNTY OF ONONDAGA, NEW YORK
Statement of Activities
Year Ended December 31, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Program Revenues Charges for Services</u>
Primary government:			
Governmental activities:			
General government support	\$ 176,015,219	\$ (8,077,785)	\$ 21,330,363
Education	51,230,463	-	550,000
Public safety	149,790,832	1,629,230	14,534,824
Health	121,770,182	1,394,765	71,217,978
Transportation	43,924,748	630,155	12,471,686
Economic assistance and opportunity	301,494,943	2,601,086	5,841,201
Culture and recreation	37,690,445	732,332	12,501,610
Home and community services	84,165,877	1,090,217	73,026,104
Interest on long-term debt	21,816,079	-	-
Total primary government	<u>\$ 987,898,788</u>	<u>\$ -</u>	<u>\$ 211,473,766</u>
Component units:			
Community College	\$ 101,131,932		\$ 23,519,868
ONCENTER Management Corporation	5,938,938		5,973,995
Housing Development Fund Company	810,895		880,951
Friends of Rosamond Gifford Zoo	2,556,283		1,940,258
OCIDA	10,563,310		10,469,101
Total component units	<u>\$ 121,001,358</u>		<u>\$ 42,784,173</u>

See notes to financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
\$ 1,897,974	\$ 3,729,243	\$ (140,979,854)	\$ -
19,270,306	6,199,453	(25,210,704)	-
7,544,831	5,472	(129,334,935)	-
37,454,972	-	(14,491,997)	-
4,856,949	7,151,861	(20,074,407)	-
136,288,115	-	(161,966,713)	-
1,998,704	530,325	(23,392,138)	-
4,983,669	37,595,124	30,348,803	-
-	-	(21,816,079)	-
<u>\$ 214,295,520</u>	<u>\$ 55,211,478</u>	<u>(506,918,024)</u>	<u>-</u>
\$ 39,811,658	\$ -	-	(37,800,406)
-	-	-	35,057
-	-	-	70,056
1,100,860	-	-	484,835
-	-	-	(94,209)
<u>\$ 40,912,518</u>	<u>\$ -</u>	<u>-</u>	<u>(37,304,667)</u>
General revenues:			
Real property taxes and tax items		161,254,615	-
Sales tax and use tax		332,217,015	-
Investment earnings		1,757,948	(36,459)
Tobacco settlement proceeds		6,821,381	-
Participation in debt service-external sources		666,894	-
Contributions other		-	33,190,673
Other revenue		-	199,041
County contributions		-	10,056,156
Special item (ONCENTER transfer)		201,080	-
Total general revenues and special item		<u>502,918,933</u>	<u>43,409,411</u>
Change in net position		(3,999,091)	6,104,744
Net position-beginning		<u>680,744,770</u>	<u>92,060,129</u>
Net position-ending		<u>\$ 676,745,679</u>	<u>\$ 98,164,873</u>

COUNTY OF ONONDAGA, NEW YORK

Balance Sheet

Governmental Funds

December 31, 2012

	<u>General</u>	<u>Water Environment Protection</u>
ASSETS		
Cash, cash equivalents and investments	\$ 44,330,459	\$ 34,367,765
Deposits by contractors	-	-
Receivables:		
Property taxes (net of \$17,022,828 reserve)	45,689,657	-
Accounts receivable (net of \$6,207,273 reserve)	46,395,494	11,086,386
Due from state and federal governments	67,439,504	-
Due from other funds	25,401,947	-
Due from other governments	3,392,138	3,578
Inventories	-	-
Prepaid items	7,434,194	920,616
Restricted cash	-	-
Total assets	\$ <u>240,083,393</u>	\$ <u>46,378,345</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 13,891,782	\$ 1,905,429
Accrued liabilities	37,099,576	1,005,207
Due to third party payors	-	-
Contracts payable-retainage	2,457	-
Other liabilities	116,068	-
Due to other funds	534,005	-
Due to other governments	61,884,952	-
Deferred property tax revenues	22,373,936	-
Other deferred revenues	4,389,735	5,853,698
Total liabilities	<u>140,292,511</u>	<u>8,764,334</u>
Fund balances:		
Nonspendable	7,434,194	920,616
Restricted	-	-
Assigned	25,068,778	36,693,395
Unassigned	67,287,910	-
Total fund balances	<u>99,790,882</u>	<u>37,614,011</u>
Total liabilities and fund balances	\$ <u>240,083,393</u>	\$ <u>46,378,345</u>

See notes to financial statements.

<u>Debt Service</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 36,802,134	\$ 6,427,114	\$ 13,937,182	\$ 135,864,654
-	760,000	-	760,000
-	-	-	45,689,657
-	221,588	20,505,637	78,209,105
-	31,160,679	11,808,613	110,408,796
-	-	534,005	25,935,952
-	-	651,517	4,047,233
-	-	240,392	240,392
-	2,807	1,824,188	10,181,805
-	-	9,754,233	9,754,233
<u>\$ 36,802,134</u>	<u>\$ 38,572,188</u>	<u>\$ 59,255,767</u>	<u>\$ 421,091,827</u>

\$ -	\$ 25,809,528	\$ 5,089,209	\$ 46,695,948
-	3,698,944	4,539,355	46,343,082
-	-	319,017	319,017
-	5,885,702	-	5,888,159
-	-	4,675,919	4,791,987
-	20,661,683	4,740,264	25,935,952
-	-	1,033,165	62,918,117
-	-	-	22,373,936
-	6,625,321	2,354,810	19,223,564
<u>-</u>	<u>62,681,178</u>	<u>22,751,739</u>	<u>234,489,762</u>

-	2,807	2,064,580	10,422,197
14,073,346	2,222,194	8,630,099	24,925,639
22,728,788	-	26,012,076	110,503,037
-	(26,333,991)	(202,727)	40,751,192
<u>36,802,134</u>	<u>(24,108,990)</u>	<u>36,504,028</u>	<u>186,602,065</u>
<u>\$ 36,802,134</u>	<u>\$ 38,572,188</u>	<u>\$ 59,255,767</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,362,375,377
Long-term receivables not reported in the funds	440,000
Inventories of automotive parts and road materials expensed as acquired in the funds.	6,949,943
Internal service fund used by management to charge the costs of insurance activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	14,932,743
Deferred revenue including property taxes not available to pay for current-period expenditures and are therefore, deferred in the funds.	27,976,787
Deferred gain on defeased debt not reported in the funds.	(1,908,270)
Debt issuance costs expensed as incurred in the funds.	2,130,647
Accrued interest not reported in the funds.	(5,128,017)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(917,625,596)
Net position of governmental activities	<u>\$ 676,745,679</u>

COUNTY OF ONONDAGA, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Water Environment Protection
REVENUES		
Taxes:		
Real property taxes and tax items	\$ 155,264,959	\$ 2,092,018
Sales tax and use tax	328,278,544	-
Federal aid	87,213,238	-
State aid	88,326,259	-
Departmental	27,076,679	68,198,065
Service for other governments	18,268,238	1,593,452
Tobacco settlement proceeds	-	-
Interest on investments	792,885	115,051
Miscellaneous	6,180,306	634,365
Total revenues	711,401,108	72,632,951
EXPENDITURES		
Current:		
General government support	141,133,214	-
Education	39,572,323	-
Public safety	125,625,329	-
Health	51,789,911	-
Transportation	3,888,078	-
Economic assistance and opportunity	283,995,469	-
Culture and recreation	12,938,539	-
Home and community services	1,508,623	51,442,412
Debt service:		
Principal	-	-
Interest	-	-
Total expenditures	660,451,486	51,442,412
Excess (deficiency) of revenues over (under) expenditures	50,949,622	21,190,539
OTHER FINANCING SOURCES (USES) AND SPECIAL ITEM		
Transfers in	649	-
Transfers out	(50,353,461)	(18,952,639)
Proceeds of long-term borrowings	-	-
Refunding bond	-	-
Payments to refund bond escrow agent	-	-
Participation in debt service-external sources	-	-
Bond premium	-	-
Special item (ONCENTER transfer)	-	-
Total other financing sources (uses) and special item	(50,352,812)	(18,952,639)
Net change in fund balance	596,810	2,237,900
Fund balances- beginning	99,194,072	35,376,111
Fund balances- ending	\$ 99,790,882	\$ 37,614,011

See notes to financial statements.

<u>Debt Service</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 157,356,977
-	(712,387)	4,650,858	332,217,015
-	20,227,645	19,612,084	127,052,967
-	34,983,833	19,143,939	142,454,031
-	1,667	29,557,164	124,833,575
-	515,020	49,783,195	70,159,905
-	-	6,821,381	6,821,381
219,554	419	571,828	1,699,737
-	931,525	5,641,869	13,388,065
<u>219,554</u>	<u>55,947,722</u>	<u>135,782,318</u>	<u>975,983,653</u>
372,165	14,015,393	1,930,891	157,451,663
-	11,655,299	-	51,227,622
-	491,926	6,302,321	132,419,576
-	134,596	62,875,111	114,799,618
-	33,687,692	21,808,461	59,384,231
-	-	12,133,807	296,129,276
-	2,609,477	17,414,190	32,962,206
-	105,093,668	13,657,765	171,702,468
31,176,216	-	1,960,000	33,136,216
13,993,823	-	5,212,594	19,206,417
<u>45,542,204</u>	<u>167,688,051</u>	<u>143,295,140</u>	<u>1,068,419,293</u>
<u>(45,322,650)</u>	<u>(111,740,329)</u>	<u>(7,512,822)</u>	<u>(92,435,640)</u>
37,086,633	16,210,300	30,956,366	84,253,948
-	(75,346)	(14,872,502)	(84,253,948)
-	51,425,000	-	51,425,000
20,615,000	-	-	20,615,000
(22,680,624)	-	-	(22,680,624)
666,894	12,634,809	-	13,301,703
5,619,538	-	-	5,619,538
-	-	201,080	201,080
<u>41,307,441</u>	<u>80,194,763</u>	<u>16,284,944</u>	<u>68,481,697</u>
(4,015,209)	(31,545,566)	8,772,122	(23,953,943)
<u>40,817,343</u>	<u>7,436,576</u>	<u>27,731,906</u>	<u>210,556,008</u>
<u>\$ 36,802,134</u>	<u>\$ (24,108,990)</u>	<u>\$ 36,504,028</u>	<u>\$ 186,602,065</u>

**County of Onondaga, New York
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended December 31, 2012**

Amounts reported for governmental activities in the statement of activities (page 4) are different because:

Net change in fund balances--total governmental funds (page 8)	\$(23,953,943)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	101,223,844
Revenues reported in the statement of activities that are not reported as revenue in the governmental funds.	5,109,422
The issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(38,106,083)
Expenses reported in the statement of activities that are not reported as expenditures in the governmental funds.	(53,135,297)
The net increase of certain activities of the internal service funds is reported with governmental activities.	<u>4,862,966</u>
Change in net position of governmental activities (page 4)	<u><u>\$ (3,999,091)</u></u>

See notes to financial statements

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COUNTY OF ONONDAGA, NEW YORK
Statement of Net Position
Internal Service Fund
December 31, 2012

ASSETS

Current assets:

Cash, cash equivalents and investments	\$	26,800,239
Receivables		160,787
Total current assets		26,961,026

Noncurrent assets:

Unfunded claims receivable		41,895,646
Total noncurrent assets		41,895,646
Total assets		68,856,672

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities		2,480,156
Total current liabilities		2,480,156

Noncurrent liabilities:

Unpaid claim liabilities		51,392,997
Deferred revenue		50,776
Total noncurrent liabilities		51,443,773
Total liabilities		53,923,929

NET POSITION

Unrestricted		14,932,743
Total net position	\$	14,932,743

See notes to financial statements.

COUNTY OF ONONDAGA, NEW YORK
Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
For the Year Ended December 31, 2012

OPERATING REVENUES

Interdepartmental charges	\$ 72,990,314
Other charges	<u>16,721,269</u>
Total operating revenues	<u>89,711,583</u>

OPERATING EXPENSES

Insurance premiums and benefits	79,770,649
Salary	1,140
Supplies	2,964
Contractual services	1,151,965
General and administrative	<u>3,980,110</u>
Total operating expenses	<u>84,906,828</u>

Operating income	<u>4,804,755</u>
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Nonoperating revenue

Interest income	<u>58,211</u>
Total nonoperating revenue	<u>58,211</u>

Change in net position	4,862,966
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Total net position-beginning	<u>10,069,777</u>
Total net position-end	<u>\$ 14,932,743</u>

See notes to financial statements.

COUNTY OF ONONDAGA, NEW YORK
Statement of Cash Flows
Internal Service Fund
Year Ended December 31, 2012

Cash Flows From Operating Activities

Receipts from interfund services provided	\$	90,131,524
Payments for employee benefits		(77,965,904)
Payments for salaries		(1,140)
Payments for supplies and services		(3,706,044)
Payments for interdepartmental charges		(1,134,330)
Net cash provided by operating activities		7,324,106

Cash Flows From Investing Activities

Interest and earnings		58,211
Net increase in cash, cash equivalents and investments		7,382,317
Cash, cash equivalents and investments -beginning		19,417,922
Cash, cash equivalents and investments -ending	\$	26,800,239

**Reconciliation of Operating Income to Net Cash Provided
by Operating Activities:**

Operating income	\$	4,804,755
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Decrease in receivables		369,165
Increase in accounts payable		162,356
Increase in deferred revenue		50,776
Increase in accrued liabilities		114,674
Increase in unpaid claim liabilities		1,822,380
Net cash provided by operating activities	\$	7,324,106

See notes to financial statements.

COUNTY OF ONONDAGA, NEW YORK
Statement of Net Position
Fiduciary Funds
December 31, 2012

	<u>Cemetery Private Purpose Trust Fund</u>	<u>Agency</u>
ASSETS		
Cash and investments	\$ <u>1,164,656</u>	\$ <u>13,141,821</u>
LIABILITIES		
Liabilities -Agency fund liabilities	<u>-</u>	<u>13,141,821</u>
NET POSITION	<u>\$ <u>1,164,656</u></u>	<u>\$ <u>-</u></u>

COUNTY OF ONONDAGA, NEW YORK
Statement of Changes in Net Position
Fiduciary Funds
Year Ended December 31, 2012

	<u>Cemetery Private Purpose Trust Fund</u>
ADDITIONS	
Departmental	\$ 139,839
Interest on investments	<u>3,093</u>
Total additions	<u>142,932</u>
DEDUCTIONS	
	<u>164,575</u>
Change in net position	(21,643)
Net position - beginning	<u>1,186,299</u>
Net position - ending	<u>\$ <u>1,164,656</u></u>

See notes to financial statements

COUNTY OF ONONDAGA, NEW YORK
Combining Statement of Net Position
Component Units
December 31, 2012

	OCC	ONCENTER Management Corporation
ASSETS		
Cash, cash equivalents and investments	\$ 22,451,816	\$ 693,685
Accounts receivable (net of \$1,385,000 reserve)	20,232,879	1,352
Due from state and federal governments	2,299,414	-
Inventories	-	-
Prepaid items and other assets	29,986	-
Notes receivable	-	-
Lease receivable	-	-
Endowment assets :		
Investments	-	-
Promises to give	-	-
Capital assets net of accumulated depreciation	117,157,064	26,170
Total assets	\$ 162,171,159	\$ 721,207
LIABILITIES		
Accounts payable	\$ 3,609,174	\$ 3,649
Accrued liabilities	2,601,628	32,241
Other liabilities	2,544,396	-
Due to Onondaga County	-	-
Other deferred revenues	27,540,464	-
Long term obligations and unpaid liabilities:		
Due in more than one year	36,059,609	-
Total liabilities	72,355,271	35,890
NET POSITION		
Net invested in capital assets	117,157,064	26,170
Restricted for:		
Capital projects	4,652,004	379,306
Endowments	-	-
Loans	43,146	-
Unrestricted	(32,036,326)	279,841
Total net position	\$ 89,815,888	\$ 685,317

See notes to financial statements.

<u>Fund Company</u>	<u>Friends of Rosamond Gifford Zoo</u>	<u>OCIDA</u>	<u>Total Component Units</u>
\$ 167	\$ 1,948,246	\$ 1,256,793	\$ 26,350,707
-	315,489	294,133	20,843,853
-	-	-	2,299,414
431,141	126,759	-	557,900
-	53,449	-	83,435
-	-	39,190	39,190
-	-	4,734	4,734
-	2,083,878	-	2,083,878
-	122,300	-	122,300
-	56,110	2,101,755	119,341,099
<u>\$ 431,308</u>	<u>\$ 4,706,231</u>	<u>\$ 3,696,605</u>	<u>\$ 171,726,510</u>
\$ 12,873	\$ 49,407	\$ 270,803	\$ 3,945,906
-	110,333	-	2,744,202
-	-	-	2,544,396
418,435	94,951	-	513,386
-	43,035	-	27,583,499
-	-	170,639	36,230,248
<u>431,308</u>	<u>297,726</u>	<u>441,442</u>	<u>73,561,637</u>
-	-	2,101,755	119,284,989
-	-	-	5,031,310
-	3,432,442	-	3,432,442
-	-	1,642	44,788
-	976,063	1,151,766	(29,628,656)
<u>\$ -</u>	<u>\$ 4,408,505</u>	<u>\$ 3,255,163</u>	<u>\$ 98,164,873</u>

COUNTY OF ONONDAGA, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Component Units
Year Ended December 31, 2012

	<u>OCC</u>	<u>ONCENTER Management Corporation</u>
Expenses:		
Program operations	\$ 95,254,525	\$ 5,878,568
Depreciation	<u>5,877,407</u>	<u>60,370</u>
Total expenses	<u>101,131,932</u>	<u>5,938,938</u>
Program revenues:		
Charges for services	23,519,868	5,973,995
Operating grants and contributions	<u>39,811,658</u>	<u>-</u>
Total program revenues	<u>63,331,526</u>	<u>5,973,995</u>
Net program (expenses) revenues	<u>(37,800,406)</u>	<u>35,057</u>
General revenues (expenses):		
Contribution from Onondaga County	9,307,000	819,212
Interest and investment income	21,170	3,645
Contributions from other governments	33,190,673	-
Other revenue	<u>-</u>	<u>99,770</u>
Total general revenues (expenses)	<u>42,518,843</u>	<u>922,627</u>
Change in net position	4,718,437	957,684
Net position -beginning of year	<u>85,097,451</u>	<u>(272,367)</u>
Net position -end of year	<u>\$ 89,815,888</u>	<u>\$ 685,317</u>

See notes to financial statements.

