

CHEMUNG COUNTY NEW YORK

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS REPORT



FOR THE YEAR ENDED DECEMBER 31, 2002

**Joseph E. Sartori CPA
County Treasurer**

**Joseph F. Cost CPA
Deputy County Treasurer**

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INDEPENDENT AUDITORS' REPORT

To the Board of Legislators
County of Chemung
State of New York
Elmira, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chemung, State of New York, as of and for the year ended December 31, 2002, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County of Chemung, State of New York (the County). Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Chemung County Nursing Facility, an enterprise fund of the County. We did not audit the financial statements of the Chemung County Transit System, which is accounted for as a department of the General Fund of the County. We did not audit the financial statements of the Steele Memorial Library, a component unit of the County, which represents twenty seven percent of the assets of the combined component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chemung County Nursing Facility, the Chemung County Transit System, and the Steele Memorial Library, is based solely on the reports of the other auditors.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chemung, State of New York, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2003, on our consideration of County of Chemung, State of New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

~~As described in Note 2 of the Notes to the Financial Statements, the County has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as of December 31, 2002.~~

The management’s discussion and analysis and budgetary comparison information on pages 3 through 7, and 43, are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Carmela Miles Whitney + Davis, P.C.

Elmira, New York
December 17, 2003

**CHEMUNG COUNTY- STATE OF NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2002**

INTRODUCTION

Our discussion and analysis of Chemung County's (the County) financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2002. It also provides a description and understanding of the various financial statements and other financial and statistical information contained herein. Please read it in conjunction with the County's basic financial statements.

In 2002 the County implemented new reporting standards established by the Governmental Accounting Standards Board. The new standards (GASB Statement No. 34 and subsequent accounting pronouncements) significantly change the content and structure of the financial statements. As a result, much of the information is not easily comparable to prior years. Future reports will include extensive year-to-year comparisons.

FINANCIAL HIGHLIGHTS

- The County's net assets on the government-wide statements total \$24,450,618. The entire balance is invested in capital assets or restricted for other uses.
- The governmental "Current Ratio", which is an indicator of liquidity, is .94
- Governmental activities decreased the County's net assets by \$2,807,429 or 11.07% in 2002.
- Operating Grants and aid were 42.98% of the total governmental revenue.
- Business type net assets increased \$195,981 or 11.57%.

COMPONENTS OF THE ANNUAL REPORT

This annual report contains a series of financial statements, notes and other required supplemental information. The Statement of Net Assets and the Statement of Activities in pages 7 and 8 are the government-wide financial statements and are intended to provide information about the County as a whole. These statements provide a long-term view of the County's finances in a manner similar to private sector companies. The fund financial statements starting on page 10 report the County's operations in more detail and in a more traditional manner. These statements illustrate how services were financed, for the most significant funds, in the short term as well as what remains for future spending. The notes to the financial statements contain information required to properly interpret the information in the financial statements and are therefore an integral part of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

THE STATEMENT OF NET ASSETS presents information on all of the County's assets and liabilities, with the differences reported as net assets. Comparison of the change in net assets over time could be useful as an indicator of the County's overall economic condition.

Net assets are classified into three components as follows:

Invested in Capital Assets net of related debt-This amount consists of capital assets, including net of accumulated depreciation and reduced by outstanding debt.

Restricted Net Assets-This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted Net Assets-This amount is all net assets that are not Invested in Capital Assets or Restricted Net Assets.

THE STATEMENT OF ACTIVITIES illustrates the changes in net assets over the course of the fiscal year. The statement of activities presents the results of transactions based on when transactions occurred and not when cash is received or expended. This full accrual methodology is a departure from the more traditional modified cash basis used in fund accounting. It is also the generally accepted method used in the private sector.

COMPONENTS OF THE ANNUAL REPORT (Continued)

GOVERNMENTAL FUND FINANCIAL STATEMENTS (Continued):

The government-wide financial statements distinguish functions between governmental activities and business type activities. Governmental activities are those activities supported primarily through taxes or other government support. Business type activities are those activities funded through fees or other charges specifically related to the provision of goods or services.

THE FUND FINANCIAL STATEMENTS provide detailed information about individual funds and not the County as a whole. A fund is a fiscal or accounting entity with a self-balancing set of accounts used to maintain control over assets segregated for specific activities or objectives.

Governmental funds account for essentially the same functions as are accounted for in the governmental activities in the government-wide financial statements. However, the 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 near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison could give the reader an understanding of the long-term impact of the government's short term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund equity provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Chemung County maintains nine distinct 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 equity for the general fund, which is the County's only major fund as defined by the Governmental Accounting Standards Board in their Statement 34. Data from Solid Waste, County Road, Road Machinery, Sewer, Capital Projects, Library, Worker's Compensation and Health Insurance funds are included elsewhere in this report.

Chemung County adopts an annual budget for its governmental funds. Budgetary comparison statements have been provided for the general fund and for each individual fund to demonstrate compliance with this budget.

The Chemung County Nursing Facility is the only proprietary fund operated by Chemung County. The Nursing Facility is an enterprise fund and is presented as a business-type activity in the government-wide financial statements.

Fiduciary funds are used to account for resources held by the County for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the assets are not available to support County programs. The accounting for fiduciary funds is similar to that of proprietary funds.

OTHER FINANCIAL INFORMATION:

RECONCILIATION BETWEEN GOVERNMENT-WIDE AND FUND STATEMENTS provide a crosswalk between the government-wide statements and the governmental fund statements. This crosswalk reconciles the statement of net assets with the governmental fund balance sheet and the statement of activities with the statement of revenues, expenditures and changes in fund equity. This crosswalk is intended to assist the reader in understanding the transition between the long-term and current views presented by the different formats.

Some of the major differences illustrated in the reconciliation are:

- Capital assets and long-term debt included on the government wide financial statements are not presented in the governmental fund statements.
- Capital expenditures are presented as capital assets on the government wide statements and are expensed in the governmental fund statements.

NOTES TO THE FINANCIAL STATEMENTS provide essential information with regard to the financial statements taken as a whole and are therefore essential to gain an accurate understanding of the financial position and the results of the County's operations.

COMPONENTS OF THE ANNUAL REPORT (continued)
OTHER FINANCIAL INFORMATION (continued):

REQUIRED SUPPLEMENTARY INFORMATION presents a budgetary comparison to demonstrate legal compliance with regard to adopting a budget and later modifications.

SUMMARY COMPARISON OF NET ASSETS

	GOVERNMENTAL ACTIVITIES 2002	BUSINESS TYPE ACTIVITIES 2002
ASSETS		
Current assets	\$ 41,193,949	\$ 2,652,022
Capital assets	69,301,215	1,761,322
TOTAL ASSETS	\$ 110,495,164	\$ 4,413,344
LIABILITIES		
Current liabilities	\$ 43,083,926	\$ 1,298,968
Other liabilities	44,060,920	1,225,121
TOTAL LIABILITIES	87,144,846	2,524,089
NET ASSETS		
Invested in capital assets, net of debt	31,059,886	1,166,842
Restricted	1,895,940	-
Unrestricted	(9,605,508)	722,413
TOTAL NET ASSETS	23,350,318	1,889,255
TOTAL LIABILITIES AND NET ASSETS	\$ 110,495,164	\$ 4,413,344

This schedule presents a net asset summary. In future years this schedule will be presented in comparative format with the current and previous year. The comparative format would not be practical in this the year of implementation.

SUMMARY COMPARISON OF ACTIVITIES

	GOVERNMENTAL ACTIVITIES 2002	BUSINESS TYPE ACTIVITIES 2002
REVENUE		
Program revenue	\$ 63,492,287	\$ 12,292,804
Tax revenue	45,654,260	-
Other revenue	10,658,294	2,039,619
TOTAL REVENUE	119,804,841	14,332,423
EXPENSES		
General government	12,829,381	-
Public safety	12,288,058	-
Transportation	7,529,264	-
Health	8,583,019	14,136,442
Economic assistance and opportunity	61,351,764	-
Culture and recreation	3,695,739	-
Education	4,753,482	-
Home and community services	7,427,885	-
Interest expense	2,306,194	-
TOTAL EXPENSES	120,764,786	14,136,442
Change in net assets	(959,945)	195,981
Net Assets-Beginning	24,310,263	1,693,274
Net Assets-Ending	\$ 23,350,318	\$ 1,889,255

This schedule presents an activity summary. In future years this schedule will be presented in comparative format with the current and previous year. The comparative format would not be practical in this the year of implementation.

FACTORS AFFECTING OVERALL FINANCIAL POSITION

Governmental Activities-During 2002 governmental activities resulted in an overall reduction of net assets of \$2,807,429 which represents a 11.07% decrease. The County receives revenues from varying sources. Major funding sources and their relationship to total revenue for the year are as follows:

FUNDING SOURCE	PERCENTAGE OF REVENUE
State and Federal aid	36.44%
Property tax and related items	17.09%
Non property tax items	15.61%
Departmental income	16.19%
Other	14.67%
Total	100.00%

There was no increase in real property tax in 2002 and there is no increase in the 2003 adopted budget. The local share of sales tax was increased from 3% to 4% effective December 31, 2002. In 2002 the County shared the local share of sales tax with the city, towns and villages within the county. The County retained 58% of the total and the other municipalities received 42%. The distribution formula was changed with the sales tax increase. Under the new formula the County will retain all of the 1% increase and 50% of the remainder. Overall sales tax collections were up 3.69% from 2001.

There was a significant increase in economic assistance and opportunity costs in 2002. The overall increase is primarily due to increased participation in public assistance programs resulting from the overall economic recession. The unusual increase in the Safety Net Program resulted from federal welfare reform which, in 1996, stipulated that a person could receive a lifetime benefit of no more than 60 months of Federal temporary assistance. After 60 months these individuals are converted to Safety Net which is a program funded by the State and local governments. In November of 2001 the first individuals reached the 60 month limitation and in 2002 many more people were converted to Safety Net.

Public assistance payments increased as follows in 2002:

PROGRAM	2003	2002	DIFFERENCE	PERCENTAGE CHANGE
Temporary Assistance	\$ 3,804,954	\$ 3,305,993	\$ 498,961	15.09%
Safety Net	1,648,058	998,692	649,366	65.02%
Medicaid	24,002,128	22,382,096	1,620,032	7.24%
Children services	11,756,928	8,197,955	3,558,973	43.41%

The sizeable growth in these programs resulted in a significant negative budget variance in these programs for the year. This variance is illustrated in the accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget to Actual-General Fund. If this level of growth continues it will put a substantial strain on the overall financial health of the County.