<u>Fund Company</u>	<u>Friends of Rosamond Gifford Zoo</u>	<u>OCIDA</u>	<u>Total Component Units</u>
\$ 810,895	\$ 2,539,796	\$ 10,563,310	\$ 115,047,094
-	16,487	-	5,954,264
<u>810,895</u>	<u>2,556,283</u>	<u>10,563,310</u>	<u>121,001,358</u>
880,951	1,940,258	10,469,101	42,784,173
-	1,100,860	-	40,912,518
<u>880,951</u>	<u>3,041,118</u>	<u>10,469,101</u>	<u>83,696,691</u>
70,056	484,835	(94,209)	(37,304,667)
(70,056)	-	-	10,056,156
-	(67,717)	6,443	(36,459)
-	-	-	33,190,673
-	-	99,271	199,041
<u>(70,056)</u>	<u>(67,717)</u>	<u>105,714</u>	<u>43,409,411</u>
-	417,118	11,505	6,104,744
-	3,991,387	3,243,658	92,060,129
<u>\$ -</u>	<u>\$ 4,408,505</u>	<u>\$ 3,255,163</u>	<u>\$ 98,164,873</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

The County of Onondaga, New York (the "County") established in 1794, is a municipal corporation which performs local governmental functions within its jurisdiction, including police and law enforcement services, economic assistance, health and nursing services, maintenance of county roads, parks, waste water and clean waters, and among others, operations of Onondaga Community College and ONCENTER Management Corporation. The County is governed by an elected County Executive and nineteen elected members of the County Legislature.

Financial Reporting Entity

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the basic financial statements of the County include the primary government and component units that are defined as legally separate organizations for which the primary government is financially accountable. Based upon the criteria for defining the financial reporting entity in Statements No. 14 and 39, financial accountability of the primary government is determined on the basis of the component unit's fiscal dependency, appointment of a voting majority of the component unit's governing board, ability to impose its will or potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Based on the application of the foregoing criteria, the following is a brief discussion of entities that are included within the County's reporting entity:

Onondaga Community College (Community College)

The majority of the College's Board of Trustees are appointed by the County Executive and confirmed by the County Legislature. Substantial funding is provided by the County for the operation of the Community College, and from general obligation bonds of the County. The Community College has a fiscal year which ends August 31. The Community College is presented discretely as a component unit of the County.

Onondaga County Convention Center/War Memorial Complex Management Corporation (ONCENTER Management Corporation)

The ONCENTER Management Corporation is a separate not-for-profit corporation, which manages and operates the Onondaga County Convention Center/War Memorial Complex (the Complex) and other public and civic facilities owned by the County. The ONCENTER Management Corporation and the County operate under a Management Agreement (the Agreement), which defines each party's duties and responsibilities in regard to the Complex. Under the Agreement, the ONCENTER Management Corporation is responsible for the management, operation and maintenance of the Complex, so as to maximize economic opportunities and social benefits to the residents of the County and New York State. The County will appropriate each year from its annual budget, principally from room occupancy tax revenues, funds sufficient to cover the expected excess of costs and expenses over receipts and revenues incurred by the ONCENTER Management Corporation in the performance of its obligations. The County is also responsible for funding a capital reserve for future repairs and replacements to the Complex, which are beyond annual preventative maintenance costs. The County subsidizes a substantial portion of the ONCENTER Management Corporation's operations. The Corporation is presented discretely as a component unit of the County.

Onondaga County Housing Development Fund Company (Fund Company)

The Fund Company accounts for the Onondaga County Homeownership Program consisting of construction or acquisition and rehabilitation of housing for sale to first time homebuyers of low and moderate income in the County. Under the Homeownership Program, the Fund Company will complete the rehabilitation or construction of houses for sale to qualifying homebuyers. The Fund Company participates in the Federal Community Development Block Grant Program administered by the County.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The funding is reflected as government contributions and enables the Fund Company to partially subsidize the cost of housing to eligible participants. The majority of the Fund Company's governing body is appointed by the County. The entity provides specific financial benefits to the primary government. However, the County is not able to impose its will on the entity nor is the County financially accountable for the entity. The Fund Company is presented discretely as a component unit of the County.

Friends of Rosamond Gifford Zoo (The Friends)

The Friends organization was established in 1970 to stimulate the interest of the public in the expansion and improvement of the County's Rosamond Gifford Zoo. Membership fees and contributions are solicited to aid in Zoo operations and support additions and upgrades to exhibits. The Friends also recruit, train and coordinate zoo volunteers, operate a gift shop, and sponsor special events. The Friends is presented discretely as a component unit of the County. The Friends have a fiscal year that ends December 31, however their 2012 financial statements were not available for incorporation into these financial statements. As a result, their 2011 year-end financial information is presented.

Onondaga County Industrial Development Agency (OCIDA)

OCIDA was created under the New York State Industrial Development Agency Act of 1969 as a legally separate corporate governmental agency constituting a public benefit corporation. OCIDA was formed to promote and develop the economic growth of Onondaga County and to assist in attracting industry to the County through bond and sale/leaseback financing programs and other activities. The County Legislature appoints the entire governing board and is therefore able to impose its will over the agency. OCIDA is presented discretely as a component unit of the County.

Onondaga Tobacco Asset Securitization Corporation (OTASC)

OTASC is a special purpose local development corporation and is considered by legal counsel to be bankruptcy-remote from the County. However, the majority of OTASC's board of directors is comprised of elected or appointed officials of the County and one independent director. Although legally separate, for financial reporting purposes, OTASC is presented as a Nonmajor Debt Service Fund due to the fact that its purpose is to exclusively serve the County.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Onondaga Community College
 Onondaga Hill, Syracuse, New York 13215

ONCENTER
 800 South State Street,
 Syracuse, New York 13202

Fund Company
 John H. Mulroy Civic Center
 421 Montgomery Street, 11th Floor
 Syracuse, New York 13202

OCIDA
 333 West Washington Street, Suite 130
 Syracuse, New York 13202

The Friends
 One Conservation Place
 Syracuse, New York 13204

OTASC
 John H. Mulroy Civic Center
 421 Montgomery Street, 14th Floor
 Syracuse, New York 13202

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Based on the foregoing criteria described in the first paragraph, the following organizations are not part of the County's reporting entity: Onondaga County Resource Recovery Agency, Onondaga County Water Authority and Central New York Regional Planning Board.

Government-wide and Fund Financial Statements

The government-wide financial statements, i.e., the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions including State and Federal aid, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

As a general rule, administrative overhead is included in the functional expenses on the governmental financial statements, and has been eliminated from the general government support category. The effect of interfund activity has been eliminated from the government-wide financial statements.

Separate fund financial statements are provided for governmental funds, internal service funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the internal service funds are reported separately in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the internal service funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues and related receivables are recorded in the accounting period that they become measurable and available. Available means collectible within the current period or soon enough thereafter, 60 days for real property taxes and 365 days for most other revenue, to be used to pay liabilities of the current period. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when a fund liability is incurred and is due and payable. Liabilities expected to be paid after twelve months are considered long-term liabilities.

Intergovernmental revenues (Federal and State aid) are accounted for on a modified accrual basis with consideration given to the legal and contractual requirements of the numerous individual programs involved. These intergovernmental revenues are of essentially two types. In one, County moneys must be expended on the specific purpose or project before any amounts will be reimbursed to the County; therefore, revenues are recognized when the expenditures are incurred. In the other, moneys are virtually unrestricted as to purpose of expenditure and nearly irrevocable (i.e., revocable only for failure to comply with prescribed compliance requirements). Advances received for state and federal programs are offset against outstanding receivables for those programs. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncollected property taxes at year end are either reserved for or deferred.

Sales tax revenues are recorded on an accrual basis to include the portion of sales tax revenues attributable to the current year that is remitted to New York State and ultimately paid to the County in the subsequent year.

Investment earnings are recorded on a modified accrual basis since they are measurable and available.

Licenses and permits, charges for services, fines and forfeitures, gain contingencies, and miscellaneous revenues are generally recorded on the cash basis because they are generally not measurable until actually received.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources, as they are needed.

Internal Service funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an internal service fund's principal ongoing operations. Operating expenses for internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Types: Governmental funds are those through which most governmental functions of the County are financed. The County's major governmental funds are as follows:

General Fund

The General Fund is the County's primary operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

Water Environment Protection

Water Environment Protection is a special revenue fund used to account for the County's drainage and sanitation operations.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. This includes payments of serial bond and bond anticipation notes for debt issued by the County for capital asset acquisitions for the Community College.

Capital Projects Fund

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of capital assets. Expenditures are transferred on an annual basis to the construction-in-progress account and the Community College.

The County's Nonmajor governmental funds are as follows:

Nonmajor Special Revenue Funds

The Nonmajor Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes including the general grants, ONCENTER fund, county road, road machinery, water, Van Duyn Extended Care Facility, library, library grants, and community development funds.

Internal Service Fund Types: Internal Service fund types are used to account for the County's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. Revenues are recognized in the accounting period in which they are earned; expenses are recognized in the period incurred, if measurable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Internal Service Fund

The Internal Service Fund is used to account principally for the County's risk management activities. The County is self-insured for certain risks including workers' compensation risks, general liability risks (judgments and claims), dental and medical benefits.

Fiduciary Fund Types: The fiduciary fund type is used to account for assets held by the County in a trustee or safekeeping capacity, or as an agent for individuals, private organizations or other governmental units, and/or other funds or component units.

Trust and Agency Funds

The Agency Fund is used to account for money and property received and held by the County acting as an agent with only custodial responsibility in which an asset and liability are recorded in equal amounts. Private purpose trust funds are used to account for expendable trust funds in which the trust principal and earnings thereon may be expended for the purposes of the trust. Private purpose trust funds are accounted for in essentially the same manner as the governmental funds. The County's private purpose trust fund relates to the activities of a veteran's cemetery.

Transfer of Operations

County Resolution 103 adopted on June 5, 2012 amended the management agreement between the County and the ONCENTER Management Corporation, a discreetly presented component unit. The resolution calls for the dissolution of the ONCENTER Management Corporation and the operation of the convention center/war memorial complex to be shifted back to the County as a special revenue fund, ONCENTER Fund, beginning on July 1, 2012. The County has contracted with SMG to run the day to day operations on a fee for service basis. ONCENTER Management Corporation began transferring assets and liabilities to the County's ONCENTER Fund in July and will continue that process until final dissolution in 2013. The transfer was recorded in accordance with GASB 69, *Government Combinations and Disposals of Government Operations*, which the County elected to early implement as of January 1, 2012. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. As of December 31, 2012, the following assets and liabilities have been transferred to County.

Transferred Assets:

Cash	\$ 756,742
Other Assets	88,352
Total Assets	<u>845,094</u>

Transferred Liabilities:

Deferred Revenue	583,102
Other Liabilities	60,912
Total Liabilities	<u>644,014</u>

Net Position Transferred:

Special Item	<u>\$ 201,080</u>
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Inventories

Inventories recorded in the governmental activities section of the government-wide financial statements represent automotive parts, road materials, drugs and supplies that are stated at cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The County has historical treasures, works of art, and several collections including library books and zoo animals. Acquisitions of these assets are expensed at the time of purchase. These assets are not held for financial gain. They are kept protected, unencumbered, and preserved. Any proceeds from the sales of these assets will be used to acquire other items for the collections. Most animals at the zoo are a part of a successful breeding program. The County’s historical treasures, works of art and collections are recorded as an expense at the time of acquisition.

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

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset’s life are not capitalized.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Building improvements	20-30
Land improvements	10-20
Equipment	3-15
Infrastructure	10-50

Capital assets of the Community College are recorded at cost, or if donated, at fair market value at the date of donation. Depreciation is recorded on a straight-line basis over the estimated useful lives (5 to 30 years).

Compensated Absences

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences,” a liability for vacation leave, personal time off, compensatory time off is accrued if (a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. Under the terms of the County's personnel policies and its union agreements, regular permanent employees earn varying amounts of vacation leave, personal time-off and sick leave benefits on the basis of past service. Employees may also earn compensatory time-off in lieu of overtime pay. Compensated absence liabilities relating to the governmental funds are considered long-term liabilities, except those due and payable. Accrued liability amounts are based on wage rates prevailing as of the balance sheet date and include additional estimates for the employer's salary-related costs. Accumulated non-vested sick leave benefits are only payable on the basis of the future event of employee illness, the occurrence of which is indeterminable.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, (if material) are deferred and amortized over the life of the bonds. Bond issuance costs in excess

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

of \$100,000 are reported as deferred charges and amortized over the term of the related debt. Bond issuance costs are reported in the functional categories of expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in the functional categories of expense.

Patient Service Revenues – Van Duyn

The Facility has agreements with third-party payors that provide for payments to the Facility at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued as a long-term liability on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Participation in Debt Service - External Sources

Included in other financing sources in the Debt Service Fund and Capital Projects Fund are proceeds pertaining to the participation in the County's debt service by local corporations and other governments. For the year ended December 31, 2012, such amounts were comprised of the following:

The Debt Service Fund amount of \$666,894 consists of funds received from the Federal Government interest subsidies and New York State Office of Court Administration to defray capital costs associated with energy conservation projects and improvements to the County's court facilities respectively.

The amount of \$12,634,809 in the Capital Projects Fund relates to funding received from the NYS Environmental Facilities Corporation (EFC) to help fund the clean-up of Onondaga Lake.

Interfund Transactions

Short-term advances between funds are accounted for in the appropriate due from (to) other fund accounts. Transactions between funds that would be treated as revenues or expenditures if they involved organizations external to the governmental unit are accounted for as revenues or expenditures in the funds involved. Transactions that constitute reimbursements of a fund for expenditures initially made from that fund which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of the expenditure in the fund that is reimbursed. All other legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and internal service funds.

Equity Classifications

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation to provide users more consistent and understandable information about a fund's net resources. Constraints are broken down into five different classifications: nonspendable, restricted, committed, assigned, and unassigned. The classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor constraints on the specific purposes for which resources in a fund can be spent.

Governmental fund equity is classified as fund balance. In the fund basis statements there are four classifications of fund balance:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes inventory and prepaid expenses recorded in the Governmental Funds of \$10,422,197.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Due to the legal constraints involving the issuance of debt and the accumulation of funds to retire that debt, the fund balance of the Capital Projects Fund and Debt Service Fund is classified as restricted.

Assigned - Includes amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor nonspendable. All amounts related to funds other than the General Fund that are not otherwise classified as nonspendable or restricted are classified as assigned. In the General Fund, encumbrances, appropriated fund balance and Management designations are classified as assigned. Encumbrances at year end 2012 totaled \$3,301,125. The County has appropriated \$16,997,746 to the 2013 budget. In addition, Management has designated \$4,769,907 for various future uses in order to reduce the property tax burden. The total assigned General Fund amount is \$25,068,778.

Unassigned – Includes all other General Fund net assets that do not meet the definition of the above three classifications and are deemed to be available for general use by the County.

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Significant estimates made by the County in determination of recorded assets and liabilities include, but are not limited to, allowances for uncollectible property taxes and other receivables, reserves for self-insurance claim liabilities, and accruals for environmental, litigation and pending tax certiorari claims.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**Governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between total governmental funds fund balance and net position—governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$1,362,375,377 difference can be found in the Summary of Changes in Capital Assets on page 29. Another element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$917,625,596 difference can be found in the Changes in Long-term Obligations section of these notes on page 34.

Governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances—total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(continued)**

statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Net Capital Outlay	\$ 159,288,690
Depreciation Expense	<u>(58,064,846)</u>
Net adjustment to increase net changes in fund balances total government funds to arrive at changes in net position of governmental activities	<u>\$ 101,223,844</u>

Another element of that reconciliation states “The issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Debt issued or incurred:	
Issuance of general obligation debt and accreted interest	\$ 74,828,213
Additional loans	17,088,815
Plus Premium	5,619,538
Plus Gain on Defeased debt	685,000
Principal repayments:	
General obligation debt	(46,618,000)
Loan payments	(10,536,472)
Amortization of gain on defeased debt	(131,380)
Amortization of premium (amortized against interest expense)	(2,857,446)
Amortization of issuance discounts (amortized as interest expense)	<u>27,815</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 38,106,083</u>

Another element of that reconciliation states that “Expenses reported in the statement of activities that are not reported as expenditures in the governmental funds.”

The details of this difference are as follows:

Tax certiorari	\$ 35,000
Compensated absences	645,103
Judgments and claims	(405,879)
Postemployment benefits	52,005,337
Workers' compensation	729,768
Due to agencies	(717,426)
Accrued Interest	718,152
Amortization of issuance costs	60,957
Inventory adjustment	<u>64,285</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 53,135,297</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include demand deposits accounts and all highly liquid debt instruments purchased with original maturities of three months or less. New York State statutes authorize the County to invest in obligations of the State of New York, the United States Government and its agencies, certificates of deposit, and repurchase agreements collateralized by U.S. obligations.

Cash and Equity in Pooled Cash and Investments

The County maintains a cash and investment pool that is available for use by all governmental and proprietary fund types. Earnings are allocated monthly to each participating fund based on a formula that takes into consideration each fund's average balance in the pool.

The carrying amount of the County's deposits with financial institutions was \$186,725,603 and the bank balance was \$197,209,506. Of these amounts, \$8,747,700 represents cash and investments of OTASC.

The bank balance is categorized as follows:

Amount insured by the FDIC or collateralized with securities held by the County or its agent in the County's name	\$ 12,652,248
Amount collateralized with securities held by the pledging financial institution's trust department or its agent in the County's name	<u>184,557,258</u>
Total bank balance	<u>\$ 197,209,506</u>

Investments

Investments made by the County are summarized below. The investments that are represented by specific identifiable investment securities are classified as to custodial credit risk by the three categories described as follows:

- Category 1- Insured or registered, or securities held by the County or its agent in the County's name
- Category 2- Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name
- Category 3- Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the County's name

All County investments are category 1.

U.S. Government Securities	\$ 29,426,294
Commercial Paper-OTASC	8,383,805
Money Market Funds-OTASC	<u>246,293</u>
Total Investments	<u>\$ 38,056,392</u>

At December 31, 2012 the carrying amount of the County's short-term investments approximates fair value (based on quoted market prices).

4. PROPERTY TAXES AND COLLECTION

The County levies taxes on real property located within the County. Collections are the responsibility of either the city tax collectors of the City of Syracuse or the town receiver or collectors for the towns in the County. As of April 1, the towns retain the full amount of their related town levy and remit the balance of collected taxes to the County. After April 1, uncollected taxes receivable of the towns are turned over to the County for collection. The City of Syracuse remits to the County only the amount of the County tax levy actually collected. The City of Syracuse retains responsibility for collecting County delinquent taxes on property within the City.

The County's property tax calendar is as follows:

Assessment date.....	July 1, 2011
Levy date.....	December 31, 2011
Lien date.....	July 1, 2012
Due date.....	January 1, 2012
Penalties and interest are added.....	February 1, 2012 1.0%
	March 1, 2012 1.5%
Tax sale-2011 delinquent taxes.....	October 1, 2012
Tax auction-2007 prior delinquent taxes.....	November 15, 2012

Uncollected school taxes assumed by the County as a result of settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings. The portion of the receivable that represents taxes relieved for schools in the amount of \$20,105,157 is included in the liability due to other governments at December 31, 2012. The County has the authority to levy taxes up to the New York State Constitutional tax limit which is: (a) up to 1.5% of the five-year average full assessed valuation of taxable real property, for general governmental services other than the payment of principal and interest on long-term debt, (b) in unlimited amounts for the payment of principal and interest on long-term debt, and (c) in unlimited amounts for capital appropriations. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt and capital appropriations for the year ended December 31, 2012 was .48% of the five-year average full assessed valuation of taxable real property.