Business Type Activities-During 2002 the Chemung County Nursing Facility (the Facility) had an overall increase in net assets of \$195,981 which represents an 11.57% increase. The Facility receives 91% of its revenue from patient services which were up \$1,986,796 or 19.07% over 2001. The increase was due primarily to increased private pay fees and greater Medicare and Medicaid reimbursement. The Facility also receives additional Medicaid funding through the Inter Governmental Transfer Program. This program is being phased-out due to changes in Federal regulations. The facility received \$1,226,988 in 2002 which was down \$284,282 or 18.81% from 2001. The program will be completely phased-out by 2006. The elimination of this program will have an impact on the future profitability of the Facility.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The County uses fund accounting to ensure compliance with state and federal legal requirements.

Governmental Funds-The focus of the County's governmental funds is to provide information on near-term activity of expendable resources. This information is useful in assessing the County's financing requirements. Unreserved fund balance at year end is a useful measure of the County's net resources available for use in subsequent periods.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (continued)
Governmental Funds (continued)

At December 31, 2002 the County had a combined unreserved net deficit of \$967,008 in all governmental funds. This deficit will have to be made-up in future years through tax and other revenue increases and reductions in expenditures.

Proprietary Fund-The Chemung County Nursing Facility is the County's only proprietary fund. At December 31, 2002 the Nursing Facility had an unreserved net fund balance of \$722,413 available for use in future periods.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets-The County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2002 was \$71,062,537. The investment in capital assets includes land, land improvements, buildings, building improvements, furniture, equipment, vehicles, infrastructure and construction in progress. Infrastructure, which includes highways, bridges and sewers only represents those assertions completed in 2002. A complete reporting of infrastructure is not required until 2005.

The County's capital assets net of depreciation increased by \$7,591,802 in 2002. Major capital additions included significant highway and road work as well as repaving of airport runways. The County also purchased several new buses for public transportation and new furnishings at the Nursing Facility.

Long-Term Debt-The County had a total debt obligation of \$38,366,457 as of December 31, 2002. The overall long-term debt was increased \$350,409 from the balance of \$38,016,048 as of December 31, 2001. The County borrowed \$4,145,670 in 2002 for various capital projects.

In 2000 the County defeased certain general obligations by placing the proceeds from the Series 2000 Tobacco Securitization in an irrevocable trust held in escrow by Manufactures and Traders Trust Company. The County securitized 40% of it's share of the tobacco settlement. Escrow payments will be made in satisfaction of bond payments through 2003. In 2002 the escrow agent made payments of \$3,275,388.

ECONOMIC OUTLOOK AND FUTURE BUDGETS

The local economy has been hampered by layoffs and downsizing of many businesses. Though there has been some new industry in the past few years and a growth in retail business the overall economy has been down. Increases in public assistance rolls and near stagnant sales tax collections will combine to put tremendous pressure on County resources. The 2003 budget contains considerable expenditure reductions including personnel as well as increases in some fees and sales tax. These measures cannot continue in the long-term. Significant economic recovery as well as mandate relief will be necessary for the long-term fiscal health of Chemung County.

**COUNTY OF CHEMUNG - STATE OF NEW YORK
STATEMENT OF NET ASSETS
DECEMBER 31, 2002**

	PRIMARY GOVERNMENT			COMPONENT UNITS		
	GOVERNMENTAL ACTIVITIES	BUSINESS ACTIVITIES	TOTAL	GOVERNMENTAL ACTIVITIES	INDUSTRIAL DEVELOP. AGENCY	BUSINESS ACTIVITIES
ASSETS						
CURRENT ASSETS						
Cash	\$ 13,086,614	\$ 10,900	\$ 13,097,514	\$ 383,021	\$	\$ 294,107
Accounts receivable	7,186,274	2,540,914	9,727,188	-	-	100,000
Grant receivable	-	-	-	27,465	-	90,027
Taxes receivable	6,058,410	-	6,058,410	-	-	-
Receivable from external parties	187,312	-	187,312	-	-	-
State and federal receivables	14,675,339	-	14,675,339	-	-	-
Prepaid expenses	-	-	-	-	-	1,678
Current portion of loans receivable	-	-	-	-	-	643,689
Inventory of supplies, at cost	-	100,208	100,208	-	-	-
TOTAL CURRENT ASSETS	41,193,949	2,652,022	43,845,971	410,486		1,129,501
NON-CURRENT ASSETS						
Certificates of deposit	-	-	-	125,443	-	-
Investments	-	-	-	1,452,347	-	-
Loans receivable, net of current portion	-	-	-	-	-	1,840,891
Net capital assets	69,301,215	1,761,322	71,062,537	-	-	1,365,211
TOTAL NON-CURRENT ASSETS	69,301,215	1,761,322	71,062,537	1,577,790		3,206,102
TOTAL ASSETS	\$ 110,495,164	\$ 4,413,344	\$ 114,908,508	\$ 1,988,276		\$ 4,335,603
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	\$ 3,301,387	\$ 364,625	\$ 3,666,012	\$ 55,572	\$	\$ 623,168
Accrued liabilities	6,224,845	16,839	6,241,684	-	-	-
Accrued compensation and other liabilities	2,783,387	668,255	3,451,642	-	-	715
Current portion, general obligation bonds payable	4,027,709	55,325	4,083,034	-	-	82,819
Bond anticipation notes payable	-	7,466	7,466	-	-	-
Revenue anticipation notes	20,366,400	-	20,366,400	-	-	-
Due to other governments	2,492,403	186,458	2,678,861	-	-	-
Deferred revenue	3,887,795	-	3,887,795	-	-	-
TOTAL CURRENT LIABILITIES	43,083,926	1,298,968	44,382,894	55,572		706,702
NON-CURRENT LIABILITIES						
Accrued compensated absences and other liabilities	2,866,953	693,432	3,560,385	-	-	-
Accrued landfill closure/post closure	7,513,347	-	7,513,347	-	-	-
Notes and bonds payable	33,680,620	531,689	34,212,309	-	-	1,329,437
TOTAL NON-CURRENT LIABILITIES	44,060,920	1,225,121	45,286,041			1,329,437
TOTAL LIABILITIES	87,144,846	2,524,089	89,668,935	55,572		2,036,139
NET ASSETS						
Invested in capital assets, net of related debt	31,059,886	1,166,842	32,226,728	-	-	1,365,211
Restricted for:						
Capital improvements	1,084,495	-	1,084,495	-	-	-
Tobacco	811,445	-	811,445	-	-	-
Unrestricted	(9,605,508)	722,413	(8,883,095)	1,932,704	-	934,253
TOTAL NET ASSETS	23,350,318	1,889,255	25,239,573	1,932,704		2,299,464
TOTAL LIABILITIES AND NET ASSETS	\$ 110,495,164	\$ 4,413,344	\$ 114,908,508	\$ 1,988,276		\$ 4,335,603

The accompanying notes are an integral part of these financial statements.

**COUNTY OF CHEMUNG - STATE OF NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002**

FUNCTIONS / PROGRAMS	PROGRAM REVENUES				COMPONENT UNITS				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	GOVERNMENTAL COMPONENT UNITS	BUSINESS ACTIVITIES IDA
			OPERATING CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS					
GOVERNMENTAL ACTIVITIES									
General government support	\$ 12,829,381	\$ 3,577,433	\$ 744,421	\$ -	\$ (8,507,527)	\$ -	\$ (8,507,527)	\$ -	-
Public safety	12,288,058	1,174,936	1,309,754	-	(9,803,368)	-	(9,803,368)	-	-
Transportation	7,529,264	2,801,385	-	6,465,131	1,737,252	-	1,737,252	-	-
Health	8,583,019	3,080,449	3,954,393	-	(1,548,177)	-	(1,548,177)	-	-
Economic assistance and opportunity	61,351,764	2,393,221	31,093,354	-	(27,865,189)	-	(27,865,189)	-	-
Culture and recreation	3,695,739	464,383	349,684	-	(2,881,672)	-	(2,881,672)	-	-
Education	4,753,482	-	-	-	(4,753,482)	-	(4,753,482)	-	-
Home and community services	7,427,885	6,083,743	-	-	(1,344,142)	-	(1,344,142)	-	-
Interest expense on long-term debt	2,306,194	-	-	-	(2,306,194)	-	(2,306,194)	-	-
TOTAL GOVERNMENTAL ACTIVITIES	120,764,786	19,575,550	37,451,606	6,465,131	(57,272,499)	-	(57,272,499)	-	-
BUSINESS TYPE ACTIVITIES									
Chemung County Nursing Facility	14,136,442	12,292,804	-	-	-	(1,843,638)	(1,843,638)	-	-
TOTAL BUSINESS TYPE ACTIVITIES	14,136,442	12,292,804	-	-	-	(1,843,638)	(1,843,638)	-	-
TOTAL PRIMARY GOVERNMENT	\$ 134,901,228	\$ 31,868,354	\$ 37,451,606	\$ 6,465,131	(57,272,499)	(1,843,638)	(59,116,137)	-	-
COMPONENT UNITS									
Industrial Development Agency	\$ 880,231	\$ -	\$ 413,251	\$ -	-	-	-	-	(466,980)
Combined Governmental-Type Activities	2,263,451	52,661	2,083,171	-	-	-	-	(127,619)	-
TOTAL COMPONENT UNITS	\$ 3,143,682	\$ 52,661	\$ 2,496,422	\$ -	-	-	(127,619)	(127,619)	(466,980)
GENERAL REVENUES:									
TAXES									
Real property tax					22,540,093		22,540,093		
Real property tax items					1,282,529		1,282,529		
Non-property tax items					21,831,638		21,831,638		
OTHER									
Interest and earnings					632,006		632,006		75,127
Rental of real property, equipment and books					160,363		160,363		9,874
Gain on disposition of assets					1,760,221		1,760,221		40,312
Miscellaneous sources					8,105,704		8,105,704		-
Intergovernmental transfers					1,892,472		1,892,472		-
Fines and fees					-		-		48,835
Bad debt collections					-		-		6,607
Other revenue					147,147		147,147		31,993
TOTAL GENERAL REVENUES					56,312,554	2,039,619	58,352,173	192,260	154,627
CHANGES IN NET ASSETS									
Net Assets-Beginning of Year					(959,945)	195,981	(763,964)	64,641	(312,353)
Net Assets-End of Year					24,310,263	1,693,274	26,003,537	1,868,063	2,611,817
Net Assets-End of Year	\$ 23,350,318	\$ -	\$ 1,889,255	\$ 25,239,573	\$ -	\$ -	\$ -	\$ 1,932,704	\$ 2,299,464

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHEMUNG - STATE OF NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2002

	<u>GENERAL FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 17,118,103	\$ 1,620,869	\$ 18,738,972
Accounts receivable	4,435,077	1,004,077	5,439,154
Taxes receivable	6,058,410	-	6,058,410
Due from other funds	-	5,146,045	5,146,045
State and federal receivables	13,314,353	1,354,955	14,669,308
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 40,925,943</u>	<u>\$ 9,125,946</u>	<u>\$ 50,051,889</u>
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES			
Accounts payable	\$ 2,244,054	\$ 1,056,683	\$ 3,300,737
Cash overdrafts	-	2,646,647	2,646,647
Accrued liabilities	3,835,511	225,826	4,061,337
Other liabilities	52,746	197,084	249,830
Revenue and bond anticipation notes	20,000,000	366,400	20,366,400
Due to other governments	1,957,007	2,396	1,959,403
Due to other funds	8,339,418	484,811	8,824,229
Deferred revenue	3,887,795	-	3,887,795
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>40,316,531</u>	<u>4,979,847</u>	<u>45,296,378</u>
FUND EQUITY			
Reserved fund balance	3,289,254	981,391	4,270,645
Unreserved-designated fund balance	4,043,538	-	4,043,538
Unreserved-undesignated fund balance	(6,723,381)	-	(6,723,381)
Unreserved-undesignated fund balance - reported in:			
Refuse & Garbage Fund	-	512,930	512,930
County Road Fund	-	26,542	26,542
Road Machinery Fund	-	137,203	137,203
Sewer Fund	-	1,399,304	1,399,304
Capital Projects Fund	-	576,492	576,492
Library Fund	-	9,885	9,885
Debt Service	-	502,352	502,352
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCE	<u>609,411</u>	<u>4,146,099</u>	<u>4,755,510</u>
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 40,925,942</u>	<u>\$ 9,125,946</u>	<u>\$ 50,051,888</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHEMUNG - STATE OF NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2002

Total Governmental Fund Balance \$ 4,755,510

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

Capital assets used in governmental activities are not financial resources and therefore are not reported on the fund balance sheet. Those assets consist of:

Land and land improvements	\$	15,010,499	
Infrastructure		6,295,822	
Buildings and improvements		52,433,418	
Furniture, Vehicles and Equipment		20,705,859	
Construction in progress		410,034	
TOTAL CAPITAL ASSETS		94,855,632	
Less: Accumulated Depreciation		(25,554,417)	69,301,215

Liabilities not due and payable in the current period are not reported in the fund balance sheet. Those liabilities consist of:

Accrued compensated absences		(3,275,357)	
Accrued Group Health Liability		(1,000,000)	
Installment debt due to other government		(533,000)	
Accrued landfill closure/post-closure		(7,513,347)	
Accrued interest payable		(1,125,153)	
General obligation bonds payable		(37,708,329)	(51,155,186)

Internal service funds are used to allocate collective costs across funds. The assets and liabilities of these internal services funds are included in the governmental activity statement of net assets but not in the governmental fund balance. The net balance of those internal service funds are as follows:

Workers Compensation Fund		514,625	
Health Insurance Fund	\$	(65,846)	448,779

Net Assets of Governmental Activities \$ 23,350,318

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHEMUNG - STATE OF NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Real property taxes	\$ 19,666,421	\$ 2,873,672	\$ 22,540,093
Real property tax Items	1,282,529	-	1,282,529
Non-property taxes	21,831,638	-	21,831,638
Departmental income	5,037,280	6,114,409	11,151,689
Federal aid	19,843,720	3,352,067	23,195,787
State aid	19,472,663	1,248,287	20,720,950
Intergovernmental revenue	4,057,481	107,992	4,165,473
Use of money and property	668,685	849,210	1,517,895
Sale of property and compensation for loss	1,958,494	298,835	2,257,329
Licenses and permits	4,058	6,615	10,673
Fines and forfeitures	274,848	-	274,848
Miscellaneous revenue	7,457,291	332,790	7,790,081
TOTAL REVENUE	101,555,108	15,183,877	116,738,985
EXPENDITURES			
General government	8,027,984	251,993	8,279,977
Public safety	11,390,086	713,492	12,103,578
Transportation	4,060,995	10,538,397	14,599,392
Health	8,544,809	10	8,544,819
Economic assistance and opportunity	60,935,175	-	60,935,175
Culture and recreation	1,817,965	1,791,251	3,609,216
Education	3,614,763	1,138,719	4,753,482
Home and community services	551,808	7,055,195	7,607,003
Debt service	327,329	5,749,433	6,076,762
TOTAL EXPENDITURES	99,270,914	27,238,490	126,509,404
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,284,194	(12,054,613)	(9,770,419)
OTHER FINANCING SOURCES (USES)			
Proceeds from obligations	-	1,583,270	1,583,270
Operating transfers in	171,213	10,460,173	10,631,386
Operating Transfers out	(8,929,504)	(2,101,882)	(11,031,386)
TOTAL OTHER FINANCING SOURCES (USES)	(8,758,291)	9,941,561	1,183,270
EXCESS (DEFICIT OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(6,474,097)	(2,113,052)	(8,587,149)
FUND EQUITY-BEGINNING OF YEAR	7,083,508	6,259,151	13,342,659
FUND EQUITY-END OF YEAR	\$ 609,411	\$ 4,146,099	\$ 4,755,510

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHEMUNG - STATE OF NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY
FOR GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2002

Net Change in Fund Equity-Total Governmental Funds \$ (8,587,149)

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

Governmental funds report capital expenditures as expenditures whereas in the statement of activities they are recorded as assets and depreciated over their estimated useful lives. In the current period the capital expenditures and depreciation were as follows:

Capital expenditures	10,223,521	
Depreciation expense	(2,334,436)	7,889,085

Governmental funds report only the proceeds received from the disposal of assets. In the statement of activities, a gain or loss is reported for each disposal. This is the loss on the disposal of fixed assets: (575,000)

Some expenses reported in the Statement of Activities, such as changes in long-term liabilities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated absences payable	(724,167)	
Group Health Liability	(1,000,000)	
Due to other government	10,980	
Landfill closure/post-closure	(348,098)	(2,061,285)

Receipt of bond proceeds is a revenue in the governmental funds, but the receipt increases the liabilities in the Statement of Net Assets (1,583,270)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets 3,826,212

Internal service funds are used by management to charge the costs of insurance to individual funds. The net revenue (expense) of the internal service fund is reported with the governmental activities. 198,086

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding obligations on the statement of activities (66,624)

Changes in Net Assets of Governmental Activities \$ (959,945)

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHEMUNG - STATE OF NEW YORK
STATEMENT OF ACTIVITIES
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	ENTERPRISE NURSING FACILITY	INTERNAL SERVICE FUNDS
OPERATING REVENUES		
Charges for services	\$ 12,292,804	\$ 11,890,279
Other revenue	1,374,135	315,623
TOTAL OPERATING REVENUE	13,666,939	12,205,902
OPERATING EXPENSES		
Personal services	7,419,006	-
Employee benefits	1,706,684	11,653,660
Contractual expenses	4,198,246	-
Depreciation	236,936	-
Bad debt expense	44,073	-
Indirect expense	205,000	-
Workers' compensation benefits	293,138	755,071
TOTAL OPERATING EXPENSES	14,103,083	12,408,731
OPERATING LOSS	(436,144)	(202,829)
NON-OPERATING REVENUE (EXPENSES)		
Intergovernmental transfer payment	665,484	400,000
Investment Income	-	915
Interest expense	(33,359)	-
TOTAL NON-OPERATING REVENUE (EXPENSES)	632,125	400,915
CHANGES IN NET ASSETS	195,981	198,086
Net Assets-Beginning of Year	1,693,274	250,693
Net Assets-End of Year	\$ 1,889,255	\$ 448,779

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHEMUNG - STATE OF NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	ENTERPRISE FUND NURSING FACILITY	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from services	\$ 11,509,710	\$ 8,026,585
Receipts from state agency	1,226,988	-
Payments for workers' compensation benefits	-	(143,683)
Payments to suppliers and contractors for goods and services	(4,315,007)	-
Payments to employees for services and benefits	(9,417,131)	(8,881,637)
Other receipts	195,800	309,592
NET CASH USED IN OPERATING ACTIVITIES	(799,640)	(689,143)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers from other funds	665,484	400,000
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	665,484	400,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income and earnings	-	915
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	-	915
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase and construction of capital assets	(25,505)	-
Proceeds from issuance of bonds	127,466	-
Payment of bond and bond anticipation note principal	(40,163)	-
Payment of bond and bond anticipation note interest	(32,004)	-
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	29,794	-
Net Decrease in Cash and Cash Equivalents	(104,362)	(288,228)
Cash and cash equivalents-beginning of year	115,262	288,228
Cash and Cash Equivalents-End of Year	\$ 10,900	\$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED BY OPERATING ACTIVITIES)		
Operating loss	\$ (436,144)	\$ (202,829)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	236,936	-
Provision for bad debts	44,073	-
Changes in Assets and Liabilities:		
Patient accounts receivable	(782,879)	-
Accounts receivable	-	(670,950)
Inventory	(29,665)	-
Due from other funds	48,653	(3,198,776)
Accounts payable	121,297	3,005,123
Accrued compensation and related liabilities	(1,696)	378,289
Third party payor settlements, net	(215)	-
Net Cash Used in Operating Activities	\$ (799,640)	\$ (689,143)

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHEMUNG - STATE OF NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2002

	<u>ASSETS</u>	<u>AGENCY</u>
CURRENT ASSETS		
Cash and cash equivalents		\$ 3,309,890
TOTAL ASSETS		<u>\$ 3,309,890</u>
	<u>LIABILITIES</u>	
Payable to external parties		\$ 187,312
Other Liabilities		<u>3,122,578</u>
TOTAL LIABILITIES		<u>\$ 3,309,890</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHEMUNG - STATE OF NEW YORK
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2002