5. NEW PRONOUNCEMENTS

As of January 1, 2012 the County adopted the provision of Governmental Accounting Standards Board (GASB) No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountant Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. In addition, GASB Statement No. 62 eliminated the election to apply post-November 30, 1989 FASB statements and interpretations that do not conflict with or contradict GASB pronouncements. The implementation of this guidance did not have a significant effect on the County's financial statements.

As of January 1, 2012 the County adopted the provisions of Governmental Accounting Standards Board (GASB) No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in GASB 34 by incorporating deferred inflows of resources and deferred outflows of resources and by renaming the measure as net position, rather than net assets.

6. FEDERAL AND STATE FUNDED PROGRAMS

The County participates in a number of Federal and New York State grant and assistance programs. The principal operating programs relate to temporary and medical assistance, foster care, community development, and local public works programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial. In addition to the operating programs, the County also receives Federal and State assistance for approved capital projects. These capital projects are also subject to audit prior to a final settlement on amounts originally claimed by the County.

7. CAPITAL ASSETS

A summary of changes in the capital assets is as follows:

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 18,316,300	\$ 2,161,262	\$ -	\$ 20,477,562
Intangible Asset	29,750,000	-	-	29,750,000
Construction in progress	345,999,475	155,878,786	(109,000,384)	392,877,877
Total capital assets, not being depreciated	<u>394,065,775</u>	<u>158,040,048</u>	<u>(109,000,384)</u>	<u>443,105,439</u>
Capital assets, being depreciated:				
Land improvements	25,053,369	718,221	-	25,771,590
Buildings	326,383,812	-	-	326,383,812
Building improvements	145,257,379	12,378,844	(228,259)	157,407,964
Equipment	121,293,278	4,488,944	(660,164)	125,122,058
Infrastructure	1,186,739,315	92,700,888	-	1,279,440,203
Total capital assets, being depreciated	<u>1,804,727,153</u>	<u>110,286,897</u>	<u>(888,423)</u>	<u>1,914,125,627</u>
Less accumulated depreciation for:				
Land improvements	(11,102,144)	(968,643)	-	(12,070,787)
Buildings	(199,525,962)	(9,537,926)	-	(209,063,888)
Building improvements	(79,806,722)	(8,678,272)	197,825	(88,287,169)
Equipment	(73,605,954)	(7,090,749)	652,727	(80,043,976)
Infrastructure	(573,600,613)	(31,789,256)	-	(605,389,869)
Total accumulated depreciation	<u>(937,641,395)</u>	<u>(58,064,846)</u>	<u>850,552</u>	<u>(994,855,689)</u>
Total capital assets, being depreciated, net	<u>867,085,758</u>	<u>52,222,051</u>	<u>(37,871)</u>	<u>919,269,938</u>
Net capital assets-Governmental Activities	<u>\$ 1,261,151,533</u>	<u>\$ 210,262,099</u>	<u>\$ (109,038,255)</u>	<u>\$ 1,362,375,377</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental Activities:

General government	\$ 11,984,562
Public Safety	6,235,826
Health	1,824,811
Transportation	18,167,189
Economic assistance and opportunity	31,876
Culture and Recreation	4,232,039
Home and community services	15,588,543
Total depreciation expense-Governmental Activities	<u>\$ 58,064,846</u>

7. CAPITAL ASSETS (continued)

A summary of changes in the capital assets of the Community College at August 31, 2012 is as follows:

	Balance <u>September 1, 2011</u>	Additions	Reductions	Balance <u>August 31, 2012</u>
Capital assets, not being depreciated				
Construction in progress	\$ 16,699,219	\$ 3,778,067	\$ (8,774,430)	\$ 11,702,856
Total capital assets, not being depreciated	<u>16,699,219</u>	<u>3,778,067</u>	<u>(8,774,430)</u>	<u>11,702,856</u>
Capital assets, being depreciated:				
Land and building improvements	71,246,568	6,844,402	-	78,090,970
Buildings	84,681,425	15,456,236	-	100,137,661
Equipment	18,463,427	895,873	(831,603)	18,527,697
Library books	520,487	56,318	(47,061)	529,744
Total capital assets, being depreciated	<u>174,911,907</u>	<u>23,252,829</u>	<u>(878,664)</u>	<u>197,286,072</u>
Less accumulated depreciation for:				
Improvements	(23,609,168)	(2,652,059)	-	(26,261,227)
Buildings	(49,094,719)	(1,950,113)	-	(51,044,832)
Equipment	(13,823,012)	(1,222,723)	783,812	(14,261,923)
Library books	(258,431)	(52,512)	47,061	(263,882)
Total accumulated depreciation	<u>(86,785,330)</u>	<u>(5,877,407)</u>	<u>830,873</u>	<u>(91,831,864)</u>
Total capital assets, being depreciated, net	<u>88,126,577</u>	<u>17,375,422</u>	<u>(47,791)</u>	<u>105,454,208</u>
Net capital assets-Community College	<u>\$ 104,825,796</u>	<u>\$ 21,153,489</u>	<u>\$ (8,822,221)</u>	<u>\$ 117,157,064</u>

8. GENERAL LONG-TERM OBLIGATIONS

The County generally borrows funds on a long-term basis for the purpose of financing the acquisition of land, equipment, construction of buildings and improvements, and infrastructure. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized by the County Legislature to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. Interest associated with long-term debt is recorded as an expenditure when such amounts are paid.

8. GENERAL LONG-TERM OBLIGATIONS (continued)

At December 31, 2012, the County had utilized 12.50% of its statutory debt limit. Details relating to bonds payable at December 31, 2012 are summarized as follows:

<u>Description of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Total</u>
<u>General Obligation Bonds:</u>			
General Obligation, 1996	2015	4.40-5.00%	\$ 9,000
General Obligation, 2003	2013	2.50-4.35%	100,000
General Obligation, 2003	2014	2.00-5.85%	2,510,000
General Obligation, 2005	2026	3.625-4.25%	8,960,000
General Obligation, 2006	2026	3.50-5.00%	23,150,000
General Obligation, 2007	2027	3.75-5.00%	18,850,000
General Obligation, 2009	2029	4.00-5.00%	53,600,000
General Obligation, 2009	2023	2.00-5.00%	27,795,000
General Obligation, 2010	2019	4.00-5.00%	26,725,000
General Obligation, 2010	2026	4.25-5.15%	17,570,000
General Obligation, 2010	2030	5.50-5.90%	4,905,000
General Obligation, 2011	2030	3.00-5.00%	33,755,000
General Obligation, 2012	2037	3.00-5.00%	51,425,000
General Obligation, 2012	2025	2.00-5.00%	20,250,000
			<u>289,604,000</u>
<u>OTASC:</u>			
Tobacco Settlement Pass-Through Bonds, Series 2001	2043	5.00-6.00%	91,140,000
Tobacco Settlement Pass-Through Bonds, Series 2005	2060	6.00-7.15%	44,916,144
			<u>\$ 425,660,144</u>

The annual requirements and sources to amortize debt on outstanding bonds as of December 31, 2012 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 24,763,000	\$ 18,388,681	\$ 43,151,681
2014	27,503,000	16,670,969	44,173,969
2015	27,143,000	15,519,937	42,662,937
2016	24,280,000	14,396,987	38,676,987
2017	23,915,000	13,292,019	37,207,019
2018-2022	106,780,000	51,153,742	157,933,742
2023-2027	73,060,000	31,091,611	104,151,611
2028-2032	33,950,000	19,313,722	53,263,722
2033-2037	21,285,000	12,966,800	34,251,800
2038-2041	27,382,342	39,476,533	66,858,875
2050	14,706,012	126,233,419	140,939,431
2055	8,003,520	130,489,948	138,493,468
2060	12,889,270	342,240,747	355,130,017
	<u>\$ 425,660,144</u>	<u>\$ 831,235,115</u>	<u>\$ 1,256,895,259</u>

8. GENERAL LONG-TERM OBLIGATIONS (continued)

Advance Refunding

On July 11, 2012 the County issued \$20,615,000 in General Obligation refunding bonds ranging from 2.0 to 5.0 percent to advance refund \$14,350,000 of outstanding 2003, and \$6,950,000 of outstanding 2004 General Obligation Bonds with interest ranging from 3.0 to 5.0 percent. The net proceeds of \$22,796,461 after issuance costs and premium were deposited in an irrevocable trust with an escrow agent to provide for all future debts service payment on the 2003 and 2004 bonds. As a result those bonds are considered defeased and the liability for those bonds has been removed from long-term debt.

The County advance refunded the bonds to reduce its total debt services payments over the next 14 years by \$1,851,029 and to obtain economic gains of \$1,607,601.

Obligations Authorized Unissued

At December 31, 2012, the County has obligations authorized and unissued of \$323,090,193, the proceeds of which are to be used for sewer, road and general capital purposes.

Prior Year Defeasance of Debt

In prior years, the County defeased certain general obligation bonds by placing the proceeds of new bonds and the proceeds for the sale of its future tobacco settlement revenue rights into an irrevocable trust to provide for all future debt service payments on the old debt.

A breakdown of the balance of the principal defeased as of December 31, 2012 by issue is shown below:

Public Improvement 1993	\$	700,000
Public Improvement 1994		2,000,000
General Obligation Bonds 1996		1,491,000
General Obligation Bonds 1998		9,500,000
General Obligation Bonds 1999		6,150,000
General Obligation Bonds 2001		10,875,000
General Obligation Bonds 2002		21,150,000
General Obligation Bonds 2005		8,640,000
General Obligation Bonds 2003		14,350,000
General Obligation Bonds 2004		6,950,000
	<u>\$</u>	<u>81,806,000</u>

Other Loans Payable

The State has made available to the County loans from the State Pollution Control Revolving Fund in the amount of \$461,058,159, of which \$167,444,534 is outstanding at December 31, 2012. The notes mature serially in varying annual amounts through 2036, with interest ranging from 0.281% to 6.55%, payable annually. The County has recorded the full amount of loans made available less any repayments remitted. Proceeds from these loans are recognized as participation in debt-external sources in the Capital Projects Fund when eligible expenditures are reimbursed by the State Pollution Control Revolving Fund. The County received \$15,444,002 in proceeds in 2012. During 2012, EFC refunded several prior State Clean Water and Drinking Water Revolving Funds (SRF) bond issues with new bonds issued at lower current-market interest rates. The refunding/refinancing amount of prior SRF bond issues for Onondaga County is \$1,612,382. In 2010, the County recognized an intangible asset in the amount of \$29,750,000 for water rights to Lake Ontario. At January 1, 2012, the County still owed \$5,000,000 to the City of Oswego for those rights. The County paid \$1,000,000 in 2012 and will pay \$1,000,000 each year through 2016.

8. GENERAL LONG-TERM OBLIGATIONS (continued)

At December 31, 2012 principal payments required on other loans payable are as follows:

Years	Principal	Interest	Total
2013	\$ 27,888,968	\$ 5,697,744	\$ 33,586,712
2014	8,912,604	5,480,737	14,393,341
2015	9,061,474	5,297,729	14,359,203
2016	9,201,180	4,993,200	14,194,380
2017	8,346,180	4,722,072	13,068,252
2018-2022	41,224,128	19,016,758	60,240,886
2023-2027	33,080,000	11,222,120	44,302,120
2028-2031	21,720,000	5,571,710	27,291,710
2032-2036	12,010,000	1,186,958	13,196,958
	<u>\$ 171,444,534</u>	<u>\$ 63,189,028</u>	<u>\$ 234,633,562</u>

OCIDA

OCIDA had a loan payable to Onondaga County totaling \$170,639 at 0% interest maturing on June 30, 2014.

Through December 31, 2012, OCIDA has issued approximately \$2.57 billion of industrial development and pollution control financing on behalf of county businesses. Of this total, none was issued in the year ended December 31 2012.

Fund Company

The Fund Company participates in a revolving loan payable facilitated by Onondaga County, a portion of which is payable upon the sale of each property in the Homeownership Program without interest. The balance at January 1, 2012 was \$610,218. There were additions of \$87,431 and reductions of \$279,213 during 2012 resulting in an ending balance as of December 31, 2012 of \$418,436.

8. GENERAL LONG-TERM OBLIGATIONS (continued)**Changes in Long-Term Obligations**

Long-Term obligation activity at December 31, 2012, is as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Serial Bonds	\$ 262,222,000	\$ 72,040,000	\$ (44,658,000)	\$ 289,604,000	\$ 23,818,000
OTASC Tobacco settlement bonds	135,227,931	2,788,213	(1,960,000)	136,056,144	945,000
Plus Premium on serial bonds	11,678,936	5,619,538	(2,857,446)	14,441,028	-
Less issuance discounts-OTASC	<u>(873,842)</u>	-	<u>27,815</u>	<u>(846,027)</u>	-
Net bonds payable	408,255,025	80,447,751	(49,447,631)	439,255,145	24,763,000
Tax certiorari	1,226,000	487,897	(452,897)	1,261,000	250,000
Compensated absences	12,926,565	16,894,937	(16,249,834)	13,571,668	9,555,641
Judgments and claims	14,877,803	1,022,462	(1,428,341)	14,471,924	5,339,992
Loans	164,892,191	17,088,815	(10,536,472)	171,444,534	27,888,968
Postemployment benefits	201,312,214	52,005,337	-	253,317,551	-
Due to agencies	2,013,615	-	(717,426)	1,296,189	-
Workers Compensation	<u>22,277,817</u>	<u>729,768</u>	<u>-</u>	<u>23,007,585</u>	<u>-</u>
Total Governmental activities	<u>827,781,230</u>	<u>168,676,967</u>	<u>(78,832,601)</u>	<u>917,625,596</u>	<u>67,797,601</u>
Component Units:					
Community College:					
Postemployment benefits	29,491,675	6,517,949	-	36,009,624	-
Compensated absences	63,128	-	(13,143)	49,985	-
OCIDA:					
Loans Payable	<u>170,639</u>	<u>-</u>	<u>-</u>	<u>170,639</u>	<u>-</u>
Total Component Units	<u>\$ 29,725,442</u>	<u>\$ 6,517,949</u>	<u>\$ (13,143)</u>	<u>\$ 36,230,248</u>	<u>\$ -</u>

9. CAPITAL PROJECTS

A summary of the County's capital projects in excess of \$5,000,000 that have at least 5% of their total authorization still unexpended at December 31, 2012 is as follows:

Project	Authorization	Expended
Civic Center Windows Systems Replacement	\$ 7,000,000	\$ 292,439
470021 Downtown Campus Capital	5,560,000	3,128,675
Parks Roads, Parking and Trail	5,465,000	425,856
Thompson Road	6,500,000	5,095,234
Old Rte. 5 Repaving Construction	6,868,000	712,741
Fremont Road over CSX Design Bridge	6,520,000	882,116
Cold Mulch Mix 2012	5,401,000	2,921,307
Repaving 2012	9,999,433	8,541,601
Taft Road ROW & Construction Bridge 80'0	9,140,000	8,520,097
Central Library Reconfiguration	5,200,000	37,327
Comprehensive Energy & Asset Renovation	14,000,000	-
Electronics Park Trunk Sewer	10,000,000	900,911
Metro Waste Water Treatment Plant Grit Handling	5,600,000	-
Oak Orchard	12,405,000	-
ACJ Midland Avenue Conveyance Engineering	145,368,853	92,468,602
ACJ Franklin Street FCF	5,216,618	4,948,516
ACJ Harbor Brook In Water Treatment	104,800,000	59,733,929
ACJ Clinton Street Conveyances	165,500,042	111,932,222
ACJ Sewer Separation	24,179,647	22,235,263
Onondaga County Convention Center Complex Hotel	7,334,000	6,047,076
People Soft	9,887,416	7,014,230

Based on the latest estimates of costs to complete these capital projects, the County does not anticipate the necessity of increasing related authorizations. Commitments for all construction in progress at December 31, 2012 have been reflected as restricted fund balance in the Capital Projects Fund.

10. RETIREMENT BENEFITS

The County participates in the New York State and Local Employees' Retirement System (ERS), a defined benefit, cost sharing multiple-employer retirement plan. The ERS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the ERS. The Comptroller shall adopt and may amend rules and regulations for the control of the funds. The ERS 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, NY 12244. The ERS is noncontributory except for employees who joined the ERS after July 27, 1976. Employees hired before January 1, 2010 contribute 3% of their salary and after ten years of service, the ERS becomes non-contributory for those employees as well. Those employees hired after January 1, 2010 contribute 3% of their salary for all of their years of public service and there is a limitation on the amount of overtime that can be included as wages. Under the authority of the NYSRSSL, 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 employers to the pension accumulation fund.

The County is required to contribute an actuarially determined rate. The required contributions at December 15 for the years 2012, 2011, and 2010 were \$42,788,760, \$42,155,931, and \$24,622,685, respectively. The County's contributions made to the ERS were equal to 100% of the contributions required for each year.

10. RETIREMENT BENEFITS (continued)**Community College**

The Community College provides retirement benefits to all full time employees (part-time employees may elect to become participants) through their participation in one of three retirement plans: the New York State Employees Retirement System (defined benefit plan), New York State Teachers Retirement System (defined benefit plan) or the optional defined contribution retirement plan (TIAA-CREF). New York State law provides that employees who were participants prior to July 1, 1976 are noncontributory and those who became participants on or after July 1, 1976 must contribute 3% of their total earnings. After ten years of service, the ERS becomes non-contributory for those employees as well. The Community College's policy is to accrue pension expense which amounted to \$4,567,639, \$4,243,824, and \$2,807,644, for the years ended August 31, 2012, 2011, and 2010, respectively.

All three of these plans are multi-employer plans. The actuarial present value of accumulated plan benefits for vested and nonvested participants and net assets available for benefits and unfunded prior service costs, if any, for the Community College's participants in these plans are not separately determinable.

Retiree Benefits

In addition to providing pension benefits, the County provides certain health insurance benefits to approximately 3,086 retired employees and survivors under its self-insured health program (Note 13).

Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. Total cost to the County, of providing health insurance benefits to retirees during 2012, was approximately \$25.1 million. Retirees' obligation to contribute to these benefits is dependent upon the plan options offered by the County. Total retiree contributions were \$3,834,540 during 2012.

Other Postemployment Benefits

Plan Description. The County provides OPEB to its employees under a single-employer, self-insured, benefit plan. The plan provides medical and prescription drug coverage to retirees and their covered dependents, although there is no formal obligation to do so. The financial information for the County's plan is contained solely within these financial statements.

Funding Policy. The contribution requirements of plan members and the County is established on an annual premium equivalent rate calculated by a third-party administrator based on projected pay-as-you-go financing requirements. For fiscal year 2012, the County contributed \$20.3 million to the plan. Plan members receiving benefits contributed \$3.8 million.

Annual OPEB cost. The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and the amortized amount of any unfunded actuarial accrued liabilities (UAAL) over a period of thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligations.

10. RETIREMENT BENEFITS (continued)

Annual required contribution	\$ 75,965,290
Interest on net OPEB obligation	8,555,769
Adjustment to annual required contribution	<u>(8,448,598)</u>
Annual OPEB cost	76,072,461
Contributions	<u>(24,067,124)</u>
Increase in net OPEB obligation	52,005,337
Net OPEB obligation--beginning of year	<u>201,312,214</u>
Net OPEB obligation--end of year	<u><u>\$ 253,317,551</u></u>

Three-year Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
12/31/2010	\$ 64,168,709	31.5%	\$ 154,838,722
12/31/2011	\$ 68,350,744	32.0%	\$ 201,312,214
12/31/2012	\$ 76,072,461	31.6%	\$ 253,317,551

Funded Status and Funding Progress. As of January 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$922.5 million, and there were no plan assets. The covered payroll (annual payroll of active employees covered by the plan) was \$190.5 million, and the ratio of the liability to the covered payroll was 484%.

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

In the January 1, 2012 actuarial valuation the projected unit credit cost method was used. The actuarial assumptions included a 4.25% investment rate of return, which is based on the portfolio of the County's general assets used to pay these benefits and an annual medical and prescription cost trend of 6.7% initially, decreasing to 4.3% for all benefits after 70 years. The UAAL is being amortized based on a level percentage of payroll. The remaining amortization period at December 31, 2012, is twenty-four years.

11. OPERATING TRANSFERS

Operating transfers among funds are provided as part of the annual budget. The General Fund provides operating support from the property tax levy and other resources to certain special revenue funds, capital projects, and to the Debt Service Fund in support of the funds' specified purpose. Water Environment Protection and the County Road Fund provide support to capital projects and the Debt Service Fund for capital acquisition and debt retirement.

The following is a summary of operating transfers for the year ended December 31, 2012:

Operating Transfers To:	Operating Transfers From:								
	Major Governmental Funds			Nonmajor Governmental Funds					
	General Fund	Water Environment Protection	Capital Projects Fund	General Grants Fund	County Road Fund	Water Fund	Van Duyn	Library Fund	Totals
Major Governmental Funds:									
General Fund	\$ -	\$ -	\$ -	\$ 649	\$ -	\$ -	\$ -	\$ -	\$ 649
Debt Service Fund	17,016,444	13,877,639	75,346	-	4,932,960	222,487	517,507	444,250	37,086,633
Capital Projects Fund	2,780,651	4,675,000	-	-	7,459,599	1,230,000	50,000	15,050	16,210,300
Nonmajor Governmental Funds:									
General Grants Fund	673,332	400,000	-	-	-	-	-	-	1,073,332
County Road Fund	22,559,749	-	-	-	-	-	-	-	22,559,749
Road Machinery Fund	1,700,054	-	-	-	-	-	-	-	1,700,054
Library Fund	5,623,231	-	-	-	-	-	-	-	5,623,231
Total	\$ 50,353,461	\$ 18,952,639	\$ 75,346	\$ 649	\$ 12,392,559	\$ 1,452,487	\$ 567,507	\$ 459,300	\$ 84,253,948

12. DUE TO/DUE FROM OTHER FUNDS

As discussed in Note 3, the County maintains a cash and investment pool. Due to/due from other funds exist for cash flow and interest income maximization purposes. These are short-term in nature and are repaid within the next fiscal year.

Due to/due from other funds at December 31, 2012 are summarized as follows:

DUE TO:	Major Funds		Nonmajor Funds		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	GENERAL GRANTS	COMMUNITY DEVELOPMENT	
Major Fund - General Fund	\$ -	\$ 20,661,683	\$ 4,031,875	\$ 708,389	\$ 25,401,947
Nonmajor Fund - Library Fund	534,005	-	-	-	534,005
Total	\$ 534,005	\$ 20,661,683	\$ 4,031,875	\$ 708,389	\$ 25,935,952

13. RISK MANAGEMENT

The County is self-insured for workers' compensation, health, dental, all general liability and certain physical damage risks. The internal service fund is used to account for the County's self-insurance activities, including general liability claims. The fund is supported by annual budget appropriations that are recorded as revenues in the Internal Service Fund and allocated pro-rata to the various governmental funds within the County.

13. RISK MANAGEMENT (continued)

The claims liability of \$51,392,997 reported at December 31, 2012 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the reported liabilities during fiscal year 2011 and 2012 were as follows:

	Balance January 1, 2011	Claims and Changes in Estimates	Claim Payments	Balance December 31, 2011
Workers' Compensation	\$ 28,134,410	\$ 9,312,589	\$ (6,816,112)	\$ 30,630,887
Judgments and Claims	16,862,257	(271,419)	(1,713,035)	14,877,803
Medical	4,394,592	66,706,373	(67,039,038)	4,061,927
	<u>\$ 49,391,259</u>	<u>\$ 75,747,543</u>	<u>\$ (75,568,185)</u>	<u>\$ 49,570,617</u>

	Balance January 1, 2012	Claims and Changes in Estimates	Claim Payments	Balance December 31, 2012
Workers' Compensation	\$ 30,630,887	\$ 10,322,297	\$ (8,418,914)	\$ 32,534,270
Judgments and Claims	14,877,803	1,022,462	(1,428,341)	14,471,924
Medical & Dental	4,061,927	71,716,542	(71,391,666)	4,386,803
	<u>\$ 49,570,617</u>	<u>\$ 83,061,301</u>	<u>\$ (81,238,921)</u>	<u>\$ 51,392,997</u>

Workers' Compensation

The County is self-insured for workers' compensation claims for all County employees as follows:

- Claims incurred prior to 1991 -Fully self-insured
- Claims incurred in 1991 and after:
 - Type B Coverage -Self-insured individual claims up to \$100,000, and amounts greater than \$1,000,000
 - Other than Type B Coverage -Fully self-insured

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The County also participates in a Second Injury Fund, which is a New York State fund established to reimburse carriers or self-insured employers for a portion of expenses on certain claims made by employees with pre-existing impairments.

Judgments and Claims

The County is a defendant in a number of lawsuits in the ordinary conduct of its affairs. The County is self-insured for individual claims up to \$2,000,000 and amounts greater than \$20,000,000 for all liability (including environmental liability) and certain physical damage risks. The County has excess liability insurance that covers all other claim amounts. In the opinion of County management, after considering all relevant facts, such judgments and claims will not individually or in the aggregate, have a material effect on the financial condition of the County. Such estimate is based upon individual cases reported at December 31, 2012 and available information at the time of this report.

13. RISK MANAGEMENT (continued)**Medical Benefits**

The County has contracted with a third-party administrator to manage its self-insurance program which provides certain medical benefits to all active and retired employees (Note 10). The carrying amount of the liability includes estimates of reported and unreported claims as of December 31, 2012.

14. TAX CERTIORARI CLAIMS

The County has accrued \$1,261,000 for pending certiorari claims as a long-term liability in the Governmental Activities column on the Statement of Net Position. Management believes that these estimated provisions are adequate to cover the County's liability for claims based on current available information but that these estimates may be more or less than the amount ultimately paid when the claims are settled.

Outstanding claims are not, in the opinion of management, expected to have a material effect on the County's financial position.

15. COMMITMENTS - ONONDAGA LAKE

On January 20, 1998 Onondaga County entered into an Amended Consent Judgment ("ACJ") with the New York State Department of Environmental Conservation ("DEC") and the Atlantic States Legal Foundation ("ASLF"). This was in settlement of litigation commenced in 1988 which alleged violations of the Clean Water Act in the discharge of wastewater into Onondaga Lake from the Metropolitan Sewage Treatment Plant ("Metro") and combined sewer overflow ("CSO") outfalls (the effluent) addressing, among other factors, the increased levels of bacteria, ammonia and phosphorus in lake waters contributed to by the effluent. The ACJ was filed in the U.S. District Court for the Northern District of New York.

Under the ACJ, the County has been required to undertake a number of capital projects and related monitoring activities intended to meet the effluent limits specified therein. Construction of these ACJ projects commenced in 1998. To date, over 30 ACJ projects have been completed. These projects have focused on abatement of overflow from combined sewers in portions of the consolidated sanitary district and the reduction of effluents primarily from Metro. The entire ACJ program was expected to be completed within the final ACJ milestone date of January 1, 2012. However, in 2008, the ACJ parties agreed to extend the final major milestone dates for the Clinton and Harbor Brook CSO projects from January 1, 2012 to January 1, 2013 and to complete a review process on these and related CSO projects remaining to be completed under the ACJ. The review included extensive analysis of the use of green infrastructure technologies as alternatives to the current ACJ planned projects and the impacts of the use of these green technologies on the need for and sizing of collection, treatment and storage (gray) facilities when they are installed upstream of CSO discharges. The analysis illustrated the benefits of a gray/green program.

In September of 2009, the parties presented to the U. S. District Court Judge for the Northern District of New York, a proposed agreement for further significant modifications to the ACJ (the Fourth Stipulation to the ACJ). The modifications were endorsed by the United States Environmental Protection Agency ("EPA") and the Department of Justice ("DOJ"). The Onondaga Nation and a number of community groups that had opposed implementation of the remaining ACJ CSO projects expressed strong support for the modifications. The modifications to the ACJ, approved by the United States District Court for the Northern District of New York on November 16, 2009, replace the current CSO program with a combination of gray and green infrastructure programs to be implemented in phases to be completed by December 31, 2018. The revised program requires 95% system wide annual average wastewater volume capture by more environmentally

15. COMMITMENTS - ONONDAGA LAKE (continued)

beneficial methods. Projects incorporating these methods, as outlined above, are commonly referred to as “gray” and “green” projects.

The 1998 ACJ also required the County to comply with very stringent Stage III phosphorus limits set at .02 mg/l. Water quality improvements realized by implementation of the Stage II phosphorus upgrades and compliance costs to construct facilities capable of meeting the Stage III phosphorus limits resulted in a reassessment of the need to comply with the very stringent limit. Data collected by DWEP through the ACJ-mandated Ambient Monitoring Program from 2007 through 2001, and the result of studies required to be performed by the County pursuant to the Fourth Stipulation and Order enabled the County to aggressively explore attainment of the ACJ effluent goals without implementing additional major upgrades at Metro or diverting the Metro effluent to the Seneca River. These efforts built upon the Fourth Stipulation and Order provisions requiring additional studies to enable the State to make a more informed decision on the need for additional phosphorus limit reductions at Metro.

The additional studies focused on developing data and approaches to support alternative means of compliance and reviewing the potential benefits and costs of going forward or seeking relief from Stage III compliance standards. The studies required by the Fourth Stipulation and Order included:

- a. A study to determine the extent to which the phosphorus currently discharged by Metro is a readily available source of aquatic plant nutrient;
- b. An additional hydrologic study to assist in evaluating the impact that phosphorus from Onondaga Creek has on Onondaga Lake;
- c. An evaluation of potential additional opportunities at Metro to further maximize the plant’s current capacity to more effectively remove phosphorus and a commitment to implement any resulting recommendations; and
- d. A further evaluation of available technologies that could be used to reduce phosphorus discharges from Metro, including implementation feasibility, costs and applicable implementation time frames.

A July 2007 engineering report on ACJ Pilot Project for meeting Stage III phosphorus limits indicated that construction of facilities needed to approach those limits could exceed \$146 million. Studies completed by OCDWEP in 2011 to evaluate optimization of the Metro plant to more reliably meet the current .1 mg/l phosphorus limit, and to evaluate the current limit of technology for further reducing phosphorus effluence to meet the ACJ goal of a .02 mg/l phosphorus limit for a continued in-lake discharge produce planning level capital cost estimates that ranged from \$6 million for implementation of the proposed optimization program to an estimated \$900 million for construction of a reverse osmosis facility, all exclusive of post construction operation and maintenance costs. An evaluation of the water quality benefits of constructing advanced treatment facilities or diverting all or a portion of Metro’s flow to the Seneca River indicated that water quality improvements to be realized from such undertakings appear to be marginal and thus not justified by the costs.

In March 2012, the NYSDEC released draft phosphorus TMDL that incorporated the results of the studies conducted pursuant to the requirements of the Fourth Stipulation and Order and the approved Onondaga Lake Water Quality Model. The draft TMDL confirmed that significant investments in capital projects to meet the .02 mg/l final effluent limit for phosphorus would not yield significant additional phosphorus related water quality improvements and incorporated recommendations that the County proceed with plans to optimize

15. COMMITMENTS - ONONDAGA LAKE (continued)

current phosphorus treatment technology and bypass reduction efforts. The draft TMDL recommended that the current Metro interim effluent limit of .1 mg/l, based on a twelve month rolling average be confirmed as the final effluent limit. After a 30-day period of public comment, the NYSDEC adopted the draft TMDL as the recommended final TMDL and submitted it to the Environmental Protection Agency (EPA) for review.

On June 29, 2012, the EPA approved the TMDL. OCDWEP estimates that the cost of complying with the optimization and bypass reduction program required to assure that phosphorus discharges from Metro remain below the maximum loadings to the Onondaga Lake allowed by the TMDL will be in the range of \$34.4 million. It is worth noting that these costs include an estimated \$14.2 million bypass reduction project also required to enable the Metro plant to comply with revised effluent limits for chlorine residuals.

FINANCIAL CONSIDERATIONS: To meet the objectives of the ACJ, the County has been required to undertake a number of capital projects and related monitoring activities. Construction of these ACJ projects commenced in 1998. To date, over thirty (30) ACJ projects have been completed. These projects have focused on abatement of overflow from combined sewers in portions of the Consolidated Sanitary District and the reduction of effluents primarily from Metro.

OCDWEP has advised that in today's dollars, the estimated cost of the improvements and studies required by the revised ACJ is \$674.4 million, excluding interest expenses.

All regulatory mandates associated with the 2009 ACJ amendment have thus far been met and all necessary approvals have been received with the exception of approval for the CSO Floatables Facilities Plan. The County is currently in discussions with the NYSDEC about potential pathways for achieving the goals associated with the subject plan. Construction continues for several large-scale CSO projects, including Clinton CSO Storage, Harbor Brook CSO Storage, and CSO 003 and 004 Conveyances; all are expected to be completed within compliance due dates. Planning level costs are known for the majority of all other ACJ projects (including green infrastructure). The additional process studies associated with the phosphorus removal project identified in the Metro WWTP Optimization report submitted to the NYSDEC on August 31, 2011 are scheduled to be completed by February 2013. Those results shall be transmitted to the NYSDEC via report addendum. Immediately following NYSDEC approval of the associated recommendations, Phase II, engineering design, shall proceed.

Planning-level costs for optimizing Metro WWTP phosphorus treatment have been identified, as have the costs for complying with the revised bacteria and associated chlorine residual limits for the METRO bypass outfall which will also contribute to achievement of the phosphorus TMDL allocation for METRO. The phosphorus optimization project has a current estimated cost of \$20.2 million. The bacteria/chlorine project has a current estimated cost of \$14.2 million. These efforts shall serve to further assist Onondaga County in consistently complying with the newly issued Metro WWTP SPDES permit—which was modified to reflect NYSDEC's recently promulgated Total Maximum Daily Load (TMDL) for phosphorus for Onondaga Lake (June 2012) as well as revised disinfection requirements.

The State has appropriated \$74.9 million of the Clean Water/Clean Air Environmental Bond Act funds for projects covered under the ACJ. In addition to aid through the Environmental Bond Act, based on pledges by state officials, the County also planned on receiving approximately \$85 million in supplemental funding over the 15 years of the project as initially scheduled in the 1998 ACJ. To date, \$88 million has been received from other New York State sources. The Federal government has already appropriated \$121.3 million in Federal funds (inclusive of assistance from the U.S. Army Corps of Engineers). Short-term funding of \$20 million for

15. COMMITMENTS - ONONDAGA LAKE (continued)

the Harbor Brook Project has been extended under the ARRA program and the project is eligible for up to 50% loan forgiveness (up to \$10 million). In addition, the County has received \$12 million in funds from other sources (City and the Niagara Mohawk Power Corporation (now National Grid) and has cash on hand of \$9.1 million.

To date, the County has closed on \$132.3 million in EFC long term loans to fund lake projects. The County anticipates \$226.8 million in local funding for the gross capital costs associated with the ACJ in its Capital Improvement Plan.

It is anticipated that once the ACJ CSO projects have been completed, discharges from County facilities will not cause or contribute to alleged bacteria exceedences in Onondaga Lake unless applicable standards have been made more restrictive. However, despite the signing and approval of the Fourth Stipulation, in the event that the ACJ projects do not bring the County into compliance with applicable water quality standards, the County could be required to undertake additional measures.

16. SUBSEQUENT EVENT

In 2012, the Legislature authorized the sale of Van Duyn Home and Hospital, the County's 513-bed nursing home, and declared its intent for the County to be out of the business of providing residential nursing services. The County sold Van Duyn Home and Hospital to the Onondaga Civic Development Corporation (OCDC) in January 2013. Within such sale documents, the County reserved to itself sufficient rights to operate the facility until OCDC is able to resell the facility to a subsequent third party operator approved by the New York State Department of Health. The net value of Van Duyn's assets transferred to OCDC was \$12 million.