	<u>WORKERS'</u> <u>COMPENSATION</u>	<u>SELF</u> <u>INSURANCE</u> <u>FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Accounts receivable	\$ 1,636,981	\$ 110,139	\$ 1,747,120
State and federal receivables	-	6,031	6,031
Due from other funds	546,155	3,319,341	3,865,496
	<u>2,183,136</u>	<u>3,435,511</u>	<u>5,618,647</u>
TOTAL CURRENT ASSETS			
	<u>2,183,136</u>	<u>3,435,511</u>	<u>5,618,647</u>
TOTAL ASSETS	<u>\$ 2,183,136</u>	<u>\$ 3,435,511</u>	<u>\$ 5,618,647</u>
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 650	\$ -	\$ 650
Cash overdrafts	30,880	2,974,830	3,005,710
Accrued liabilities	1,636,981	526,527	2,163,508
	<u>1,668,511</u>	<u>3,501,357</u>	<u>5,169,868</u>
TOTAL CURRENT LIABILITIES			
	<u>1,668,511</u>	<u>3,501,357</u>	<u>5,169,868</u>
TOTAL LIABILITIES	<u>1,668,511</u>	<u>3,501,357</u>	<u>5,169,868</u>
<u>NET ASSETS</u>			
Unrestricted	<u>514,625</u>	<u>(65,846)</u>	<u>448,779</u>
TOTAL NET ASSETS	<u>514,625</u>	<u>(65,846)</u>	<u>448,779</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,183,136</u>	<u>\$ 3,435,511</u>	<u>\$ 5,618,647</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHEMUNG - STATE OF NEW YORK
COMBINING STATEMENT OF ACTIVITIES
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>WORKERS' COMPENSATION</u>	<u>SELF INSURANCE FUND</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for services	\$ 547,821	\$ 11,342,458	\$ 11,890,279
Other revenue	90,373	225,250	315,623
TOTAL OPERATING REVENUE	<u>638,194</u>	<u>11,567,708</u>	<u>12,205,902</u>
OPERATING EXPENSES			
Employee health benefits	-	11,653,660	11,653,660
Workers' compensation benefits	755,071	-	755,071
TOTAL OPERATING EXPENSES	<u>755,071</u>	<u>11,653,660</u>	<u>12,408,731</u>
OPERATING LOSS	(116,877)	(85,952)	(202,829)
NON-OPERATING REVENUE (EXPENSES)			
Intergovernmental transfer payment	400,000	-	400,000
Investment Income	915	-	915
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>400,915</u>	<u>-</u>	<u>400,915</u>
CHANGES IN NET ASSETS	284,038	(85,952)	198,086
Net Assets-Beginning of Year	<u>230,587</u>	<u>20,106</u>	<u>250,693</u>
Net Assets-End of Year	<u>\$ 514,625</u>	<u>\$ (65,846)</u>	<u>\$ 448,779</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHEMUNG - STATE OF NEW YORK
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	WORKERS' COMPENSATION	SELF INSURANCE FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from services	\$ (385,802)	\$ 8,412,387	\$ 8,026,585
Payments for workers' compensation benefits	(143,683)	-	(143,683)
Payments to employees for services and benefits	-	(8,881,637)	(8,881,637)
Other receipts	90,373	219,219	309,592
NET CASH USED IN OPERATING ACTIVITIES	(439,112)	(250,031)	(689,143)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from other funds	400,000	-	400,000
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	400,000	-	400,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income and earnings	915	-	915
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	915	-	915
Net Decrease in Cash and Cash Equivalents	(38,197)	(250,031)	(288,228)
Cash and cash equivalents-beginning of year	38,197	250,031	288,228
Cash and Cash Equivalents-End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED BY OPERATING ACTIVITIES)			
Operating loss	\$ (116,877)	\$ (85,952)	(202,829)
Changes in Assets and Liabilities:			
Accounts receivable	(587,908)	(83,042)	(670,950)
Due from other funds	(345,715)	(2,853,061)	(3,198,776)
Accounts payable	31,530	2,973,593	3,005,123
Accrued liabilities	579,858	(201,569)	378,289
Net Cash Used in Operating Activities	<u>\$ (439,112)</u>	<u>\$ (250,031)</u>	<u>\$ (689,143)</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF CHEMUNG - STATE OF NEW YORK
COMBINING STATEMENT OF NET ASSETS
GOVERNMENTAL TYPE COMPONENT UNITS
DECEMBER 31, 2002

	<u>STEELE MEMORIAL LIBRARY</u>	<u>SOIL & WATER CONSERVATION DISTRICT</u>	<u>TOTAL</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 107,026	\$ 275,995	\$ 383,021
Grants receivable	27,465	-	27,465
TOTAL CURRENT ASSETS	134,491	275,995	410,486
NON-CURRENT ASSETS			
Certificates of deposit	125,443	-	125,443
Investments	1,452,347	-	1,452,347
TOTAL NON-CURRENT ASSETS	1,577,790	-	1,577,790
TOTAL ASSETS	<u>\$ 1,712,281</u>	<u>\$ 275,995</u>	<u>\$ 1,988,276</u>
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 55,572	\$ -	\$ 55,572
TOTAL CURRENT LIABILITIES	55,572	-	55,572
TOTAL LIABILITIES	55,572	-	55,572
<u>NET ASSETS</u>			
Unrestricted	1,656,709	275,995	1,932,704
TOTAL NET ASSETS	1,656,709	275,995	1,932,704
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,712,281</u>	<u>\$ 275,995</u>	<u>\$ 1,988,276</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF CHEMUNG - STATE OF NEW YORK
COMBINING STATEMENT OF ACTIVITIES
GOVERNMENTAL TYPE COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES				
Steele Memorial Library	\$ 1,878,808	\$ 3,419	\$ 1,658,532	\$ -
Soil and Water Conservation District	384,643	49,242	424,639	-
TOTAL COMPONENT UNITS	\$ 2,263,451	\$ 52,661	\$ 2,083,171	\$ -

FUNCTIONS / PROGRAMS

	STEELE MEMORIAL LIBRARY	SOIL & WATER CONSERVATION DISTRICT	TOTAL
EXPENSES	(216,857)	89,238	(216,857)
CHARGES FOR SERVICES	-	89,238	89,238
OPERATING GRANTS AND CONTRIBUTIONS	(216,857)	89,238	(127,619)
CAPITAL GRANTS AND CONTRIBUTIONS	-	-	-
TOTAL	(216,857)	89,238	(127,619)

GENERAL REVENUES:

Interest and earnings	50,722	3,917	54,639
Rental of equipment and books	1,578	8,296	9,874
Gain on disposition of assets	7,954	32,358	40,312
Fines and fees	48,835	-	48,835
Bad debt collections	6,607	-	6,607
Other revenue	37	31,956	31,993
TOTAL GENERAL REVENUES	115,733	76,527	192,260

CHANGES IN NET ASSETS

Net Assets-Beginning of Year	1,757,833	110,230	1,868,063
Net Assets-End of Year	\$ 1,656,709	\$ 275,995	\$ 1,932,704

The accompanying notes are an integral part of these financial statements.

CHEMUNG COUNTY- STATE OF NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

The County of Chemung, New York was incorporated by act of the State Legislature on March 29, 1836. The County operates under a charter adopted by the County Board of Supervisors under local law number 3 in 1973 and effective January 1, 1974. Under the charter the position of County Executive was established. The Executive is elected to a four year term and is responsible for overall county operations. The charter also established a County legislature consisting of fifteen members, each elected to four year terms. The Legislature is responsible for adopting a budget, approving amendments to the budget, enacting local laws and approving tax rates.

The County provides the following basic services: educational assistance, economic assistance, highway construction, and maintenance, law enforcement, traffic safety, emergency management services, parks, youth, and aging services, mental health, public health, and environmental control. All governmental activities and functions performed for the County of Chemung are its direct responsibility.

The financial reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading. The primary government for the County consists of all funds, departments, boards, and agencies that are not legally separate from the County.

In evaluating the County as a reporting entity, management has included all component units in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "Defining the Financial Reporting Entity". The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB No. 14 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the County of Chemung reporting entity.

Chemung County Industrial Development Agency (IDA) (the Agency) is a Public Benefit Corporation created by state legislation to promote industrial and economic welfare for County inhabitants. Agency members are appointed by the County Legislature; however these members have sole control over the management and operation of the agency. Agency finances are generally restricted to amounts generated by project revenue bonds and such bonds are only secured to the extent of the assets acquired for the related project. Debt of the agency is not an obligation of the County. At December 31, 2002, the net receivable due from the IDA in relation to transaction with the County is \$471,358. The Agency is considered a component unit and is discretely presented. The IDA uses proprietary accounting.

Chemung County Soil and Water Conservation District (the District) is a County-wide district created by the County Legislature to provide for the control and conservation of soil and water resources. Members of the board of directors are appointed by the County Legislature. These directors have sole control of the management and operation of the district. The County provides a portion of the district's funding. The County's subsidy for 2002 was \$135,000. The District is considered a component unit and is discretely presented. The Soil and Water Conservation District uses the current financial resources measurement focus and modified accrual accounting.

Steele Memorial Library (the Library) was created to provide free library services to area residents. The County owns the main library building but operations are managed by the Board of Trustees of the Library. Library employees are considered County employees for employee benefit purposes. The County contributed support of \$1,163,750 in 2002. The Library is a component unit and uses the accrual basis of accounting.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Chemung County Industrial
Development Agency, Inc.
P.O. Box 251
Elmira, New York 14902

Steele Memorial Library of Chemung County
One Library Plaza
Elmira, New York 14901

Chemung County Soil & Water Conservation District
209 North Main Street
Horseheads, New York 14845

BASIS OF PRESENTATION

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The County has elected to apply Financial Accounting Standards Board (FASB) pronouncements and interpretations issued on after November 30, 1989, to its business-type activities and to its enterprise funds provided those pronouncements do not interfere with or contradict GASB pronouncements, in which case, GASB prevails. The more significant of the government's accounting policies are described below:

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of information.

Government-Wide Financial Statements

The government-wide financial statements, which consist of the Statement of Net Assets and the Statement of Activities, report information on all of the non-fiduciary activities of the primary government. Government activities, which are supported primarily through taxes or intergovernmental revenues, are reported separately from business-type activities, which are intended to be funded primarily through fees and charges for goods or services. Fiduciary funds are excluded from the government-wide financial statements. Internal service activity between the internal service fund and the government has been eliminated and the remaining amounts shown as governmental-type activities on the Statement of Net Assets and the Statement of Activities.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect and program revenues for each program or function of the County's governmental activities and its business-type activity (Nursing Facility). Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses which include centralized services and administrative overhead are allocated among the programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not.

Program revenues include charges paid by recipients of goods or services offered by the program as well as grants and contributions that are restricted to meeting the operational or capital requirements of the particular program. Revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with general program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
BASIS OF PRESENTATION (continued)

Fund Financial Statements

The accounting system is organized and separated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities of the government and attaining certain objectives in accordance with special regulation, restrictions or limitations. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds - are funds through which most governmental functions are financed. The only major governmental fund of the County is the General Fund. The General Fund is the principal operating fund and includes all operations not required to be recorded in other funds. Other governmental funds are combined and included in the "non-major" column on the governmental funds financial statements.

Proprietary Funds - are used to account for ongoing activities which are similar to those often found in the private sector. The County has the following major proprietary funds:

Enterprise Fund - used to account for the Chemung County Nursing Facility, a 200 bed skilled nursing facility.

Internal Service Funds - used to account for the Self-Insurance and Workers' Compensation funds that records the assessments charged to and benefits paid to participating governments for insurance.

Fiduciary Funds - The County's Agency fund is used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and other governments.

MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flow. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The economic resources measurement focus means that all of the assets and all of the liabilities associated with the operations (whether current or non-current) of the County are included on the Statement of Net Assets and the Statement of Activities presents increases (revenues) and decreases (expenses) in net total assets.

The governmental fund financial statements are accounted for using the modified accrual basis of accounting and use the current financial resources measurement focus. Under the modified accrual basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Measurable means that the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to finance any of the liabilities of the current period. For the County, available means expected to be received within sixty days of year end. With this measurement focus, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. A reconciliation

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

accompanies the governmental fund financial statements to reconcile and explain the differences between fund balances as presented in these statements and net assets presented in the government-wide financial statements.

In accordance with GASB Statement No. 36 "*Recipient Reporting for Certain Shared Nonexchange Revenues*", certain state-levied locally shared taxes and fees including motor vehicle license fees, sales tax and mortgage tax are considered voluntary non-exchange transactions. These types of transactions may be accrued if receipt is expected within six months.

ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Actual results may differ from those estimates.

CASH AND CASH EQUIVALENTS

The County's cash and cash equivalents consists of cash on hand, demand deposits and investments with maturities of three months or less.

INVESTMENT POLICY

The County has a written investment policy approved by the County Legislature. This policy has been established in accordance with New York State municipal law. Accordingly, funds must be deposited in FDIC insured accounts. The policy also requires financial institutions to provide securities for all deposits in excess of FDIC maximum coverage. The County Treasurer is authorized to invest excess funds in instruments permitted under New York State municipal law.

INTERFUND RECEIVABLES AND PAYABLES

Short term Interfund payables and receivables are classified as current assets and liabilities in the fund financial statements. Such Interfund balances in the government-wide financial statements are included only between government type activities and business type activities and are reflected as internal balances.

INTERFUND TRANSACTIONS

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flow of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in the governmental funds and after nonoperating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

CAPITAL ASSETS

General capital assets are capital assets which are associated with and generally arise from governmental activities. They typically result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets used by the enterprise fund (Nursing Facility) are recorded in both the business-type activities column in the government-wide statement of net assets and in the respective funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
CAPITAL ASSETS (continued)

Chemung County has established a capital asset policy which defines capital assets and establishes criteria for capitalization and depreciation. Capital assets are recorded at historical cost for purchased or constructed assets and at estimated fair market value for donated assets. All capital assets are depreciated, except construction in progress and land. The policy also establishes a capitalization threshold at which assets are capitalized and a useful-life range for each asset class. Depreciation is calculated using the straight-line method.

<u>ASSET CLASS</u>	<u>CAPITALIZATION THRESHOLD</u>	<u>ASSET LIFE IN YEARS</u>
Construction in Progress	All assets	N/A
Land	All assets	N/A
Land Improvements	\$5,000	20-100
Buildings	All assets	15-80
Building Improvements	\$5,000	10-80
Infrastructure	\$5,000	6-100
Furniture, Equipment, Software and Vehicles	\$5,000	5-15
Works of Art & Historical Treasures	All assets	N/A

All infrastructure placed in service during 2002 is included in the statement of net assets and depreciation expense is included in the statement of activities. The County has opted to delay the reporting of infrastructure from 1980 to 2001 until future years, as allowed under the provisions of GASB Statement No. 34.

ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

Accounts payable, accrued liabilities and long-term obligations are reported on the government-wide financial statements in their entirety. Governmental fund payables, accrued liabilities and other obligations are recognized as fund liabilities when incurred. However, compensated absences and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due and payable within one year.

Accounts payable, accrued liabilities, including compensated absences, and other obligations are reported in the enterprise fund financial statements.

COMPENSATED ABSENCES

Employees earn a specified amount of vacation time in each pay period based on their years of service. Employees can carry-forward up to thirty-five vacation days from year to year. Unused vacation time at year end is multiplied by the employees hourly rate at year end to establish the County's liability for unused vacation time.

Sick time is awarded on a monthly basis to those employees on the payroll for more than 50% of the month. Employees can carry forward up to 250 sick days. Employees hired before January 1, 1981 receive a percentage of their unused sick time upon separation from service with the County. Employees hired after December 31, 1979 receive a percentage of their unused sick time only upon retirement. The sick time liability was estimated by taking a percentage of unused sick time times the hourly rate for employees in retirement tiers 1 through 3. Tier three ended in 1983, the estimate would therefore, include all individuals hired prior to January 1, 1981 as well as most of those employees eligible for retirement based on age and years of service.

NET ASSETS

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets, net of accumulated depreciation reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the net assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws and regulations of other governments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
NET ASSETS (continued)

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "Invested in capital assets, net of related debt" or "restricted net assets."

The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

GOVERNMENTAL FUND BALANCE RESERVES

The County reserves those portions of governmental fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Fund balance reserves have been established for employee benefits, retiree benefits, tobacco settlement, capital improvements, and other special purposes.

OPERATING REVENUES AND EXPENSES

Operating Revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the County, those revenues are charges for services for patient services at the Nursing Facility. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the funds. Revenues and expenses not meeting these definitions are reported as non-operating.

PROPERTY TAXES

County property taxes are levied annually as of January 1st payable without penalty to January 31st. Unpaid taxes are advertised for tax sale beginning September 1st, and property liens are obtained in October. Taxes for County purposes are levied together with taxes for town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the towns.

Unpaid village and school district taxes are turned over to the County for enforcement. Any such taxes remaining unpaid at year end are re-levied as County taxes in subsequent year.

NOTE 2 CHANGE IN ACCOUNTING PRINCIPLES

NEW REPORTING STANDARDS

In 2002 the County adopted new accounting standards in order to comply with Governmental Accounting Standards Board (GASB) requirements. The change in standards and the GASB requirements are as follows:

- GASB Statements No. 33 and No. 36 establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing and recognition of assets, liabilities and expenditures resulting from nonexchange transactions will be the same whether the accrual of the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenue must be available. Provisions of GASB Statement No. 33 also require that capital contributions to enterprise funds be recognized as revenue.
- GASB Statement No. 34 creates new basic financial statement for reporting on the County's financial activities. The financial statements include government-wide financial statements prepared in the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

GASB Statement No. 34 also includes certain transition treatments in regards to infrastructure. The County has elected to utilize these transition options and has capitalized only its current year additions to infrastructure. Infrastructure additions for the period 1980-2001 will be capitalized in future years, once the task of determining estimated historical cost is complete. Had all of the infrastructure been capitalized in this first year, net assets would be higher.

NOTE 2 CHANGE IN ACCOUNTING PRINCIPLES (continued)

- ~~GASB Statements No. 37 makes certain modifications to GASB Statement No. 34.~~
- GASB Statement No. 38 establishes the required financial statement disclosure requirements.

GOVERNMENTAL NET ASSETS, BEGINNING OF YEAR

To comply with the provisions of the above statements, the following calculation was needed to determine governmental net assets at December 31, 2001, for the government-wide statement of activities:

	<u>Total Governmental Activities</u>
Fund Balance, December 31, 2001	\$ 13,613,458
GASB No. 34 Adjustments:	
Capital Assets	61,987,130
Compensated Absences	(2,551,190)
Long-term Debt and Interest	(41,573,886)
Landfill Closure/Post Closure Liability	<u>(7,165,249)</u>
	<u>\$ 24,310,263</u>

NOTE 3 COMPLIANCE AND ACCOUNTABILITY

New York State Municipal Law requires the County to adopt a balanced budget. Under the County Charter, the County Executive is required to submit a budget for all funds to the County Legislature on or before November 10th. The legislature must then act on the budget and return it to the Executive for signature by December 7th. Any changes must be reconciled and a final budget approved on or before December 15th. After the budget is adopted the Executive may make transfers between operational accounts within the same department for all appropriations except personnel, capital equipment and contracts. Budget modifications between those accounts and between departments and or funds require a majority vote of the legislature.

At December 31, 2002, actual general fund expenditures exceeded budget for economic assistance and opportunity, and education.

NOTE 4 CASH DEPOSITS

The County Charter specifies that the County Treasurer is responsible for all deposits and investments in accordance with general municipal law and the County's investment policy. General Municipal Law, Section 10 provides that all deposits of the County including Certificates of Deposits and special time deposits, in excess of the amount insured under the provision of the Federal Deposit Insurance Act shall be secured:

By a pledge of "eligible securities: with an aggregate "market value", as provided by General Municipal Law, Section 10, equal to the aggregate amount of deposits from the categories designated as acceptable investments in the County investment policy.

By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the County for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, in any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with Federal minimum risk-based capital requirements.

NOTE 4 CASH DEPOSITS (continued)

By an eligible surety bond payable to the County of Chemung for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any executed by an insurance company authorized to do business in the State of New York, whose claims-paying ability is rated in the highest rating category by at least two (2) nationally recognized statistical rating organization.

Security on deposits and investments is categorized based on the level of credit risk. The categories of credit risk are defined as follows:

- Category 1 Insured by the Federal Deposit Insurance Corporation or securities held by the County or by an agent of the County in the County's name.
- Category 2 Securities held by the pledging financial institution's trust department or an agent in the County's name.
- Category 3 Uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the County's name; or collateralized with no written collateral agreement.

At year end, the carrying amount of the City's deposits was \$16,407,404 and the bank balance was \$11,970,600. Of the bank balance, the following were the bank balances according to risk categories:

	TOTAL	CATEGORY 1	CATEGORY 2	CATEGORY 3
Cash deposits	\$ 11,970,600	\$ 300,000	\$ 11,670,600	\$ -

NOTE 5 RECEIVABLES

Real property taxes receivable at December 31, 2002 were \$6,058,410. Included in the real property taxes receivable are returned city, village, and school taxes of \$1,925,115 which are offset by liabilities to the cities, villages, and school districts which will be paid no later than April 15, 2003. The remaining amount of tax receivables are offset by deferred tax revenue of \$2,907,466 and represents an estimate of tax liens, which will not be collected within the first sixty (60) days of the subsequent year. City, village, and school district taxes not collected by the respective entity have been or will be re-levied with the County tax levy the following year.