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REQUIRED
SUPPLEMENTARY INFORMATION

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
Year Ended December 31, 2012

	Budgeted Amounts		Non-GAAP Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Budgetary fund balance, January 1	\$ 4,668,684	\$ 17,998,108	\$ -	\$ (17,998,108)
Resources (inflows):				
Real property taxes County wide	141,962,572	141,962,572	144,604,980	2,642,408
Other real property tax items	8,800,886	8,800,886	10,659,979	1,859,093
Sales tax and use tax	318,595,235	320,762,451	328,278,544	7,516,093
Federal aid	86,425,970	86,875,970	87,213,238	337,268
State aid	91,667,462	93,042,141	88,326,259	(4,715,882)
Charges for services	98,948,051	100,355,082	93,255,058	(7,100,024)
Miscellaneous	5,540,897	5,424,409	6,180,306	755,897
Interest on Investments	700,961	700,961	792,885	91,924
Amounts available for appropriation	757,310,718	775,922,580	759,311,249	(16,611,331)
Charges to appropriations (outflows):				
General government support:				
Center for forensic science	6,530,786	6,673,342	6,504,870	168,472
County clerk	3,937,738	5,071,065	5,007,417	63,648
County comptroller	3,111,593	3,108,070	2,961,854	146,216
County executive	1,314,469	1,485,405	1,454,689	30,716
County legislature	2,192,377	2,061,882	1,917,150	144,732
County special expense	6,605,313	7,084,101	7,046,853	37,248
District attorney	9,361,460	9,492,375	9,438,205	54,170
Elections board	3,049,512	3,123,784	2,544,115	579,669
Facilities management	19,253,599	18,824,087	16,845,747	1,978,340
Finance administration	2,106,694	2,214,272	1,307,371	906,901
Finance, county wide allocations	85,665,717	87,525,521	86,432,145	1,093,376
Finance, management and budget	1,672,285	2,879,697	2,879,697	-
Information technology	11,525,909	13,748,376	13,746,830	1,546
Law department	4,501,943	4,407,471	4,288,029	119,442
Personnel department	2,278,297	2,317,863	2,098,035	219,828
Public defender	7,356,231	7,217,548	7,108,174	109,374
Purchasing department	1,824,202	1,867,442	1,846,548	20,894
	172,288,125	179,102,301	173,427,729	5,674,572
Education:				
Authorized agencies	151,979	151,979	151,979	-
Community college chargebacks	9,307,000	9,307,000	9,307,000	-
Education of handicapped children	45,489,193	30,113,344	30,113,344	-
	54,948,172	39,572,323	39,572,323	-

See notes to required supplementary information

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
Year Ended December 31, 2012

continued

	<u>Budgeted Amounts</u>		<u>Non-GAAP</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Public Safety:				
Corrections	20,867,294	20,325,136	19,979,162	345,974
Emergency communications	16,568,579	16,855,311	16,790,185	65,126
Emergency management	1,105,895	2,049,118	1,948,255	100,863
Hillbrook detention center	3,554,893	3,904,066	3,826,314	77,752
Probation	9,202,214	8,970,424	8,826,362	144,062
Sheriff- civil division	35,237,747	36,935,970	35,888,673	1,047,297
Sheriff- custody division	42,851,344	44,109,902	43,924,562	185,340
STOP DWI	807,381	807,381	722,257	85,124
	<u>130,195,347</u>	<u>133,957,308</u>	<u>131,905,770</u>	<u>2,051,538</u>
Health:				
Health	16,981,445	31,537,952	25,578,298	5,959,654
Mental health	25,855,159	28,443,619	26,252,973	2,190,646
	<u>42,836,604</u>	<u>59,981,571</u>	<u>51,831,271</u>	<u>8,150,300</u>
Transportation	<u>4,014,643</u>	<u>4,058,946</u>	<u>3,888,078</u>	<u>170,868</u>
Economic Assistance and Opportunity:				
Authorized agencies human	11,061	61,061	61,061	-
Economic development	772,515	776,408	752,889	23,519
Job training administration	257,805	236,067	217,687	18,380
Social services - administration	73,625,975	74,446,455	73,673,528	772,927
Social services - programs	205,899,041	209,375,387	207,484,014	1,891,373
Social services - purchase of services	10,586,887	10,586,887	10,377,316	209,571
Veterans service	390,916	375,095	338,182	36,913
	<u>291,544,200</u>	<u>295,857,360</u>	<u>292,904,677</u>	<u>2,952,683</u>
Culture and Recreation:				
Aging and youth programs	1,062,453	1,191,908	1,017,354	174,554
Authorized agencies human	588,170	708,170	707,921	249
Parks and recreation	12,169,284	12,067,882	11,265,003	802,879
	<u>13,819,907</u>	<u>13,967,960</u>	<u>12,990,278</u>	<u>977,682</u>
Home and Community Services:				
Authorized agencies physical	36,178	36,178	36,178	-
Office of environment	175,859	194,642	193,327	1,315
Onondaga planning agency	1,774,718	1,719,639	1,611,996	107,643
	<u>1,986,755</u>	<u>1,950,459</u>	<u>1,841,501</u>	<u>108,958</u>
Other uses:				
Transfer to other funds	(45,676,965)	(50,542,485)	(50,352,027)	(190,458)
Total charges to appropriations	<u>757,310,718</u>	<u>778,990,712</u>	<u>758,713,654</u>	<u>20,277,058</u>
Budgetary fund balance, December 31	\$ <u>-</u>	\$ <u>(3,068,132)</u>	597,595	\$ <u>3,665,727</u>
Unused project balances treated as revenue for financial reporting purposes			649	
Unused project balances treated as expenditures for financial reporting purposes			(1,434)	
Net change in fund balance-GAAP basis			<u>\$ 596,810</u>	

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
Water Environment Protection
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Non-GAAP</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
			<u>Amounts</u>	<u>(Unfavorable)</u>
Budgetary fund balance, January 1	\$ 1,372,859	\$ 1,532,859	\$ -	\$ (1,532,859)
Resources (inflows):				
Real property taxes County wide	2,092,018	2,092,018	2,092,018	-
Charges for services	69,772,188	69,772,188	70,929,559	1,157,371
Interest on investments	60,000	60,000	115,051	55,051
Miscellaneous	587,314	705,314	634,365	(70,949)
Amounts available for appropriation	<u>73,884,379</u>	<u>74,162,379</u>	<u>73,770,993</u>	<u>(391,386)</u>
Charges to appropriations (outflows):				
Home and Community Services:				
Bear Trap Ley Creek	457,074	457,074	436,747	20,327
Bloody Brook	140,856	140,856	135,184	5,672
Consolidated Sanitary District	52,273,425	53,288,445	50,500,395	2,788,050
Flood Control	1,107,328	1,108,711	1,040,184	68,527
Harbor Brook	270,878	270,878	259,968	10,910
Meadow Brook	216,702	216,702	207,976	8,726
Nondepartmental:				
Transfers to other funds	<u>19,418,116</u>	<u>19,418,116</u>	<u>18,952,639</u>	<u>465,477</u>
Total charges to appropriations	<u>73,884,379</u>	<u>74,900,782</u>	<u>71,533,093</u>	<u>3,367,689</u>
Budgetary fund balance, December 31	<u>\$ -</u>	<u>\$ (738,403)</u>	<u>\$ 2,237,900</u>	<u>\$ 2,976,303</u>

Other Postemployment Benefits Plan
Schedule of Funding Progress
(in millions)

<u>Actuarial</u>	<u>Actuarial</u>	<u>Actuarial</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Covered</u>	<u>UAAL as a</u>
<u>Valuation</u>	<u>Value of</u>	<u>Liability (AAL)</u>	<u>AAL</u>	<u>Ratio</u>	<u>Payroll</u>	<u>Percentage of</u>
<u>Date</u>	<u>Assets</u>	<u>Entry Age</u>	<u>(UAAL)</u>		<u>Covered</u>	<u>Covered Payroll</u>
01/01/10	-	\$794.8	\$794.8	0.0%	\$181.6	438%
01/01/11	-	\$837.8	\$837.8	0.0%	\$176.7	474%
01/01/12	-	\$922.5	\$922.5	0.0%	\$190.5	484%

See notes to required supplementary information

1. BUDGET PROCEDURES

The General Fund and Water Environment Protection Fund each have legally adopted annual budgets.

The following is a summary of annual procedures used for establishing the budgetary data reflected in the financial statements:

Prior to September 20, the County Executive submits to the County Legislature a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments.

Prior to October 25, the budget is legally enacted through passage of legislative resolution or by provisions in the County Charter.

Budgets for general, special revenue and debt service funds are adopted and controlled at the department and object of expense level.

The County Executive is authorized to transfer appropriations within payroll and fringe benefit accounts, and up to \$7,500 within non-payroll related accounts. The County Legislature maintains legal responsibility for all remaining budget amendments and transfers.

Appropriations in the governmental funds lapse at the end of the fiscal year except that outstanding encumbrances are reappropriated in the succeeding year by law. Budgeted amounts are as originally adopted, or as amended by the County Legislature. Individual amendments for the current year were not material in relation to the original appropriations.

2. BUDGETARY BASIS REPORTS

The "actual" column on the Budgetary Comparison Schedules Budget and Actual (Non-GAAP Budgetary Basis) for the major governmental funds, differs from the amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds because certain items are reported differently for GAAP than they are treated in the budget. These differences do not have an effect on fund balance and represent elimination of revenues and expenditures. They include interdepartmental reimbursements and refunds of prior years expenditures that are recognized as revenues in the General and Water Environment Protection Funds for budgetary purposes but are recorded as an offset to such current year expenditures for GAAP purposes.

COMBINING FINANCIAL STATEMENTS

AND

BUDGETARY COMPARISON SCHEDULES

NON-MAJOR FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. The Special Revenue Funds of the County are:

General Grants Fund

The General Grants Fund accounts for resources associated with multi-year grant funded projects.

ONCENTER Fund

The ONCENTER Fund accounts for the operation of the County's convention center/war memorial complex.

County Road Fund

The County Road Fund is used to account for the maintenance and repair of County roads and bridges and snow removal costs, as defined by New York State Highway Law.

Road Machinery Fund

The Road Machinery Fund is used to account for the purchase, repair and maintenance of highway machinery, tools and equipment and for the construction, purchase and maintenance of buildings for the storage and repair of highway machinery and equipment.

Water Fund

The Water Fund is used to account for the supply, distribution and transmission of the County's available water resources.

Van Duyn Extended Care Fund

The Van Duyn Extended Care Fund is used to account for the County's nursing home facility.

Library and Library Grants Funds

The Library Fund and the Library Grants Fund are used to account for the operation of the County's public library.

Community Development Fund

The Community Development Fund is used to account for various projects financed by entitlements from the U.S. Department of Housing and Urban Development.

DEBT SERVICE FUND

OTASC

OTASC is a blended component unit used to account for the accumulation of resources for, and the payments of, Tobacco Settlement Pass-Through Bonds issued in 2001 and 2005.

COUNTY OF ONONDAGA, NEW YORK
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Special Revenue Funds				
	General Grants	Oncenter Fund	County Road	Road Machinery	Water Fund
ASSETS					
Cash, cash equivalents and investments	\$ 8,400	\$ 480,669	\$ 1,669,023	\$ 338,607	\$ 2,602,289
Accounts receivable (net of \$3,062,048 reserve)	1,314,788	239,246	147,171	104,712	1,291,991
Due from state and federal governments	9,873,209	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Inventories	-	78,261	-	-	-
Prepaid items	108,250	98,721	338,097	-	61,993
Restricted cash	-	805,117	-	-	-
Total assets	\$ 11,304,647	\$ 1,702,014	\$ 2,154,291	\$ 443,319	\$ 3,956,273
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,829,711	\$ -	\$ 442,606	\$ 309,697	\$ 635,007
Accrued liabilities	1,306,593	705,160	578,966	28,800	98,464
Due to third party payors	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to other funds	4,031,875	-	-	-	-
Due to other governments	-	92,312	26,952	-	-
Other deferred revenues	1,007,628	904,542	-	-	99,192
Total liabilities	8,175,807	1,702,014	1,048,524	338,497	832,663
Fund balances:					
Nonspendable	108,250	176,982	338,097	-	61,993
Restricted	-	-	-	-	-
Assigned	3,020,590	-	767,670	104,822	3,061,617
Unassigned	-	(176,982)	-	-	-
Total fund balances	3,128,840	-	1,105,767	104,822	3,123,610
Total liabilities and fund balances	\$ 11,304,647	\$ 1,702,014	\$ 2,154,291	\$ 443,319	\$ 3,956,273

Special Revenue Funds				Debt	Total
Van Duyn	Library	Library Grants	Community	Service Fund	Nonmajor
Fund	Fund	Fund	Development	OTASC	Governmental
					Funds
\$ 7,414,582	\$ 1,089,772	\$ 215,939	\$ 300	\$ 117,601	\$ 13,937,182
17,375,817	31,912	-	-	-	20,505,637
-	-	2,502	1,932,902	-	11,808,613
-	534,005	-	-	-	534,005
-	-	-	651,517	-	651,517
162,131	-	-	-	-	240,392
907,798	270,069	806	38,454	-	1,824,188
319,017	-	-	-	8,630,099	9,754,233
<u>\$ 26,179,345</u>	<u>\$ 1,925,758</u>	<u>\$ 219,247</u>	<u>\$ 2,623,173</u>	<u>\$ 8,747,700</u>	<u>\$ 59,255,767</u>
\$ 933,618	\$ 114,167	\$ 5,819	\$ 818,584	\$ -	\$ 5,089,209
1,160,891	616,108	7,336	37,037	-	4,539,355
319,017	-	-	-	-	319,017
4,675,919	-	-	-	-	4,675,919
-	-	-	708,389	-	4,740,264
-	-	-	913,901	-	1,033,165
11,783	-	199,112	132,553	-	2,354,810
<u>7,101,228</u>	<u>730,275</u>	<u>212,267</u>	<u>2,610,464</u>	<u>-</u>	<u>22,751,739</u>
1,069,929	270,069	806	38,454	-	2,064,580
-	-	-	-	8,630,099	8,630,099
18,008,188	925,414	6,174	-	117,601	26,012,076
-	-	-	(25,745)	-	(202,727)
<u>19,078,117</u>	<u>1,195,483</u>	<u>6,980</u>	<u>12,709</u>	<u>8,747,700</u>	<u>36,504,028</u>
<u>\$ 26,179,345</u>	<u>\$ 1,925,758</u>	<u>\$ 219,247</u>	<u>\$ 2,623,173</u>	<u>\$ 8,747,700</u>	<u>\$ 59,255,767</u>

COUNTY OF ONONDAGA, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Special Revenue Funds				
	General Grants	ONCENTER Fund	County Road	Road Machinery	Water Fund
REVENUES					
Sales tax and use tax	\$ 585,222	\$ 1,472,749	\$ 2,592,887	\$ -	\$ -
Federal aid	15,205,099	-	163,001	-	-
State aid	11,743,029	-	4,802,039	-	-
Departmental	1,142,034	141,610	22,557	1,082,350	9,370,754
Service for other governments	345,518	-	982,955	-	50,000
Tobacco settlement proceeds	-	-	-	-	-
Interest on investments	55,000	-	-	-	9,457
Miscellaneous	2,922,656	1,962,275	34,113	454,886	12,933
Total revenues	<u>31,998,558</u>	<u>3,576,634</u>	<u>8,597,552</u>	<u>1,537,236</u>	<u>9,443,144</u>
EXPENDITURES					
Current:					
General government support	1,829,380	-	-	-	-
Public safety	6,302,321	-	-	-	-
Health	11,941,295	-	-	-	-
Transportation	20,260	-	18,419,397	3,368,804	-
Economic assistance and opportunity	12,133,807	-	-	-	-
Culture and recreation	606,003	3,777,714	-	-	-
Home and community services	1,315,301	-	-	-	6,629,224
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>34,148,367</u>	<u>3,777,714</u>	<u>18,419,397</u>	<u>3,368,804</u>	<u>6,629,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,149,809)</u>	<u>(201,080)</u>	<u>(9,821,845)</u>	<u>(1,831,568)</u>	<u>2,813,920</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,073,332	-	22,559,749	1,700,054	-
Transfers out	(649)	-	(12,392,559)	-	(1,452,487)
Special item (ONCENTER transfer)	-	201,080	-	-	-
Total other financing sources and (uses)	<u>1,072,683</u>	<u>201,080</u>	<u>10,167,190</u>	<u>1,700,054</u>	<u>(1,452,487)</u>
Net change in fund balance	<u>(1,077,126)</u>	<u>-</u>	<u>345,345</u>	<u>(131,514)</u>	<u>1,361,433</u>
Fund balances- beginning	4,205,966	-	760,422	236,336	1,762,177
Fund balances- ending	<u>\$ 3,128,840</u>	<u>\$ -</u>	<u>\$ 1,105,767</u>	<u>\$ 104,822</u>	<u>\$ 3,123,610</u>

Special Revenue Funds				Debt Service Fund		Total Nonmajor Governmental Funds
Van Duyn Fund	Library Fund	Library Grants	Community Development	OTASC	Eliminations	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,650,858
-	-	(87,080)	4,331,064	-	-	19,612,084
-	1,023,910	355,261	1,219,700	-	-	19,143,939
17,635,983	103,576	-	58,300	-	-	29,557,164
42,018,813	6,385,909	-	-	-	-	49,783,195
-	-	-	-	6,821,381	-	6,821,381
24,563	-	-	-	482,808	-	571,828
56,725	160,241	36,600	1,440	-	-	5,641,869
<u>59,736,084</u>	<u>7,673,636</u>	<u>304,781</u>	<u>5,610,504</u>	<u>7,304,189</u>	<u>-</u>	<u>135,782,318</u>
-	-	-	-	101,511	-	1,930,891
-	-	-	-	-	-	6,302,321
50,933,816	-	-	-	-	-	62,875,111
-	-	-	-	-	-	21,808,461
-	-	-	-	-	-	12,133,807
-	12,595,139	435,334	-	-	-	17,414,190
-	-	-	5,713,240	-	-	13,657,765
-	-	-	-	1,960,000	-	1,960,000
-	-	-	-	5,212,594	-	5,212,594
<u>50,933,816</u>	<u>12,595,139</u>	<u>435,334</u>	<u>5,713,240</u>	<u>7,274,105</u>	<u>-</u>	<u>143,295,140</u>
<u>8,802,268</u>	<u>(4,921,503)</u>	<u>(130,553)</u>	<u>(102,736)</u>	<u>30,084</u>	<u>-</u>	<u>(7,512,822)</u>
-	5,627,399	132	-	-	(4,300)	30,956,366
(567,507)	(459,432)	(4,168)	-	-	4,300	(14,872,502)
-	-	-	-	-	-	201,080
<u>(567,507)</u>	<u>5,167,967</u>	<u>(4,036)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,284,944</u>
8,234,761	246,464	(134,589)	(102,736)	30,084	-	8,772,122
10,843,356	949,019	141,569	115,445	8,717,616	-	27,731,906
<u>\$ 19,078,117</u>	<u>\$ 1,195,483</u>	<u>\$ 6,980</u>	<u>\$ 12,709</u>	<u>\$ 8,747,700</u>	<u>\$ -</u>	<u>\$ 36,504,028</u>

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
General Grants Fund
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Non-GAAP</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
			<u>Amounts</u>	<u>(Unfavorable)</u>
Budgetary fund balance, January 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Sales tax and use tax	68,900	(37,382)	585,222	622,604
Federal Aid				
General government support	-	256,947	37,277	(219,670)
Education	-	681,897	329,803	(352,094)
Public safety	617,633	6,139,616	2,971,697	(3,167,919)
Health	6,874,126	11,467,637	6,645,049	(4,822,588)
Transportation	93,740	1,577,956	54,910	(1,523,046)
Social services	2,955,006	5,511,039	3,047,231	(2,463,808)
Other economic assistance	2,197,000	2,521,499	2,119,132	(402,367)
Total federal aid	<u>12,737,505</u>	<u>28,156,591</u>	<u>15,205,099</u>	<u>(12,951,492)</u>
State Aid				
General government support	-	649,037	185,534	(463,503)
Education	-	285,000	185,719	(99,281)
Public safety	2,623,344	15,238,337	2,203,886	(13,034,451)
Health	4,550,540	7,505,774	4,622,262	(2,883,512)
Social services	1,683,000	3,096,042	1,916,434	(1,179,608)
Other economic assistance	2,597,514	3,421,580	2,500,114	(921,466)
Culture and recreation	100,000	349,498	74,912	(274,586)
Home and community services	85,000	7,145,563	54,168	(7,091,395)
Total state aid	<u>11,639,398</u>	<u>37,690,831</u>	<u>11,743,029</u>	<u>(25,947,802)</u>
Departmental				
General government support	70,316	39,536	65,355	25,819
Public safety	303,135	381,956	177,561	(204,395)
Health	211,100	99,959	247,799	147,840
Culture and recreation	77,096	9,510	645,059	635,549
Home and community services	350,000	910,385	230,641	(679,744)
Total departmental	<u>1,011,647</u>	<u>1,441,346</u>	<u>1,366,415</u>	<u>(74,931)</u>
Service for Other Governments				
Public safety	492,000	456,493	206,501	(249,992)
Health	168,000	432,400	114,017	(318,383)
Other economic assistance	25,000	25,000	25,000	-
Total service for other governments	<u>685,000</u>	<u>913,893</u>	<u>345,518</u>	<u>(568,375)</u>