Other government-type activity receivables consist of funds claimed but not received from various state and federal sources of \$14,675,339 at December 31, 2001, as well as funds receivable for services rendered by departments such as the Airport, Solid Waste and the Sewer Districts of \$7,186,274 at December 31, 2001.

NOTE 6 RELATED PARTY TRANSACTIONS

During 2002, the County transferred land to Chemung County Industrial Development Agency (the IDA, a component unit), with a fair market value of \$497,108. The IDA subsequently sold the land to a developer for the same value during 2002.

The IDA has agreed to return real property to the County to replace the land granted by the County to the IDA for development. The estimated receivable of the land to be transferred to the County is \$497,108 at December 31, 2002.

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2002 was as follows:

GOVERNMENTAL-TYPE ACTIVITIES

	BALANCE 1/1/2002	ADDITIONS	DISPOSALS	BALANCE 12/31/2002
<u>Non-depreciable Capital Assets:</u>				
Construction in Progress	\$ 324,034	\$ 352,799	\$ 266,799	\$ 410,034
Land	15,523,357	-	575,000	14,948,357
TOTAL NON-DEPRECIABLE CAPITAL ASSETS	15,847,391	352,799	841,799	15,358,391
<u>Depreciable Capital Assets:</u>				
Land Improvements	35,782	26,360	-	62,142
Buildings and building improvements	51,205,524	1,227,894	-	52,433,418
Infrastructure	-	6,295,822	-	6,295,822
Furniture, Equipment and Vehicles	18,118,414	2,587,445	-	20,705,859
TOTAL DEPRECIABLE CAPITAL ASSETS	69,359,720	10,137,521	-	79,497,241
<u>Less Accumulated Depreciation For:</u>				
Land Improvements	(30,367)	(1,107)	-	(31,474)
Buildings and building improvements	(12,157,215)	(774,984)	-	(12,932,199)
Infrastructure	-	(246,222)	-	(246,222)
Furniture, Equipment and Vehicles	(11,032,399)	(1,312,123)	-	(12,344,522)
TOTAL ACCUMULATED DEPRECIATION	(23,219,981)	(2,334,436)	-	(25,554,417)
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 61,987,130	\$ 8,155,884	\$ 841,799	\$ 69,301,215

Depreciation expense was charged to governmental functions as follows:

General government	\$ 268,208
Public safety	333,562
Health	18,035
Transportation	817,767
Economic assistance and opportunity	73,824
Culture and recreation	92,612
	730,428
TOTAL DEPRECIATION EXPENSE FOR GOVERNMENTAL ACTIVITIES	\$ 2,334,436

BUSINESS-TYPE ACTIVITIES

	BALANCE 1/1/2002	ADDITIONS	DISPOSALS	BALANCE 12/31/2002
<u>Non-depreciable Capital Assets:</u>				
Land	\$ 48,287	\$ -	\$ -	\$ 48,287
TOTAL NON-DEPRECIABLE CAPITAL ASSETS	48,287	-	-	48,287
<u>Depreciable Capital Assets:</u>				
Land Improvements	306,998	-	-	306,998
Buildings and fixed equipment	6,193,158	2,317	-	6,195,475
Movable equipment	1,269,082	23,188	-	1,292,270
TOTAL DEPRECIABLE CAPITAL ASSETS	7,769,238	25,505	-	7,794,743
<u>Less Accumulated Depreciation For:</u>				
Land Improvements	(261,846)	(4,948)	-	(266,794)
Buildings and fixed equipment	(4,586,722)	(154,876)	-	(4,741,598)
Moveable equipment	(996,352)	(76,964)	-	(1,073,316)
TOTAL ACCUMULATED DEPRECIATION	(5,844,920)	(236,788)	-	(6,081,708)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 1,972,605	\$ (211,283)	\$ -	\$ 1,761,322

NOTE 8 PENSION PLAN

The County of Chemung participates in the New York State and Local Employees' Retirement System (ERS). This is a ~~cost sharing multiple employer system that provides retirement benefits as well as death and disability benefits.~~ The County's contribution for 2002 and the two preceding years was as follows:

	2002	2001	2000
General pension contribution	\$ 427,398	\$ 148,803	\$ -
Contribution for early retirement incentive	430,055	542,263	351,136
Group-term life insurance contribution	407	(1,034)	-
Total Pension Contribution	<u>\$ 857,860</u>	<u>\$ 690,032</u>	<u>\$ 351,136</u>

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The Comptroller of the State of New York is the sole trustee and administrator of the ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the ERS and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the New York State and Local Retirement, Governor Alfred E. Smith State Office Building, Albany, NY 12244.

Employees hired prior to July 28, 1976 and employees hired after that date with at least ten years of service in the system are not required to make contributions. Employees hired after July 27, 1976 with less than ten years of service are required to contribute at a rate of 3% of their gross salary. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed used in computing the employer's contributions. The County of Chemung contribution is 100% of the contribution required for each year.

Pursuant to Chapter 41 of the Laws of 1997, Chapter 47 of the Laws of 1998, Chapter 70 of the Laws of 1999 and Chapter 86 of the Laws of 2000; the State Legislature authorized local governments to make available retirement incentive programs. Those programs had additional local costs payable over five years as follows:

YEAR	TOTAL LOCAL COST	2002 PAYMENT	APPLICABLE INTEREST RATE
1997	\$ 293,780	\$ 67,107	8.50%
1998	419,100	88,754	8.50%
1999	272,330	68,617	8.00%
2000	602,915	164,884	8.00%
Other-Law Enforcement	20,200	40,693	
	<u>\$ 1,608,325</u>	<u>\$ 430,055</u>	

NOTE 9 POST EMPLOYMENT BENEFITS

The County of Chemung pays 50% of the insurance cost for retirees who choose to carry the insurance in retirement. Employees can also, upon retirement escrow a portion of their unused sick time to cover their share of the insurance costs in retirement. Substantially all of the County's employees may become eligible for benefits if they reach normal retirement age while working for the County. The County recognizes the cost of providing benefits by its share of insurance premiums as an expenditure in the governmental funds in the year paid. Employees who separate from service prior to retirement may continue their insurance through the County by paying the entire premium in accordance with federal law.

NOTE 10 DEFERRED COMPENSATION

Chemung County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. ~~The plan, available to all full-time County employees at their option, permits participants to defer a~~ portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the participant or beneficiary) are solely the property of the County.

The Small Business Job Protection Act of 1996 was signed into law on August 20, 1996. As a result of the new legislation, all 457 program assets must now be held in a trust, custodial account or annuity contract for the exclusive benefit of plan participants and their beneficiaries. No longer will plan assets be subject to claims of public entities' creditors during financial crisis.

The County adopted the Model Deferred Compensation Plan for employees of the County of Chemung on December 14, 1999. The plan adoption was retroactive to January 1, 1996. To insure compliance with Small Business Job Protection Act of 1996, the County entered into an agreement with PEBSO and Nationwide Life Insurance Company to become Trustee and Custodian for the County of Chemung Deferred Compensation Plan.

As of December 31, 2002, employee contributions to the plan totaled \$1,390,486, which is not displayed in the financial statements.

NOTE 11 RISK RETENTION

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and their survivors for which the County carries commercial insurance.

The County's self-insured workers' compensation plan is accounted for as an internal service fund. Assessments are paid in to the fund from other funds and participating municipalities, and are available to pay claims and administrative costs of the program. Claim liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include amounts for claims that have been incurred but not reported (IBNRs). Claim liabilities are estimated considering recent claim settlement trends and the effects of inflation using the present value method. Changes in the balances of claims liabilities reported in the internal service fund for the past two fiscal years ended December 31 are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims & Changes in Estimates (Net)	Claim Payments	Balance at Fiscal Year-End
2001	\$ 1,057,125	\$ 871,561	\$ (879,613)	\$ 1,049,073
2002	\$ 1,049,073	\$ 1,342,979	\$ (755,071)	\$ 1,636,981

NOTE 12 COMMITMENTS AND CONTINGENCIES

The County owns and operates a landfill site located in the southeast portion of the County. State and federal laws will require the County to close the landfill once the capacity is reached and to monitor and maintain the site for thirty subsequent years. The County recognizes a portion of the closure and post-closure care costs in each operating period, even though actual payouts will not occur until the landfill is closed. The amount recognized each year to date is based on the landfill capacity used as of the balance sheet date. As of December 31, 2002, 44% of the landfill capacity is used. The remaining estimated life is twenty-eight years. The estimated cost of closure and post-closure care are subject to changes such as effects of inflation, revision of laws and other variables.

The settlement of a lawsuit with a former health insurance carrier resulted in a \$1,500,000 settlement to be paid by the County beginning January 2003 and continue through January 2007.

NOTE 13 SHORT-TERM DEBT

Liabilities for bond anticipation notes (BANS) are generally accounted for in the Capital Projects Fund and in the Enterprise Fund. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within the first two years. Redemptions must then continue in each subsequent 12 month period until the obligation is completely extinguished.

New York State Law requires that BANS issued for capital purposes be converted to long-term obligations within five years from the original issuance date. However, BANS issued for assessable improvement projects may be renewed up to the maximum life of the permanent financing, provided that stipulated annual reductions in principal occur.

Short-term debt outstanding at December 31, 2002 is as follows:

	Balance 12/31/2001	Additions	Reductions	Balance 12/31/02
Governmental-Type Activities:				
Bond Anticipation Notes	\$ 366,400	\$ 20,000,000	\$ -	\$ 20,366,400
TOTAL	366,400	20,000,000	-	20,366,400
Business-Type Activities				
Bond Anticipation Notes	\$ -	\$ 7,466	\$ -	\$ 7,466
TOTAL	-	7,466	-	7,466

NOTE 14 LONG-TERM DEBT

Chemung County finances capital projects under New York State Local Finance Law. The law stipulates borrowing parameters and limitations. Titles 8, 9 and 10 establish the County's borrowing limitation. Under these guidelines certain debt, such as debt that may be added to a separate ad valorem tax, is excluded in the computation of the County's debt limit.

Chemung County's constitutional debt limit for 2002, as defined by New York State Local Finance Law is \$151,911,182. The County's qualified debt for that period is \$38,295,343 or 25.21% of the constitutional debt limit.

A summary of government-wide long-term debt is detailed in the following schedule:

	Balance 12/31/2001	Additions	Reductions	Balance 12/31/02	Amounts Due Within One Year
Governmental-Type Activities:					
General obligation bonds payable	\$ 39,951,271	\$ 1,583,270	\$ (3,826,212)	\$ 37,708,329	\$ 4,027,709
Compensated absences	2,551,190	724,167	-	3,275,357	1,408,404
Landfill closure/post-closure	7,165,249	348,098	-	7,513,347	-
Health ins. settlement liability	-	1,500,000	-	1,500,000	500,000
Business-Type Activities					
General obligation bonds payable	\$ 507,177	\$ 116,200	\$ (36,363)	\$ 587,014	\$ 55,325
Workers' Compensation	719,870	-	(26,438)	693,432	-

NOTE 14 LONG-TERM DEBT (continued)

~~Current year debt service payments and balances at December 31, 2002 are as follows:~~

BOND	2002		BALANCE AT DECEMBER 31, 2002		
	INTEREST PAYMENTS	PRINCIPAL PAYMENTS	TOTAL	GOVERNMENTAL TYPE ACTIVITIES	BUSINESS TYPE ACTIVITIES
Public Improvement Bond, 07/01/86- This bond has staggered maturities from 1987-2004. It carries a fixed interest rate of 7.6%. Interest payments are made twice annually. The bonding covers capital projects for the Sewer District, Solid Waste District and various General Fund Projects.	\$ 33,250	\$ 175,000	\$ 350,000	\$ 350,000	\$ -
Public Improvement Bond, 04/01/88- This bond has staggered maturities from 1989-2008. It carries an interest rate that starts at 7.0% and rises to 7.25%. Interest payments are made twice annually. The bonding covers capital projects and purchases for the Sewer District, Solid Waste District, Nursing Facility and various General Fund Projects.	141,300	300,000	1,800,000	1,800,000	-
Public Improvement Bond, 05/01/89- This bond has staggered maturities from 1990-2009. It carries an interest rate that starts at 7.0% and rises to 7.25%. Interest payments are made twice annually. The bonding covers capital projects and purchases for the Sewer District, Solid Waste District and various General Fund Projects.	54,194	175,000	660,000	660,000	-
Public Improvement Bond, 07/15/91- This bond has staggered maturities from 1992-2010. It carries an interest rate that starts at 6.75% and rises to 6.8%. Interest payments are made twice annually. The bonding covers capital projects and purchases for the Nursing Facility, Solid Waste District and various General Fund Projects.	309,400	550,000	4,000,000	4,000,000	-
Public Improvement Bond, 07/15/92- This bond has staggered maturities from 1993-2008. It carries an interest rate that starts at 5.2% and rises to 5.5%. Interest payments are made twice annually. The bonding covers capital projects and purchases for the Solid Waste District and various General Fund Projects.	108,250	325,000	1,850,000	1,850,000	-
Balance Forward	\$ 646,394	\$ 1,525,000	\$ 8,660,000	\$ 8,660,000	\$ -

NOTE 14 LONG-TERM DEBT (continued)

BALANCE AT DECEMBER 31, 2002

BOND	2002		TOTAL	GOVERNMENTAL	BUSINESS
	INTEREST PAYMENTS	PRINCIPAL PAYMENTS		TYPE ACTIVITIES	TYPE ACTIVITIES
Balance Brought Forward	\$ 646,394	\$ 1,525,000	\$ 8,660,000	\$ 8,660,000	\$ -
Public Improvement Bond, 07/15/92- This bond has staggered maturities from 1993-2012. It carries an interest rate that starts at 5.4% and rises to 5.5%. Interest payments are made twice annually. The bonding covers capital projects and purchases for various General Fund Projects.	210,475	300,000	3,550,000	3,550,000	-
Public Improvement Bond, 07/20/93- This bond has staggered maturities from 1994-2008. It carries an interest rate that starts at 2.6% and rises to 5.1%. Interest payments are made twice annually. The bonding covers capital projects and purchases for various General Fund Projects.	49,640	165,000	930,000	930,000	-
Public Improvement Bond, 07/15/94- This bond has staggered maturities from 1995-2009. It carries an interest rate that starts at 4.8% and rises to 5.4%. Interest payments are made twice annually. The bonding covers capital projects and purchases for the Solid Waste District and various General Fund Projects.	100,213	500,000	1,700,000	1,700,000	-
Public Improvement Bond, 08/20/97- This bond has staggered maturities from 1998-2011. It carries an interest rate that starts at 4.75% and rises to 0.00%. Interest payments are made twice annually. The bonding covers capital projects and purchases for the Nursing Facility and various General Fund Projects.	242,775	599,374	6,714,674	6,368,041	346,633
Public Improvement Bond, 06/15/98- This bond has staggered maturities from 1999-2018. It carries an interest rate that starts at 4.5% and rises to 4.55%. Interest payments are made twice annually. The bonding covers capital projects and purchases for the Solid Waste District and various General Fund Projects.	173,733	375,000	3,665,000	3,665,000	-
Balance Forward	\$ 1,423,230	\$ 3,464,374	\$ 25,219,674	\$ 24,873,041	\$ 346,633

NOTE 14 LONG-TERM DEBT (continued)

BALANCE AT DECEMBER 31, 2002

BOND	2002		TOTAL	GOVERNMENTAL	BUSINESS
	INTEREST PAYMENTS	PRINCIPAL PAYMENTS		TYPE ACTIVITIES	TYPE ACTIVITIES
Balance Brought Forward	\$ 1,423,230	\$ 3,464,374	\$ 25,219,674	\$ 24,873,041	\$ 346,633
Public Improvement Bond, 11/15/99- This bond has staggered maturities from 2000-2015. It carries an interest rate that starts at 5.1% and rises to 5.125%. Interest payments are made twice annually. The bonding covers capital projects and purchases for the Nursing Facility, Sewer District and various General Fund Projects.	295,951	290,001	5,504,999	5,380,818	124,181
Public Improvement Bond, 08/15/01- This bond has staggered maturities from 2002-2021. It carries an interest rate that starts at 4.5% and rises to 4.75%. Interest payments are made twice annually. The bonding covers capital projects and purchases for the Nursing Facility, Sewer District, Solid Waste District and various General Fund Projects.	162,165	112,000	3,425,000	3,308,800	116,200
Public Improvement Bond, 03/15/02- This bond has staggered maturities from 2003-2016. It carries an interest rate that starts at 4.25% and rises to 5.00%. Interest payments are made twice annually. The bonding covers capital projects and purchases for various General Fund Projects.	-	-	4,145,670	4,145,670	-
Total Principal and Interest	<u>\$ 1,881,346</u>	<u>\$ 3,866,375</u>			
Total Bonds Payable			38,295,343	37,708,329	587,014
Less: Current Portion			4,083,034	4,027,709	55,325
TOTAL LONG-TERM DEBT			<u>\$ 34,212,309</u>	<u>\$ 33,680,620</u>	<u>\$ 531,689</u>

The annual aggregate maturities for outstanding indebtedness for the next five years are as follows:

	TOTAL		GOVERNMENTAL-TYPE ACTIVITIES		BUSINESS-TYPE ACTIVITIES	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2003	\$ 4,083,034	\$ 1,936,264	\$ 4,027,709	\$ 1,914,108	\$ 55,325	\$ 22,156
2004	4,098,466	1,614,871	4,054,494	1,595,010	43,972	19,861
2005	3,742,235	1,393,461	3,696,257	1,376,083	45,978	17,378
2006	3,845,222	1,196,567	3,796,579	1,181,787	48,643	14,780
2007	3,883,210	978,564	3,832,069	966,637	51,141	11,927
Thereafter	18,643,176	3,515,507	18,301,221	3,457,364	341,955	58,143
	<u>\$ 38,295,343</u>	<u>\$ 10,635,234</u>	<u>\$ 37,708,329</u>	<u>\$ 10,490,989</u>	<u>\$ 587,014</u>	<u>\$ 144,245</u>

NOTE 15 RESERVES

The County has the following reserve funds for the following purposes at December 31, 2002:

Governmental-Type Activities

General Fund

Reserve for tax stabilization	\$ 225,258
Tobacco reserve	811,445
Employee Benefits	965,395
Retirement benefits	1,224,468
Other reserves	62,688
TOTAL	<u>3,289,254</u>

Non-major Governmental Funds

Reserve for capital projects	508,003
Reserve for debt service	473,388
TOTAL	<u>981,391</u>

TOTAL GOVERNMENTAL-TYPE ACTIVITIES RESERVED FUND BALANCE	<u><u>\$ 4,270,645</u></u>
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NOTE 16 CHEMUNG COUNTY NURSING FACILITY - ENTERPRISE FUND

Summary of Significant Accounting Policies

Basis of reporting - The accompanying financial statements reflect the financial activity of the Chemung County Nursing Facility on the accrual basis of accounting. The Facility is a 200-bed skilled nursing facility funded primarily through Medicaid, Medicare, and private fees. The Facility is not a legal entity, but rather a department within Chemung County, New York. The County has proprietary interest in all assets and the responsibility for all obligations of the Facility. The Facility's accounts are segregated into a separate enterprise fund. The Facility was audited by Mengel Metzger Barr & Co. LLP in 2002 and a copy of the complete audited financial statements may be obtained from the Chemung County Nursing Facility.

Net patient service revenue - Net patient service revenue represents the estimated net realizable amounts from patients, third-party payers, and other services rendered. Patient accounts receivable are recorded net of contractual allowances. Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Provisions for third-party payer settlements are provided in the period when the settlements are determinable.

Revenue from Medicaid and Medicare accounted for approximately 66% of the Facility's total revenue for the year ended December 31, 2002. Laws and regulations governing Medicaid and Medicare are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Inventories - Inventories, consisting of supplies for various departments, are stated at the lower of cost (first-in, first-out method) or market.

Property, facilities and equipment - Property, facilities, and equipment are stated on the basis of cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from five to forty years.

Expenditures for renewals and betterments are capitalized while expenditures for repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation or amortization are removed from the accounts and the related gain or loss is reflected in operations.

Third-Party Reimbursement

The Medicaid program provides for reimbursement to nursing homes on a prospective basis with no provision for retroactive adjustments other than those resulting from audit by the third-party agency, which involve either errors in the original cost reports used by such agencies to develop the prospective rates or changes in regulations promulgated by the Courts. Adjustments resulting from third-party audits are generally made by withholding amounts from current remittances or adjusting future reimbursement rates. Under the Medicare program, nursing homes are reimbursed for defined costs of services rendered to patients. During the year, the Medicare intermediary makes interim payments which are tentatively adjusted upon filing various cost reports and are subject to final adjustment upon audit.