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
General Grants Fund
Year Ended December 31, 2012

continued

	<u>Budgeted Amounts</u>		<u>Non-GAAP</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
			<u>Amounts</u>	<u>(Unfavorable)</u>
Interest on Investments	-	55,000	55,000	-
Miscellaneous	2,252,219	3,394,010	2,922,656	(471,354)
Transfers from other funds	705,694	1,239,285	1,071,898	(167,387)
Amounts available for appropriations	<u>29,100,363</u>	<u>72,853,574</u>	<u>33,294,837</u>	<u>(39,558,737)</u>
Charges to appropriations (outflows):				
General Government Support				
Board of elections	-	610,564	188,100	422,464
County clerk	70,316	287,458	90,152	197,306
County legislature	-	10,406	601	9,805
District attorney	1,604,385	2,106,058	1,359,537	746,521
Finance, management and budget	-	212,083	50,350	161,733
Law department	-	6,613	6,612	1
Medical examiner	-	801,971	113,207	688,764
Personnel department	-	72,286	551	71,735
Purchasing department	-	71,552	20,270	51,282
Total general government support	<u>1,674,701</u>	<u>4,178,991</u>	<u>1,829,380</u>	<u>2,349,611</u>
Public Safety				
Corrections	360,000	695,526	431,028	264,498
Emergency communications- E911	-	331,446	232,653	98,793
Emergency management	675,309	14,100,614	2,704,652	11,395,962
Probation	499,341	2,354,163	431,188	1,922,975
Sheriff	2,154,762	5,513,735	2,498,308	3,015,427
Special traffic programs	-	72,543	4,492	68,051
Total public safety	<u>3,689,412</u>	<u>23,068,027</u>	<u>6,302,321</u>	<u>16,765,706</u>
Health				
Health	10,395,399	16,840,605	9,670,056	7,170,549
Mental health	2,000,000	3,792,901	2,495,620	1,297,281
Total health	<u>12,395,399</u>	<u>20,633,506</u>	<u>12,165,676</u>	<u>8,467,830</u>

continued

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
General Grants Fund
Year Ended December 31, 2012

continued

	<u>Budgeted Amounts</u>		<u>Non-GAAP</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
			<u>Amounts</u>	<u>(Unfavorable)</u>
Transportation	-	1,507,557	20,260	1,487,297
Economic Assistance and Opportunity				
Aging and youth	5,901,945	7,991,347	5,787,171	2,204,176
Economic development	-	305,055	(32,152)	337,207
Social services	5,270,006	9,275,886	6,378,788	2,897,098
Total economic assistance and opportunity	<u>11,171,951</u>	<u>17,572,288</u>	<u>12,133,807</u>	<u>5,438,481</u>
Culture and Recreation	<u>168,900</u>	<u>1,463,706</u>	<u>606,003</u>	<u>857,703</u>
Home and Community Services				
Planning agency	-	7,072,154	750,503	6,321,651
Water environment protection	-	1,768,746	564,798	1,203,948
Total home and community service	<u>-</u>	<u>8,840,900</u>	<u>1,315,301</u>	<u>7,525,599</u>
Total charges to appropriations	<u>29,100,363</u>	<u>77,264,975</u>	<u>34,372,748</u>	<u>42,892,227</u>
Budgetary fund balance, December 31	\$ <u>-</u>	\$ <u>(4,411,401)</u>	(1,077,911)	\$ <u>3,333,490</u>
Unused project balances treated as revenues for financial reporting purposes			1,434	
Unused project balances treated as expenditures for financial reporting purposes			<u>(649)</u>	
Net change in fund balance-GAAP basis			\$ <u>(1,077,126)</u>	

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
ONCENTER Fund
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		Non-GAAP	Variance
	<u>Original</u>	<u>Final</u>	Actual	Favorable
			Amounts	(Unfavorable)
Budgetary fund balance, January 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Sales tax and use tax	-	1,472,749	1,472,749	-
Departmental	-	141,610	141,610	-
Miscellaneous	-	1,962,275	1,962,275	-
Amounts available for appropriations	<u>-</u>	<u>3,576,634</u>	<u>3,576,634</u>	<u>-</u>
Charges to appropriations (outflows):				
Transportation	-	3,777,714	3,777,714	-
Total charges to appropriations	<u>-</u>	<u>3,777,714</u>	<u>3,777,714</u>	<u>-</u>
Other Financing Sources				
Special item (ONCENTER transfer)	-	201,080	201,080	-
Total financing sources and uses	<u>-</u>	<u>201,080</u>	<u>201,080</u>	<u>-</u>
Budgetary fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
County Road Fund
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Non-GAAP</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
			<u>Amounts</u>	<u>(Unfavorable)</u>
Budgetary fund balance, January 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Sales tax and use tax	2,736,170	2,736,170	2,592,887	(143,283)
Federal Aid				
Home and community services	-	163,000	163,001	1
Total federal aid	-	163,000	163,001	1
State Aid				
Public safety	-	27,166	27,167	1
Transportation	4,769,433	4,769,433	4,774,872	5,439
Total state aid	4,769,433	4,796,599	4,802,039	5,440
Departmental	3,282,197	3,282,197	3,455,526	173,329
Services for Other Governments	1,760,192	1,760,192	982,955	(777,237)
Miscellaneous	32,734	32,734	34,113	1,379
Transfers from other funds	21,542,749	22,559,749	22,559,749	-
Amounts available for appropriations	34,123,475	35,330,641	34,590,270	(740,371)
Charges to appropriations (outflows):				
Transportation	24,277,042	22,951,514	21,852,366	1,099,148
Total charges to appropriations	24,277,042	22,951,514	21,852,366	1,099,148
Other Financing Uses				
Transfer to other funds	9,846,433	12,392,560	12,392,559	1
Total financing sources and uses	9,846,433	12,392,560	12,392,559	1
Budgetary fund balance, December 31	\$ -	\$ (13,433)	\$ 345,345	\$ 358,778

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
Road Machinery Fund
Year Ended December 31, 2012

	Budgeted Amounts		Non-GAAP Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Budgetary fund balance, January 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Departmental	5,704,485	5,154,485	4,876,752	(277,733)
Miscellaneous	478,268	537,983	454,886	(83,097)
Transfers from other funds	396,180	1,700,054	1,700,054	-
Amounts available for appropriations	<u>6,578,933</u>	<u>7,392,522</u>	<u>7,031,692</u>	<u>(360,830)</u>
Charges to appropriations (outflows):				
Transportation	6,578,933	7,471,696	7,163,206	308,490
Total charges to appropriations	<u>6,578,933</u>	<u>7,471,696</u>	<u>7,163,206</u>	<u>308,490</u>
Budgetary fund balance, December 31	<u>\$ -</u>	<u>\$ (79,174)</u>	<u>\$ (131,514)</u>	<u>\$ (52,340)</u>

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
Water Fund
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Non-GAAP</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
			<u>Amounts</u>	<u>(Unfavorable)</u>
Budgetary fund balance, January 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Departmental	8,924,834	8,924,834	9,370,754	445,920
Service for Other Governments	50,000	50,000	50,000	-
Interest on Investments	1,300	1,300	9,457	8,157
Miscellaneous	-	-	12,933	12,933
Amounts available for appropriation	<u>8,976,134</u>	<u>8,976,134</u>	<u>9,443,144</u>	<u>467,010</u>
Charges to appropriations (outflows):				
Home and Community Services	7,523,647	7,810,850	6,629,224	1,181,626
Nondepartmental:				
Transfer to other funds	<u>1,452,487</u>	<u>1,452,487</u>	<u>1,452,487</u>	<u>-</u>
Total charges to appropriations	<u>8,976,134</u>	<u>9,263,337</u>	<u>8,081,711</u>	<u>1,181,626</u>
Budgetary fund balance, December 31	<u>\$ -</u>	<u>\$ (287,203)</u>	<u>\$ 1,361,433</u>	<u>\$ 1,648,636</u>

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
Van Duyn Extended Care Fund
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Non-GAAP</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
			<u>Amounts</u>	<u>(Unfavorable)</u>
Budgetary fund balance, January 1	\$ 10,361,565	\$ 10,361,565	\$ -	\$ (10,361,565)
Resources (inflows):				
Departmental				
General government support	12,800	12,800	16,020	3,220
Health	16,184,716	16,184,716	17,619,963	1,435,247
Total departmental	<u>16,197,516</u>	<u>16,197,516</u>	<u>17,635,983</u>	<u>1,438,467</u>
Service for Other Governments				
Health	<u>24,363,504</u>	<u>24,363,504</u>	<u>42,018,813</u>	<u>17,655,309</u>
Interest on Investments	<u>-</u>	<u>-</u>	<u>24,563</u>	<u>24,563</u>
Miscellaneous	<u>59,703</u>	<u>59,703</u>	<u>56,725</u>	<u>(2,978)</u>
Amounts available for appropriation	<u>50,982,288</u>	<u>50,982,288</u>	<u>59,736,084</u>	<u>8,753,796</u>
Charges to appropriations (outflows):				
Health	50,414,781	50,762,806	50,933,816	(171,010)
Nondepartmental:				
Transfer to other funds	<u>567,507</u>	<u>567,507</u>	<u>567,507</u>	<u>-</u>
Total charges to appropriations	<u>50,982,288</u>	<u>51,330,313</u>	<u>51,501,323</u>	<u>(171,010)</u>
Budgetary fund balance, December 31	<u>\$ -</u>	<u>\$ (348,025)</u>	<u>\$ 8,234,761</u>	<u>\$ 8,582,786</u>

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
Library Fund
Year Ended December 31, 2012

	Budgeted Amounts		Non-GAAP	Variance
	Original	Final	Actual Amounts	Favorable (Unfavorable)
Budgetary fund balance, January 1	\$ 424,658	\$ 424,658	\$ -	\$ (424,658)
Resources (inflows):				
State Aid	963,230	1,050,620	1,023,910	(26,710)
Departmental	1,446,943	1,446,943	1,429,492	(17,451)
Service for Other Governments	6,430,993	6,430,993	6,385,909	(45,084)
Miscellaneous	177,601	177,601	160,241	(17,360)
Transfers from other funds	5,223,231	5,623,231	5,623,231	-
Amounts available for appropriation	14,666,656	15,154,046	14,622,783	(531,263)
Charges to appropriations (outflows):				
Culture and Recreation	14,180,691	14,721,506	13,921,055	800,451
Total charges to appropriations	14,180,691	14,721,506	13,921,055	800,451
Other Financing Uses				
Transfer to other funds	485,965	485,965	459,300	26,665
Total financing sources and uses	485,965	485,965	459,300	26,665
Budgetary fund balance, December 31	\$ -	\$ (53,425)	242,428	\$ 295,853
Unused project balances treated as revenues for financial reporting purposes			4,168	
Unused project balances treated as expenditures for financial reporting purposes			(132)	
Net change in fund balance-GAAP basis			\$ 246,464	

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
Library Grants Fund
Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Non-GAAP</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
			<u>Amounts</u>	<u>(Unfavorable)</u>
Budgetary fund balance, January 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Federal Aid	-	102,920	(87,080)	(190,000)
State Aid	320,305	596,588	355,261	(241,327)
Miscellaneous	-	36,600	36,600	-
Transfers from other funds	-	(4,036)	-	4,036
Amounts available for appropriation	<u>320,305</u>	<u>732,072</u>	<u>304,781</u>	<u>(427,291)</u>
Charges to appropriations (outflows):				
Culture and Recreation	<u>320,305</u>	<u>873,641</u>	<u>435,334</u>	<u>438,307</u>
Total charges to appropriations	<u>320,305</u>	<u>873,641</u>	<u>435,334</u>	<u>438,307</u>
Budgetary fund balance, December 31	<u>\$ -</u>	<u>\$ (141,569)</u>	(130,553)	<u>\$ 11,016</u>
Unused project balances treated as revenues for financial reporting purposes			132	
Unused project balances treated as expenditures for financial reporting purposes			<u>(4,168)</u>	
Net change in fund balance-GAAP basis			<u>\$ (134,589)</u>	

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
Community Development Fund
Year Ended December 31, 2012

	Budgeted Amounts		Non-GAAP Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Budgetary fund balance, January 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Federal Aid				
Health	-	6,304,235	2,136,192	(4,168,043)
Home and community services	3,209,592	9,665,702	2,194,872	(7,470,830)
Total federal aid	3,209,592	15,969,937	4,331,064	(11,638,873)
State Aid				
Home and community services	-	2,235,981	1,219,700	(1,016,281)
Departmental	-	(137,946)	58,300	196,246
Miscellaneous	-	(5,044)	1,440	6,484
Transfers from other funds	659,824	1,254,289	-	(1,254,289)
Amounts available for appropriation	3,869,416	19,317,217	5,610,504	(13,706,713)
Charges to appropriations (outflows):				
Home and Community Services	3,869,416	19,432,662	5,713,240	13,719,422
Total charges to appropriations	3,869,416	19,432,662	5,713,240	13,719,422
Budgetary fund balance, December 31	\$ -	\$ (115,445)	\$ (102,736)	\$ 12,709

COUNTY OF ONONDAGA, NEW YORK
Budgetary Comparison Schedule
Budget and Actual (Non-GAAP Budgetary Basis)
Debt Service Fund
Year Ended December 31, 2012

	Budgeted Amounts		Non-GAAP	Variance
	Original	Final	Actual Amounts	Favorable (Unfavorable)
Budgetary fund balance, January 1	\$ 9,027,068	\$ 9,027,068	\$ 9,027,068	\$ -
Resources (inflows):				
Transfers from other funds	36,914,195	59,594,819	57,626,288	(1,968,531)
Amounts available for appropriation	45,941,263	68,621,887	66,653,356	(1,968,531)
Charges to appropriations (outflows):				
General government support	7,143,203	10,588,703	10,575,450	13,253
Education	2,687,978	4,722,978	4,713,178	9,800
Public safety	7,371,132	7,371,132	7,371,132	-
Health	522,416	522,416	522,416	-
Transportation	7,350,350	21,237,974	21,275,503	(37,529)
Culture and recreation	1,618,325	1,618,325	1,618,325	-
Home and community services:				
Bear trap/Ley creek	102,875	102,875	102,875	-
Bloody brook	157,929	1,117,929	1,113,022	4,907
Central sanitary districts	18,051,744	20,054,244	19,689,021	365,223
Harbor brook	158,920	158,920	158,920	-
Meadow brook	553,904	903,904	860,499	43,405
Water fund	222,487	222,487	222,487	-
Total home and community services	19,247,859	22,560,359	22,146,824	413,535
Total charges to appropriations	45,941,263	68,621,887	68,222,828	399,059
Budgetary fund balance, December 31	\$ -	\$ -	(1,569,472)	\$ (1,569,472)
Interest revenue not considered for budgetary purposes			219,554	
Other financing sources not considered for budgetary purposes:				
Budgetary fund balance is not a current year revenue for budgetary purposes			(9,027,068)	
Bond premium			5,619,538	
Unused project balances treated as revenue for financial reporting purposes			75,345	
Participation in debt service external sources			666,894	
Net change in fund balance- GAAP basis			\$ (4,015,209)	

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STATISTICAL SECTION

(UNAUDITED)

County of Onondaga, New York
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Schedule 1

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Net invested in capital assets	\$ 695,813,404	\$ 700,264,987	\$ 746,413,156	\$ 816,829,338
Restricted	32,953,903	34,648,679	34,221,507	16,657,808
Unrestricted	(14,701,510)	8,287,249	(18,747,419)	3,693,628
Total governmental activities net position	<u>\$ 714,065,797</u>	<u>\$ 743,200,915</u>	<u>\$ 761,887,244</u>	<u>\$ 837,180,774</u>
Business-type activities				
Net invested in capital assets	\$ 12,796,490	\$ 11,975,368	\$ 11,073,722	\$ 10,115,911
Unrestricted	8,590,554	3,123,440	(3,449,148)	(3,930,483)
Total business-type activities net position	<u>\$ 21,387,044</u>	<u>\$ 15,098,808</u>	<u>\$ 7,624,574</u>	<u>\$ 6,185,428</u>
Primary government				
Net invested in capital assets	\$ 708,609,894	\$ 712,240,355	\$ 757,486,878	\$ 826,945,249
Restricted	32,953,903	34,648,679	34,221,507	16,657,808
Unrestricted	(6,110,956)	11,410,689	(22,196,567)	(236,855)
Total primary government net position	<u>\$ 735,452,841</u>	<u>\$ 758,299,723</u>	<u>\$ 769,511,818</u>	<u>\$ 843,366,202</u>

Note: In 2008 Van Duyn Fund was converted from an Enterprise Fund to a Special Revenue Fund

Fiscal Year

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 811,788,098	\$ 852,007,509	\$ 836,275,910	\$ 842,791,377	\$ 776,806,016	\$ 943,407,659
17,043,588	19,823,048	22,730,632	24,359,185	24,805,553	24,925,639
(16,671,873)	(93,367,529)	(128,645,326)	(165,018,646)	(120,866,799)	(291,587,619)
<u>\$ 812,159,813</u>	<u>\$ 778,463,028</u>	<u>\$ 730,361,216</u>	<u>\$ 702,131,916</u>	<u>\$ 680,744,770</u>	<u>\$ 676,745,679</u>
\$ 9,583,811	\$ -	\$ -	\$ -	\$ -	\$ -
(7,503,241)	-	-	-	-	-
<u>\$ 2,080,570</u>	<u>\$ -</u>				
\$ 821,371,909	\$ 852,007,509	\$ 836,275,910	\$ 842,791,377	\$ 776,806,016	\$ 943,407,659
17,043,588	19,823,048	22,730,632	24,359,185	24,805,553	24,925,639
(24,175,114)	(93,367,529)	(128,645,326)	(165,018,646)	(120,866,799)	(291,587,619)
<u>\$ 814,240,383</u>	<u>\$ 778,463,028</u>	<u>\$ 730,361,216</u>	<u>\$ 702,131,916</u>	<u>\$ 680,744,770</u>	<u>\$ 676,745,679</u>

County of Onondaga, New York
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Schedule 2

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Governmental activities:				
General government support	\$ 53,706,355	\$ 55,124,689	\$ 53,209,794	\$ 198,049,372
Education	40,147,705	45,882,384	55,538,478	52,893,841
Public safety	92,301,423	100,069,769	104,806,261	102,098,062
Health	48,561,044	48,966,452	47,092,053	47,862,668
Transportation	34,412,727	42,822,711	48,375,886	40,492,055
Economic assistance and opportunity	251,390,162	262,894,485	245,813,867	251,375,443
Culture and recreation	28,034,518	19,536,764	29,754,915	32,317,242
Home and community services	66,499,994	68,966,456	74,894,347	40,866,396
Interest on long-term debt	13,990,110	13,236,295	13,980,373	17,135,664
Total governmental activities expenses	<u>629,044,038</u>	<u>657,500,005</u>	<u>673,465,974</u>	<u>783,090,743</u>
Business-type activities:				
Long term care	37,319,214	40,033,404	40,414,138	40,835,455
Total business-type activities expenses	<u>37,319,214</u>	<u>40,033,404</u>	<u>40,414,138</u>	<u>40,835,455</u>
Total primary government expenses	<u>\$ 666,363,252</u>	<u>\$ 697,533,409</u>	<u>\$ 713,880,112</u>	<u>\$ 823,926,198</u>
Program Revenues				
Governmental activities:				
Charges for services	\$ 139,764,555	\$ 138,961,942	\$ 125,788,836	\$ 131,892,315
Operating grants and contributions	207,902,176	200,501,906	198,907,888	201,629,887
Capital grants and contributions	21,078,301	55,674,881	32,626,718	25,946,323
Total governmental activities program revenues	<u>368,745,032</u>	<u>395,138,729</u>	<u>357,323,442</u>	<u>359,468,525</u>
Business-type activities:				
Charges for services	34,004,898	33,445,229	32,515,528	36,136,604
Operating grants and contributions	-	-	-	710,941
Capital grants and contributions	83,199	3,434	6,705	300
Total business-type activities program revenues	<u>34,088,097</u>	<u>33,448,663</u>	<u>32,522,233</u>	<u>36,847,845</u>
Total primary government program revenues	<u>\$ 402,833,129</u>	<u>\$ 428,587,392</u>	<u>\$ 389,845,675</u>	<u>\$ 396,316,370</u>
Net (Expense)/Revenue				
Governmental activities	\$(260,299,006)	\$(262,361,276)	\$(316,142,532)	\$(423,622,218)
Business-type activities	(3,231,117)	(6,584,741)	(7,891,905)	(3,987,610)
Total primary government net expense	<u>\$(263,530,123)</u>	<u>\$(268,946,017)</u>	<u>\$(324,034,437)</u>	<u>\$(427,609,828)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Real property taxes	\$ 168,211,878	\$ 182,136,568	\$ 187,830,049	\$ 190,835,482
Sales tax and use tax	83,309,067	97,649,876	131,500,537	291,775,749
Investment earnings	3,939,688	3,891,986	7,282,751	10,821,336
Tobacco settlement proceeds	8,177,745	7,797,964	7,908,009	7,243,015
Participation in debt service-external sources	96,540	20,000	307,515	128,186
Sale of receivables	-	-	-	-
Special item (ONCENTER transfer)	-	-	-	-
Transfers and County contributions	-	-	-	(1,888,020)
Total governmental activities	<u>263,734,918</u>	<u>291,496,394</u>	<u>334,828,861</u>	<u>498,915,748</u>
Business-type activities:				
Investment earnings	141,809	135,093	131,648	97,762
Other revenue	159,411	158,963	288,472	562,682
Transfers and County contributions	-	-	-	1,888,020
Total business-type activities	<u>301,220</u>	<u>294,056</u>	<u>420,120</u>	<u>2,548,464</u>
Total primary government	<u>\$ 264,036,138</u>	<u>\$ 291,790,450</u>	<u>\$ 335,248,981</u>	<u>\$ 501,464,212</u>
Change in Net Position				
Governmental activities	\$ 3,435,912	\$ 29,135,118	\$ 18,686,329	\$ 75,293,530
Business-type activities	(2,929,897)	(6,290,685)	(7,471,785)	(1,439,146)
Total primary government	<u>\$ 506,015</u>	<u>\$ 22,844,433</u>	<u>\$ 11,214,544</u>	<u>\$ 73,854,384</u>

Note: In 2008 Van Dyyn Fund was converted from an Enterprise Fund to a Special Revenue Fund

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 258,077,035	\$ 218,159,741	\$ 218,932,637	\$ 230,998,064	\$ 168,264,794	\$ 167,937,434
59,975,854	56,115,210	57,018,115	65,147,736	67,898,863	51,230,463
120,830,256	131,896,522	127,630,857	139,640,552	141,546,415	151,420,062
50,465,103	105,762,977	101,141,630	100,695,505	109,899,660	123,164,947
40,683,043	42,074,051	38,522,292	35,937,447	41,477,441	44,554,903
249,502,570	262,786,203	255,717,572	258,479,081	283,357,681	304,096,029
33,395,710	47,748,717	35,388,697	35,214,223	35,394,512	38,422,777
72,756,451	75,444,171	90,521,110	60,919,353	85,755,517	85,256,094
18,020,424	18,174,279	18,694,633	19,072,029	22,144,792	21,816,079
<u>903,706,446</u>	<u>958,161,871</u>	<u>943,567,543</u>	<u>946,103,990</u>	<u>955,739,675</u>	<u>987,898,788</u>
45,739,288	-	-	-	-	-
45,739,288	-	-	-	-	-
<u>\$ 949,445,734</u>	<u>\$ 958,161,871</u>	<u>\$ 943,567,543</u>	<u>\$ 946,103,990</u>	<u>\$ 955,739,675</u>	<u>\$ 987,898,788</u>
\$ 146,275,075	\$ 197,066,748	\$ 180,621,469	\$ 179,931,127	\$ 200,299,414	\$ 211,473,766
196,985,978	199,017,801	215,666,695	213,038,907	213,197,032	214,295,520
32,851,548	19,934,877	11,398,419	17,979,648	30,235,526	55,211,478
<u>376,112,601</u>	<u>416,019,426</u>	<u>407,686,583</u>	<u>410,949,682</u>	<u>443,731,972</u>	<u>480,980,764</u>
36,115,472	-	-	-	-	-
335,771	-	-	-	-	-
-	-	-	-	-	-
36,451,243	-	-	-	-	-
<u>\$ 412,563,844</u>	<u>\$ 416,019,426</u>	<u>\$ 407,686,583</u>	<u>\$ 410,949,682</u>	<u>\$ 443,731,972</u>	<u>\$ 480,980,764</u>
\$(527,593,845)	\$(542,142,445)	\$(535,880,960)	\$(535,154,308)	\$(512,007,703)	\$(506,918,024)
(9,288,045)	-	-	-	-	-
<u>\$(536,881,890)</u>	<u>\$(542,142,445)</u>	<u>\$(535,880,960)</u>	<u>\$(535,154,308)</u>	<u>\$(512,007,703)</u>	<u>\$(506,918,024)</u>
\$ 193,684,291	\$ 189,794,554	\$ 178,297,034	\$ 192,525,831	\$ 164,188,059	\$ 161,254,615
293,999,988	300,164,040	284,918,896	304,589,655	316,703,720	332,217,015
11,901,336	7,859,241	3,385,671	2,349,606	2,146,754	1,757,948
7,529,850	8,358,345	7,806,998	7,055,112	6,688,826	6,821,381
457,419	188,910	284,461	404,804	893,198	666,894
-	-	13,086,088	-	-	-
-	-	-	-	-	201,080
(5,000,000)	-	-	-	-	-
<u>502,572,884</u>	<u>506,365,090</u>	<u>487,779,148</u>	<u>506,925,008</u>	<u>490,620,557</u>	<u>502,918,933</u>
11,761	-	-	-	-	-
171,426	-	-	-	-	-
5,000,000	-	-	-	-	-
5,183,187	-	-	-	-	-
<u>\$ 507,756,071</u>	<u>\$ 506,365,090</u>	<u>\$ 487,779,148</u>	<u>\$ 506,925,008</u>	<u>\$ 490,620,557</u>	<u>\$ 502,918,933</u>
\$ (25,020,961)	\$ (35,777,355)	\$ (48,101,812)	\$ (28,229,300)	\$ (21,387,146)	\$ (3,999,091)
(4,104,858)	-	-	-	-	-
<u>\$ (29,125,819)</u>	<u>\$ (35,777,355)</u>	<u>\$ (48,101,812)</u>	<u>\$ (28,229,300)</u>	<u>\$ (21,387,146)</u>	<u>\$ (3,999,091)</u>

County of Onondaga, New York
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 3

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved	\$ 3,926,031	\$ 6,166,145	\$ 5,445,826	\$ 6,015,265
Unreserved	54,454,438	45,691,399	60,027,419	78,340,121
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 58,380,469</u>	<u>\$ 51,857,544</u>	<u>\$ 65,473,245</u>	<u>\$ 84,355,386</u>
Water Environment Protection Fund				
Reserved	\$ 2,364,169	\$ 2,716,507	\$ 2,838,910	\$ 2,761,504
Unreserved	35,617,011	38,298,915	39,122,352	40,619,873
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Total water environment protection fund	<u>\$ 37,981,180</u>	<u>\$ 41,015,422</u>	<u>\$ 41,961,262</u>	<u>\$ 43,381,377</u>
Debt Service Fund				
Reserved	\$ 33,902,624	\$ 30,965,495	\$ 29,970,705	\$ 31,225,328
Restricted	-	-	-	-
Assigned	-	-	-	-
Total debt service fund	<u>\$ 33,902,624</u>	<u>\$ 30,965,495</u>	<u>\$ 29,970,705</u>	<u>\$ 31,225,328</u>
Capital Projects Fund				
Reserved	\$ 32,362,479	\$ 76,336,401	\$ 102,343,879	\$ 57,862,062
Unreserved	(10,836,488)	(52,160,014)	(62,115,042)	(36,866,958)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned	-	-	-	-
Total capital projects fund	<u>\$ 21,525,991</u>	<u>\$ 24,176,387</u>	<u>\$ 40,228,837</u>	<u>\$ 20,995,104</u>
All Other Governmental Funds				
Reserved	\$ 14,525,872	\$ 14,454,429	\$ 15,447,379	\$ 15,304,947
Unreserved, reported in:				
Special revenue funds	6,153,997	5,486,117	5,380,328	3,187,362
Debt service funds	52,524	70,832	69,421	77,680
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 20,732,393</u>	<u>\$ 20,011,378</u>	<u>\$ 20,897,128</u>	<u>\$ 18,569,989</u>

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 6,086,167	\$ 4,838,089	\$ 5,292,050	\$ 7,808,464	\$ -	\$ -
74,262,985	65,874,512	69,373,888	76,719,455	-	-
-	-	-	-	5,286,175	7,434,194
-	-	-	-	28,919,636	25,068,778
-	-	-	-	64,988,261	67,287,910
<u>\$ 80,349,152</u>	<u>\$ 70,712,601</u>	<u>\$ 74,665,938</u>	<u>\$ 84,527,919</u>	<u>\$ 99,194,072</u>	<u>\$ 99,790,882</u>
\$ 2,486,295	\$ 2,101,093	\$ 1,771,573	\$ 1,503,554	\$ -	\$ -
40,982,235	38,338,151	37,444,904	35,307,697	-	-
-	-	-	-	638,350	920,616
-	-	-	-	34,737,761	36,693,395
<u>\$ 43,468,530</u>	<u>\$ 40,439,244</u>	<u>\$ 39,216,477</u>	<u>\$ 36,811,251</u>	<u>\$ 35,376,111</u>	<u>\$ 37,614,011</u>
\$ 33,510,895	\$ 36,108,118	\$ 41,723,821	\$ 42,165,109	\$ -	\$ -
-	-	-	-	40,817,343	14,073,346
-	-	-	-	-	22,728,788
<u>\$ 33,510,895</u>	<u>\$ 36,108,118</u>	<u>\$ 41,723,821</u>	<u>\$ 42,165,109</u>	<u>\$ 40,817,343</u>	<u>\$ 36,802,134</u>
\$ 41,885,429	\$ 36,932,658	\$ 42,216,680	\$ 60,284,561	\$ -	\$ -
(1,075,381)	(36,619,459)	(25,744,491)	(35,138,763)	-	-
-	-	-	-	-	2,807
-	-	-	-	7,436,576	2,222,194
-	-	-	-	-	(26,333,991)
<u>\$ 40,810,048</u>	<u>\$ 313,199</u>	<u>\$ 16,472,189</u>	<u>\$ 25,145,798</u>	<u>\$ 7,436,576</u>	<u>\$ (24,108,990)</u>
\$ 16,369,235	\$ 18,401,521	\$ 14,243,221	\$ 15,213,437	\$ -	\$ -
4,517,444	17,007,295	12,210,553	5,587,796	-	-
77,680	83,409	90,558	103,728	-	-
-	-	-	-	1,430,751	2,064,580
-	-	-	-	-	8,630,099
-	-	-	-	26,301,155	26,012,076
-	-	-	-	-	(202,727)
<u>\$ 20,964,359</u>	<u>\$ 35,492,225</u>	<u>\$ 26,544,332</u>	<u>\$ 20,904,961</u>	<u>\$ 27,731,906</u>	<u>\$ 36,504,028</u>

County of Onondaga, New York
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 4

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues				
Real property taxes and tax items	\$ 171,826,241	\$ 181,500,811	\$ 187,399,916	\$ 192,479,527
Sales tax and use tax	83,309,067	97,649,876	131,500,537	291,775,749
Federal aid	113,396,967	107,883,672	103,029,145	105,419,994
State aid	115,583,510	148,293,115	128,505,461	122,156,216
Departmental	84,648,161	85,623,412	85,193,745	89,680,125
Services for other governments	24,441,877	27,518,666	26,927,638	28,046,479
Tobacco settlement proceeds	8,177,745	7,797,964	7,908,009	7,243,015
Interest on investments	3,848,358	3,772,237	7,056,003	10,538,549
Miscellaneous	19,158,819	17,591,642	7,329,185	7,812,217
Sale of receivables	-	-	-	-
Total revenues	<u>624,390,745</u>	<u>677,631,395</u>	<u>684,849,639</u>	<u>855,151,871</u>
Expenditures				
General government	35,314,694	38,991,724	42,658,045	190,675,941
Education	39,336,174	43,609,654	43,533,866	44,514,055
Public safety	91,746,434	97,717,297	104,074,314	107,715,803
Health	48,607,625	49,532,695	47,082,258	48,097,289
Transportation	22,149,278	22,493,795	22,687,412	23,275,885
Economic assistance and opportunity	254,134,521	260,357,398	245,747,262	251,385,306
Culture and recreation	25,882,844	26,223,679	27,277,029	28,470,612
Home and community services	57,337,081	57,214,807	62,181,444	63,843,619
Capital outlay	86,161,445	69,071,826	92,462,293	113,674,114
Debt service:				
Principal	14,364,297	16,989,705	18,412,632	21,543,166
Interest	13,932,017	13,145,112	13,690,254	14,687,096
Total expenditures	<u>688,966,410</u>	<u>695,347,692</u>	<u>719,806,809</u>	<u>907,882,886</u>
Excess of revenues over (under) expenditures	<u>(64,575,665)</u>	<u>(17,716,297)</u>	<u>(34,957,170)</u>	<u>(52,731,015)</u>
Other Financing Sources (Uses)				
Transfers in	52,143,744	52,639,067	90,243,708	74,681,596
Transfers out	(52,143,777)	(52,639,067)	(90,243,708)	(76,569,616)
Proceeds of long-term borrowings	33,060,000	18,000,000	728,630,000	35,000,000
Refunding bond	18,630,000	-	-	-
Payments to refund bond escrow agent	(18,630,000)	-	(18,990,501)	-
Participation in debt service-external sources	21,436,962	(4,813,904)	25,597,355	19,568,179
Debt issuance costs	-	-	(836,558)	-
Bond discount	-	-	(669,227,856)	-
Bond premium	481,160	33,770	289,681	38,665
Special item (ONCENTER transfer)	-	-	-	-
Total other financing sources (uses)	<u>54,978,089</u>	<u>13,219,866</u>	<u>65,462,121</u>	<u>52,718,824</u>
Net change in fund balance	<u>\$ (9,597,576)</u>	<u>\$ (4,496,431)</u>	<u>\$ 30,504,951</u>	<u>\$ (12,191)</u>

Debt service as a percentage of noncapital expenditures

4.7% 4.8% 5.1% 4.6%

Fiscal Year

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 193,113,915	\$ 185,570,483	\$ 185,104,195	\$ 185,255,928	\$ 159,906,576	\$ 157,356,977
293,999,988	300,164,040	284,918,896	304,589,655	316,703,720	332,217,015
97,933,889	83,694,221	105,752,832	114,096,923	118,766,975	127,052,967
131,903,637	135,258,457	121,312,282	116,921,632	124,665,583	142,454,031
94,014,080	110,230,846	110,692,394	109,832,564	119,803,507	124,833,575
28,552,339	73,261,416	51,729,312	48,435,161	67,633,604	70,159,905
7,529,850	8,358,345	7,806,998	7,055,112	6,688,826	6,821,381
11,435,825	7,450,197	3,242,129	2,273,276	2,075,438	1,699,737
9,790,569	9,907,113	10,240,104	9,769,465	14,213,726	13,388,065
-	-	13,086,088	-	-	-
<u>868,274,092</u>	<u>913,895,118</u>	<u>893,885,230</u>	<u>898,229,716</u>	<u>930,457,955</u>	<u>975,983,653</u>
193,104,467	198,408,248	197,846,093	195,855,982	150,645,016	143,436,270
48,253,633	51,383,514	51,636,672	51,284,124	47,952,884	39,572,323
108,693,796	114,988,343	112,475,714	123,386,485	122,444,760	131,927,650
50,496,551	94,432,295	95,871,458	87,784,835	99,230,390	114,665,022
25,849,968	26,363,171	24,967,034	24,364,447	26,982,740	25,696,539
247,184,758	255,156,067	249,041,562	250,929,288	276,596,788	296,129,276
29,028,545	29,944,767	29,676,868	29,252,876	29,150,063	30,352,729
66,133,298	68,102,328	70,027,487	67,870,619	70,676,114	66,608,800
98,433,440	87,598,359	72,366,843	91,379,812	104,939,126	167,688,051
21,888,221	25,138,438	28,284,206	24,080,873	27,381,800	33,136,216
15,338,992	16,155,774	16,305,652	17,846,002	19,857,818	19,206,417
<u>904,405,669</u>	<u>967,671,304</u>	<u>948,499,589</u>	<u>964,035,343</u>	<u>975,857,499</u>	<u>1,068,419,293</u>
<u>(36,131,577)</u>	<u>(53,776,186)</u>	<u>(54,614,359)</u>	<u>(65,805,627)</u>	<u>(45,399,544)</u>	<u>(92,435,640)</u>
79,297,472	89,026,390	73,635,007	66,137,762	73,898,633	84,253,948
(84,297,472)	(89,026,390)	(73,635,007)	(66,137,762)	(73,898,633)	(84,253,948)
25,600,000	-	61,725,000	53,625,000	33,755,000	51,425,000
-	-	33,345,000	-	-	20,615,000
-	-	(36,558,388)	-	-	(22,680,624)
35,431,293	13,374,962	4,498,508	19,087,111	9,987,427	13,301,703
-	-	-	-	-	-
-	-	-	-	-	-
684,282	-	7,161,609	4,025,795	2,658,087	5,619,538
-	-	-	-	-	201,080
<u>56,715,575</u>	<u>13,374,962</u>	<u>70,171,729</u>	<u>76,737,906</u>	<u>46,400,514</u>	<u>68,481,697</u>
<u>\$ 20,583,998</u>	<u>\$ (40,401,224)</u>	<u>\$ 15,557,370</u>	<u>\$ 10,932,279</u>	<u>\$ 1,000,970</u>	<u>\$ (23,953,943)</u>