Medicaid retroactive adjustments, which amounted to \$142,836 for the period September 2000 to June 2002, were recorded as an increase in revenue for the year ended December 31, 2002. Additionally, Medicaid retroactive adjustments, which amounted to \$274,265 for the period July 1999 to December 31, 2001, were recorded as a reduction of revenue for the year ended December 31, 2001.

Reimbursement rate audit - During 2002, the New York State Department of Social Services (DSS) applied the findings from a previous reimbursement rate audit for the period January 1, 1983 to December 31, 1983 to the rate years 2000 and 2001. As a result, the Facility recorded a Medicaid overpayment of \$253,525 as a prior year rate and audit adjustment for the year ended December 31, 2002. A portion of this claim, \$186,458, will be repaid through withholdings from future Medicaid remittances.

For the year ended December 31, 2001, the Facility recorded as a prior year rate audit adjustment, a Medicaid overpayment of \$176,472 for the rate years 1998 and 1999 based on the reimbursement rate audit noted above. This claim was repaid through withholdings from Medicaid remittances during 2002.

Medicare audit - A liability as a result of an audit of the Medicare cost report for the period January 1, 1993 to December 31, 1993 was recorded in 1994. Periods subsequent to 1993 have not been audited.

The effect of the above-mentioned audits on rate years subsequent to those mentioned is not presently determinable and, accordingly, has not been reflected in the accompanying financial statements.

Due to third party payers, as reflected in the accompanying balance sheet, are payable as a 10% maximum withholding from current Medicaid remittances.

Employee and Retiree Benefits

Substantially all employees of the Facility are eligible to participate in the New York State Employee's Retirement System. All members employed prior to June 30, 1976 participate on a non-contributory basis. All other members participate on a contributory basis. As a government pension plan, the New York State Employees' Retirement System is exempt from the provisions of the Employee Retirement Income Security Act of 1974. Information of the differences, if any, between the actuarially computed value of vested benefits and the Plan's assets is not available.

The Facility makes pension payment to the New York State Employees' Retirement System based on the salaries of participating employees multiplied by the most recent rates available from New York State Employees' Retirement System ("the System") plus a calculation for early retirement incentives. The pension contribution for the year ended December 31, 2002 amounted to \$147,203.

The Facility makes provides health care benefits for retired employees through the County's health plan. Substantially all employees become eligible for these benefits if they qualify for retirement while working for the Facility. The costs of these benefits are expensed as claims are incurred and amounted to \$71,701 for December 31, 2002. The retired employees reimburse the Facility for a portion of these expenses and the reimbursed amount is allocated against this expense. At December 31, 2002, there were approximately 63 Facility retirees.

NOTE 16 CHEMUNG COUNTY NURSING FACILITY - ENTERPRISE FUND (continued)

Workers' Compensation Benefits

Workers' Compensation benefits are provided by the Facility to their employees through the County's Self-insured programs. The cost of the benefits (net of reimbursement from New York State) for non-permanent disability are expensed as claims incurred and have been included as employee benefits expense in the accompanying statements of revenue and expenses. Certain Workers' Compensation cases have been ruled by the Workers' Compensation Board as permanent disability. Benefits for such claims are awarded for the life of the claimants and discharged only upon death or when the claimant returns to work full-time.

As December 31, 2002, eighteen of the Facility's claimants met the requirements for eligibility of lifetime benefits. Although the actuarially computed value of these claims is not available as of December 31, 2002, using the present value method, the Facility has recorded as estimated liability of \$712,265 for these lifetime benefits, assuming all claimants are paid to age 72. Accordingly, the provision has been presented in the financial statements of the Facility.

NOTE 17 INTERFUND BALANCES

The County Reports interfund balances between many of its funds. The sum of all balances presented in the table agrees with the sum of interfund balalnces presented in the balance sheet for governmental funds, statement of net assets for proprietary funds, and statement of net assets for fiduciary funds.

All interfund balances are considered to be short-term. Interfund balances at December 31, 2002 consisted of the following:

DUE TO:	DUE FROM:			
	General Fund	Non-Major Governmental Funds	Ageny Fund	Total
Non-Major Governmental Funds	\$ 4,473,922	\$ 484,811	\$ 187,312	\$ 5,146,045
Internal Service Funds	3,865,496	-	-	3,865,496
	<u>\$ 8,339,418</u>	<u>\$ 484,811</u>	<u>\$ 187,312</u>	<u>\$ 9,011,541</u>

Transfers are used to:

- (1) to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them
- (2) to move expenditures from chargeable funlds to a single fund for disbursement and
- (3) to compensate for the time lag between the dates interfund goods and services are provided or reimbursable and the payments are actually made between the funds.

NOTE 18 INTERFUND TRANSFERS

The County Reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the balance sheet for governmental funds, statement of net assets for proprietary funds, and statement of net assets for fiduciary funds.

TRANSFER TO:	TRANSFER IN:		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 171,213	\$ 171,213
Non-Major Governmental Funds	8,529,504	1,930,669	10,460,173
Internal Service Funds	400,000	-	400,000
	<u>\$ 8,929,504</u>	<u>\$ 2,101,882</u>	<u>\$ 11,031,386</u>

Transfers are used to:

- (1) to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them
- (2) to fund capital projects from operating funds.

NOTE 19 JOINT VENTURES

The following are activities undertaken jointly with other municipalities and are excluded from the financial statements:

Southern Tier Central Regional Planning and Development Board - The Counties of Chemung, Steuben, and Schuyler are participants in the joint Southern Tier Central Regional Planning and Development Board. The municipal agreement provides that the participants' share of the cost shall be prorated as agreed upon by the member Counties. In 2002, the County of Chemung contributed \$75,652. As of December 31, 2002, there was no outstanding indebtedness. Audited financial statements may be obtained from the Administrative Offices of the Southern Tier Central Regional Planning Board located at 145 Village Square, Painted Post, New York 14870.

Community College Region - The Corning Community College is operated jointly with the Counties of Chemung, Steuben and Schuyler. The County of Chemung included approximately \$3.0 million in its 2002 real property tax levy to help finance the College's 2002-2003 expenditures. In 2002, the County expended \$3,614,763 in residential tuition, which was based on capital and operating costs.

The following is a summary of audited financial information included in the financial statements issued for the joint venture for the year-ended August 31, 2002:

	All Funds
Total Assets	\$ 32,585,329
Total Liabilities	\$ 19,488,670
Net Assets	\$ 13,096,659
Total Revenues	\$ 37,375,275
Total Expenses	\$ 37,039,334

Separate financial statements may be obtained by contacting the administrative office of Corning Community College, 1 Academic Drive, Corning, New York 14830-3297.

Tobacco Asset Securitization Corporation - In January 1997, the State of New York filed a lawsuit against the tobacco industry, seeking to recover the costs that the State and local governments has incurred in treating smoking-related illnesses. Under an agreement reached with the tobacco industry referred to as the Master Settlement Agreement (MSA), the State and Counties are entitled to receive annual payments.

NOTE 19 JOINT VENTURES (continued)

Tobacco Asset Securitization Corporation (continued)

During 2000, the County sold its right to receive payments under the MSA to the Tobacco Asset Securitization Corporation (TACS) for \$7,004,322. The TASC is a related organization as described in GASB Statement No. 14, because while the County appoints the governing board of the TASC, the County is not responsible for the operations of the Corporation.

COUNTY OF CHEMUNG - STATE OF NEW YORK
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2002

	ORIGINAL ADOPTED BUDGET	FINAL AMENDED BUDGET	ACTUAL RESULTS	VARIANCE
REVENUES				
Real property taxes	\$ 19,134,204	\$ 19,134,204	\$ 19,666,421	\$ 532,217
Real property tax Items	1,081,300	1,081,300	1,282,529	201,229
Non-property taxes	21,029,971	21,117,784	21,831,638	713,854
Departmental income	15,244,567	15,352,327	16,379,738	1,027,411
Federal aid	23,054,191	24,110,290	19,843,720	(4,266,570)
State aid	19,402,228	20,009,664	19,472,663	(537,001)
Intergovernmental revenue	3,392,137	3,416,137	4,057,481	641,344
Use of money and property	539,459	539,459	668,685	129,226
Sale of property and compensation for loss	1,273,580	1,274,702	1,958,494	683,792
Licenses and permits	5,000	5,000	4,058	(942)
Fines and forfeitures	367,833	367,833	274,848	(92,985)
Miscellaneous revenue	6,549,184	6,605,184	7,748,389	1,143,205
TOTAL REVENUE AND OTHER SOURCES	<u>111,073,654</u>	<u>113,013,884</u>	<u>113,188,664</u>	<u>174,780</u>
EXPENDITURES				
General government	9,725,937	9,080,960	8,831,325	249,635
Public safety	11,864,986	12,248,984	12,777,680	(528,696)
Transportation	4,501,153	4,610,246	4,170,543	439,703
Health	5,689,944	9,339,660	8,763,905	575,755
Economic assistance and opportunity	57,778,981	59,223,296	61,592,457	(2,369,161)
Culture and recreation	1,933,254	1,993,986	1,962,512	31,474
Education	3,100,000	3,100,000	3,614,763	(514,763)
Home and community services	747,774	885,119	881,963	3,156
Employee benefits	6,950,721	6,950,721	8,002,099	(1,051,378)
Debt service	376,084	376,084	327,329	48,755
TOTAL EXPENDITURES AND OTHER USES	<u>102,668,834</u>	<u>107,809,055</u>	<u>110,924,576</u>	<u>(3,115,521)</u>
Excess (Deficiency) of Revenues Over Expenditures	8,404,820	5,204,829	2,264,088	(2,940,741)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	171,213	171,213
Operating transfers out	(5,910,840)	(5,894,564)	(8,929,504)	(3,034,940)
TOTAL OTHER FINANCING USES	<u>(5,910,840)</u>	<u>(5,894,564)</u>	<u>(8,758,291)</u>	<u>(2,863,727)</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures and Other Uses	<u>\$ 2,493,980</u>	<u>\$ (689,735)</u>	<u>(6,494,203)</u>	<u>\$ (5,804,468)</u>
FUND EQUITY - BEGINNING OF YEAR			<u>7,103,614</u>	
FUND EQUITY - END OF YEAR			<u>\$ 609,411</u>	

The accompanying notes are an integral part of these financial statements.