4.6%

4.7%

5.1%

4.8%

5.4%

5.8%

COUNTY OF ONONDAGA, NEW YORK
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
Schedule 5

Fiscal Year Ended	<u>REAL PROPERTY</u>		<u>EXEMPTIONS</u>		<u>TAXABLE</u>		Taxable Assessed Value To Full Value	Per \$1,000 Full Value Tax Rate
	<u>Assessed Value</u>	<u>Full Value</u>	<u>Assessed Value</u>	<u>Full Value</u>	<u>Assessed Value</u>	<u>Full Value</u>		
2003	18,687,257	22,865,750	5,805,631	6,429,360	12,881,626	16,436,390	78.37%	8.68
2004	21,304,036	25,815,758	6,154,750	6,810,315	15,149,286	19,005,443	79.71%	9.06
2005	22,024,988	26,705,334	6,252,097	6,973,119	15,772,891	19,732,215	79.93%	8.86
2006	23,689,104	28,626,155	6,474,734	7,171,432	17,214,370	21,454,723	80.24%	8.52
2007	24,454,054	30,020,864	6,600,481	7,341,042	17,853,573	22,679,822	78.72%	7.91
2008	25,152,667	31,140,839	6,685,505	7,494,265	18,467,162	23,646,574	78.10%	7.28
2009	25,720,169	31,816,504	6,171,957	7,039,201	19,548,212	24,777,303	78.90%	7.02
2010	25,954,729	31,971,757	6,228,214	7,084,921	19,726,515	24,886,836	79.26%	7.04
2011	28,510,192	32,283,535	6,507,879	7,244,642	22,002,313	25,038,893	87.87%	5.82
2012	28,839,884	32,727,383	7,302,159	7,302,159	21,537,725	25,425,224	84.71%	5.56

COUNTY OF ONONDAGA, NEW YORK
Principal Property Taxpayers
Current Year and Nine Years Ago
Schedule 6

<u>TAXPAYER</u>	<u>2012</u>			<u>2003</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage Of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage Of Total Taxable Assessed Value</u>
National Grid / Niagara Mohawk	\$ 738,486,630	1	2.76%	\$ 647,181,017	1	3.42%
VERIZON / NY Telephone Co.	194,044,918	2	0.73%	154,214,489	2	0.81%
HUB Properties Trust	69,531,632	3	0.26%	-	-	-
Wegmans Food Markets	55,530,892	4	0.21%	36,356,000	5	0.19%
Shoppingtown Mall LP	53,621,400	5	0.20%	52,521,000	3	0.28%
Bristol Myers Squibb	44,691,800	6	0.17%	37,202,600	4	0.20%
Great Northern Holdings	38,856,913	7	0.15%	-	-	-
Syracuse Mob LLC	26,804,734	8	0.10%	-	-	-
Nob Hill of Syracuse Apartments	21,584,994	9	0.08%	18,208,900	10	0.10%
Aldi Inc.	21,215,000	10	0.08%	-	-	-
Carrier Corporation	-	-	-	27,213,000	6	0.14%
Home Properties	-	-	-	26,974,700	7	0.14%
New Process Gear, Inc.	-	-	-	22,000,000	8	0.12%
Crucible Materials	-	-	-	20,215,000	9	0.11%
Total	<u>\$ 1,264,368,913</u>		<u>4.74%</u>	<u>\$ 1,042,086,706</u>		<u>5.51%</u>

COUNTY OF ONONDAGA, NEW YORK
Property Tax Levies and Collections
Last Ten Fiscal Years
Schedule 7

<u>Fiscal Year Ended</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>			<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>	<u>Amount</u>	<u>Percentage of Levy</u>
2003	\$ 274,649,355	\$ 264,694,937	96.38%	\$ 9,367,963	274,012,394	99.77%
2004	297,421,392	287,764,386	96.75%	8,935,936	296,700,322	99.76%
2005	300,860,868	291,355,908	96.84%	8,807,663	300,163,571	99.77%
2006	311,639,215	301,888,439	96.87%	8,760,952	310,649,391	99.68%
2007	327,022,143	316,589,528	96.81%	8,443,817	325,033,345	99.39%
2008	334,648,785	321,878,456	96.18%	10,095,217	331,973,673	99.20%
2009	341,497,443	334,543,258	97.96%	3,170,249	337,713,507	98.89%
2010	353,325,744	337,992,603	95.66%	9,668,876	347,661,479	98.40%
2011	377,756,416	362,859,235	96.06%	5,179,906	368,039,141	97.43%
2012	387,239,302	372,065,190	96.08%	-	372,065,190	96.08%

COUNTY OF ONONDAGA, NEW YORK
Overlapping and Underlying Governmental Activities Debt
As of December 31, 2012
(dollars in thousands)
Schedule 8

<u>GOVERNMENTAL UNIT</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>
County of Onondaga	\$ 461,049	29.84%
Total Overlapping Debt	<u>\$ 461,049</u>	<u>29.84%</u>
Political subdivisions within Onondaga County:		
Towns (as of 12/31/2011)	\$ 65,132	4.21%
Villages (as of 5/31/2012)	44,383	2.87%
School districts (as of 6/30/2012)	591,850	38.30%
City of Syracuse and city schools (as of 5/16/2012)	361,380	23.39%
Fire districts (as of 12/31/2011)	21,497	1.39%
Total Underlying Debt	<u>\$ 1,084,242</u>	<u>70.16%</u>
Total Overlapping and Underlying Debt	\$ 1,545,291	100.00%

COUNTY OF ONONDAGA, NEW YORK
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)
Schedule 9

	<u>Fiscal Year</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$1,140,803	\$1,160,205	\$ 1,187,041	\$1,229,383	\$1,283,825	\$1,331,236	\$1,523,511	\$1,632,193	\$1,701,089	\$1,747,508
Total net debt applicable to limit	125,313	131,326	122,381	138,124	146,085	119,427	159,798	184,570	192,911	218,412
Legal debt margin	<u>\$1,015,490</u>	<u>\$1,028,879</u>	<u>\$ 1,064,660</u>	<u>\$1,091,259</u>	<u>\$1,137,740</u>	<u>\$1,211,809</u>	<u>\$1,363,713</u>	<u>\$1,447,623</u>	<u>\$1,508,178</u>	<u>\$1,529,096</u>
Total net debt applicable to the limit as a percentage of debt limit	10.98%	11.32%	10.31%	11.24%	11.38%	8.97%	10.49%	11.31%	11.34%	12.50%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value - 5 year average	<u>\$24,964,402</u>
Legal debt margin:	
Debt limit (7% of total assessed value)	1,747,508
Debt applicable to limit:	
General obligation bonds	461,049
Less: Excludable debt	(224,276)
Amount set aside for repayment of general obligation debt	<u>(18,361)</u>
Total net debt applicable to limit	<u>218,412</u>
Legal debt margin	<u><u>\$1,529,096</u></u>

COUNTY OF ONONDAGA, NEW YORK
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)
Schedule 10

General Bonded Debt Outstanding

Fiscal Year	General Obligation Bonds	BANs Payable	Percentage of Actual Taxable		Per Capita
			Value of Property		
2003	\$ 150,426	\$ 37,139	0.99%	\$	407
2004	155,385	23,299	0.94%		387
2005	150,167	26,153	0.89%		383
2006	169,840	14,750	0.86%		400
2007	181,058	-	0.80%		393
2008	164,447	7,723	0.73%		371
2009	208,836	10,907	0.89%		472
2010	247,195	-	0.99%		529
2011	262,222	-	1.05%		561
2012	289,604	-	1.14%		620

Other Governmental Activities Debt

Fiscal Year	OTASC Bonds	E-911 Loans	EFC Loans	Total Other Bonds and Loans	Total Primary Government	Percentage of Personal Income	Per Capita
2003	\$ 108,380	\$ 835	\$ 78,102	\$ 187,317	\$ 374,882	1.22%	\$ 813
2004	106,865	720	71,832	179,417	358,101	1.12%	776
2005	136,667	630	94,520	231,817	408,137	1.23%	886
2006	134,877	6,540	124,295	265,712	450,302	1.29%	977
2007	132,977	-	145,538	278,515	459,573	1.23%	996
2008	137,608	-	148,745	286,353	458,523	1.16%	989
2009	133,898	-	145,573	279,471	499,214	1.30%	1,072
2010	134,349	-	163,294	297,643	544,838	1.37%	1,167
2011	135,228	-	164,892	300,120	562,342	1.36%	1,203
2012	136,056	-	171,444	307,500	597,104	1.44%	1,279

COUNTY OF ONONDAGA, NEW YORK
Demographic and Economic Statistics
Last Ten Calendar Years
Schedule 11

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2003	460,961	30,667	73,563	5.1%
2004	461,412	31,870	73,055	5.1%
2005	460,910	33,181	73,367	4.5%
2006	460,925	34,947	71,871	4.4%
2007	461,287	37,490	72,564	4.1%
2008	463,472	39,443	71,375	5.2%
2009	465,633	38,357	70,768	7.7%
2010	467,026	39,814	69,891	8.1%
2011	467,542	41,389	70,650	7.7%
2012	466,852	41,389	67,881	8.1%

COUNTY OF ONONDAGA, NEW YORK
Principal Employers
Current Year and Nine Years Ago
Schedule 12

<u>Employer</u>	<u>2012</u>			<u>2003</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of County Employment</u>
SUNY Upstate Medical University	9,457	1	4.47%	5,500	1	2.24%
Syracuse University	5,189	2	2.45%	5,250	2	2.14%
Wegmans Food Markets	4,100	3	1.94%	4,250	3	1.73%
St. Joseph's Hospital Health Center	3,400	4	1.61%	3,250	5	1.33%
Crouse Hospital	2,700	5	1.28%	1,750	9	0.71%
Loretto	2,700	6	1.28%	-	-	-
Lockheed Martin Corporation	2,300	7	1.09%	2,250	8	0.92%
Raymour and Flannigan	1,900	8	0.90%	-	-	-
National Grid/Niagara Mohawk	1,809	9	0.86%	2,700	7	1.10%
Carrier Corp.	1,600	10	0.76%	2,750	6	1.12%
Magna Drivetrain-New Process Gear Inc	-	-	-	3,750	4	1.53%
P & C Food Markets	-	-	-	1,750	10	0.71%
Total	<u>35,155</u>		<u>16.63%</u>	<u>33,200</u>		<u>13.55%</u>

COUNTY OF ONONDAGA, NEW YORK
Full-time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years
Schedule 13

Full -time Employees as of January 1

Function/Program	2003	2004	2005	2006	2007
County clerk	35	38	38	38	36
County comptroller	36	38	36	35	36
County executive	11	11	11	10	11
County legislature	24	26	26	26	26
District attorney	93	99	94	95	95
Elections board	15	16	16	17	17
Facilities management	108	108	115	112	115
Finance, management and budget	36	34	30	32	32
Information technology	63	74	73	72	74
Law department	44	44	43	42	42
Personnel department	30	26	29	25	26
Purchasing department	18	18	15	14	14
General Government Support	513	532	526	518	524
Corrections	199	196	187	188	188
Emergency communications	130	137	139	141	144
Emergency management	5	6	7	7	7
Probation	136	137	134	135	136
Sheriff civil	330	331	321	326	327
Sheriff custody	280	282	278	274	279
STOP DWI	1	1	1	0	0
Public Safety	1,081	1,090	1,067	1,071	1,081
Health	378	383	370	363	355
LTC community services	14	12	13	11	11
LTC Van Ddyn	551	570	545	545	531
Mental health department	91	92	85	86	85
Health	1,034	1,057	1,013	1,005	982
Transportation	206	204	199	190	189
Transportation	206	204	199	190	189
Economic development	3	3	6	6	6
Job training administration	9	8	8	7	7
Social services department	801	749	728	730	727
Veterans service agency	3	3	2	2	3
Economic Assistance	816	763	744	745	743
Aging and youth	19	18	18	17	17
Onondaga public libraries	64	60	58	59	59
Syracuse branch libraries	57	60	59	61	57
Parks and recreation	114	116	111	117	117
Culture & Recreation	254	254	246	254	250
Community development	12	12	13	13	12
Human rights commission	5	4	4	4	4
Office of the environment	1	1	1	1	1
Onondaga planning agency	14	17	16	15	16
Water board	36	36	38	38	38
Water environment protection	367	371	383	387	386
Home & Community Services	435	441	455	458	457
Total	4,339	4,341	4,250	4,241	4,226

Source: Management and Budget

COUNTY OF ONONDAGA, NEW YORK
Full-time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years
Schedule 13

Full -time Employees as of January 1

Function/Program	2008	2009	2010	2011	2012
County clerk	39	38	37	35	35
County comptroller	36	37	33	31	31
County executive	9	13	10	11	11
County legislature	27	26	27	24	24
District attorney	100	97	94	93	93
Elections board	17	20	15	16	16
Facilities management	107	103	92	103	103
Finance, management and budget	31	29	28	27	27
Information technology	76	75	74	74	74
Law department	38	40	40	38	38
Personnel department	25	26	21	27	27
Purchasing department	12	15	13	16	16
General Government Support	517	519	484	495	495
Corrections	189	192	192	180	180
Emergency communications	145	149	148	137	137
Emergency management	7	7	5	6	6
Probation	140	145	119	87	107
Sheriff civil	285	300	294	263	263
Sheriff custody	276	278	284	277	277
STOP DWI	0	0	0	0	0
Public Safety	1,042	1,071	1,042	950	970
Health	364	371	359	297	297
LTC community services	14	16	15	0	0
LTC Van Duyn	559	525	525	504	504
Mental health department	80	80	80	53	53
Health	1,017	992	979	854	854
Transportation	197	195	177	163	163
Transportation	197	195	177	163	163
Economic development	7	7	5	6	6
Job training administration	6	6	4	2	2
Social services department	733	727	683	690	690
Veterans service agency	2	3	3	3	3
Economic Assistance	748	743	695	701	701
Aging and youth	18	19	17	18	18
Onondaga public libraries	56	57	57	55	55
Syracuse branch libraries	54	60	59	53	53
Parks and recreation	119	117	103	86	86
Culture & Recreation	247	253	236	212	212
Community development	13	13	16	17	17
Human rights commission	4	4	0	0	0
Office of the environment	1	1	1	1	1
Onondaga planning agency	16	17	16	14	14
Water board	35	36	37	25	25
Water environment protection	387	387	377	370	370
Home & Community Services	456	458	447	427	427
Total	4,224	4,231	4,060	3,802	3,822

Source: Management and Budget

COUNTY OF ONONDAGA, NEW YORK
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
Schedule 14

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police protection										
Number of police personnel and officers	585	585	585	540	530	538	537	516	502	499
Number of police vehicles	174	174	199	199	199	206	206	209	208	210
Number of stations	8	8	8	7	7	8	8	8	7	7
Highways										
Miles of streets maintained	802	802	802	857	857	792	792	792	793	793
Road signs installed	1,100	794	854	957	1,025	853	1,105	923	1,168	1,180
Signal lights	88	89	90	93	93	98	100	101	102	102
Parks and recreation										
Athletic fields	14	14	14	14	14	14	14	14	14	14
Miles of hiking trails	56	56	56	56	56	56	56	56	56	56
Park acreage	6,580	6,580	6,580	6,580	6,580	6,580	6,580	6,580	6,580	6,580
Parks and museums	13	13	13	13	13	13	13	13	13	13
Water environment protection										
Average design capacity of treatment plants in gallons (in thousands)	112,000	112,000	112,000	117,000	116,200	116,200	119,700	119,700	119,700	119,700
Miles of sanitary sewers	3,028	3,028	3,028	3,037	3,047	3,060	3,065	3,065	3,067	3,072
Number of pumping stations	120	120	120	140	150	148	149	149	151	153
Number of sewer units	181,248	181,248	181,248	181,500	180,901	180,938	181,425	181,269	179,863	179,863
Number of wastewater treatment facilities	6	6	6	6	6	6	6	6	6	6
Water operations										
Maximum daily capacity of plants in gallons (in thousands)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Miles of water mains	81	81	81	81	92	92	92	92	92	92
Number of service connections	48	48	48	48	51	51	51	51	51	47

FORM OF BOND COUNSEL'S OPINION
\$67,870,000 General Obligation (Serial) Bonds, 2013

June 28, 2013

County of Onondaga,
State of New York

Re: County of Onondaga, New York
\$67,870,000 General Obligation (Serial) Bonds, 2013

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$67,870,000 General Obligation (Serial) Bonds, 2013 (the "Obligations"), of the County of Onondaga, State of New York (the "Obligor"), dated June 28, 2013, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds, in such amounts as hereinafter set forth, bearing interest at the rate of _____ per centum (_____%) per annum, payable on May 1, 2014, November 1, 2014 and semi-annually thereafter on May 1 and November 1, and maturing in the amount of \$4,560,000 on May 1, 2015, \$4,760,000 on May 1, 2016, \$5,125,000 on May 1, 2017, \$5,500,000 on May 1, 2018, \$3,800,000 on May 1, 2019, \$4,025,000 on May 1, 2020, \$4,075,000 on May 1, 2021, \$4,025,000 on May 1, 2022, \$4,100,000 on May 1, 2023, \$3,300,000 on May 1, 2024, \$3,400,000 on May 1, 2025, \$3,475,000 on May 1, 2026, \$3,500,000 on May 1, 2027, \$2,750,000 on May 1, 2028, \$2,400,000 on May 1, 2029, \$2,450,000 on May 1, 2030, \$2,250,000 on May 1, 2031, \$2,250,000 on May 1, 2032 and \$2,125,000 on May 1, 2033.

The Bonds maturing on or before May 1, 2021 shall not be subject to redemption prior to maturity. The Bonds maturing on or after May 1, 2022 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the County on May 1, 2021 or on any date thereafter at par, plus accrued interest to the date of redemption.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the fifth paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations, the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP