

**AUDITED
BASIC FINANCIAL STATEMENTS**

COUNTY OF GENESEE, NEW YORK

DECEMBER 31, 2014

COUNTY OF GENESEE, NEW YORK

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SECTION A
FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the County Legislature
County of Genesee, New York

Report on the Financial Statements

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 Genesee, New York (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Genesee Tobacco Asset Securitization Corporation (TASC), which represents 4.07%, 193.75% and 3.00%, respectively, of the assets, deficit net position, and operating revenues of the business-type activities. We also did not audit the financial statements of Genesee Community College, Genesee County Economic Development Center and the Genesee County Soil and Water Conservation District, which represent 100% of the assets, net position, and operating revenues of the discretely presented component units. Those statements, with the exception of Genesee County Soil and Water Conservation District, 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 Genesee Community College, Genesee County Economic Development Center and TASC 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 from material misstatement. The financial statements of the Genesee County Nursing Home were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule and schedule of funding progress for retiree health plan on pages 1-16, A41 and A42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Batavia, New York
July 27, 2015

Management's Discussion and Analysis County of Genesee, New York Fiscal Year Ended December 31, 2014

This section of County of Genesee, New York's (the County) annual financial report presents its discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2014. Please read it in conjunction with the County's financial statements, which immediately follow this section. In this section, **ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF DOLLARS, UNLESS OTHERWISE INDICATED.**

Financial Highlights

- The County's total primary government governmental activities net position at year end totaled approximately \$99,082, of which approximately \$73,552 was the net investment in capital assets.
- The County's total primary government governmental activities net position decreased approximately \$1,501 from the prior year, primarily from decreased revenues such as charges for services.
- During the year ended December 31, 2014 the County's primary government invested \$3,067 in governmental activities capital assets net of depreciation, including \$756 in buildings and improvements, \$2,519 in infrastructure, \$77 in machinery, \$301 in equipment and other capital assets and \$16 to the motor pool.
- The County tax rate was \$10.04 per thousand dollars of assessed value in 2014, which is a 1.52% increase over the 2013 County tax rate.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the County, reporting the County's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services such as public safety and transportation were financed in the short term as well as what remains for future spending.
- The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its Nursing Home, TASC, Workers' Compensation, Self-Insurance and Water funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles and for its management information systems. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

- Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Nursing Home, TASC, Workers' Compensation and Self-Insurance, which are considered to be major funds of the County. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.
- Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

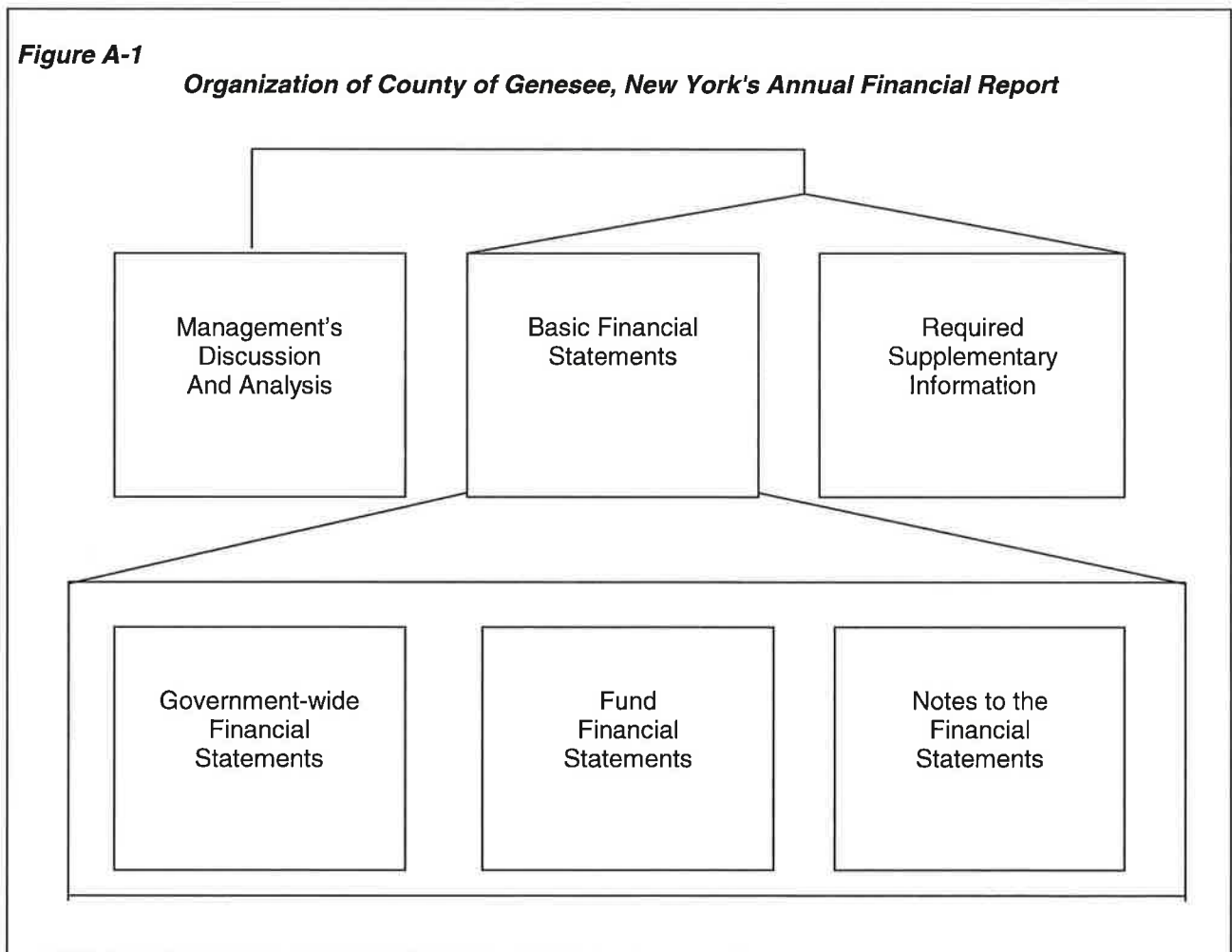


Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2**Major Features of the Government-wide and Fund Financial Statements**

		Fund Financial Statements	
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire government (except Fiduciary funds)	The activities of the County that are not proprietary or fiduciary, such as public safety and transportation	The activities of the County in which the County charges for services
Required financial statements	<ul style="list-style-type: none"> • <i>Statement of Net Position</i> • <i>Statement of Activities</i> 	<ul style="list-style-type: none"> • <i>Balance Sheet</i> • <i>Statement of Revenues, Expenditures, and Changes in Fund Balances</i> 	<ul style="list-style-type: none"> • <i>Statement of Net Position</i> • <i>Statement Revenues, Expenses and Changes in Net Position</i> • <i>Statement of Cash Flows</i>
Accounting basis and measurement focus	<i>Accrual accounting and economic resources focus</i>	<i>Modified accrual accounting and current financial focus</i>	<i>Accrual accounting and economic resources focus</i>
Type of asset/liability information	<i>All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term</i>	<i>Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; generally no capital assets or long-term liabilities included</i>	<i>All assets and liabilities, both financial and capital, short-term and long-term</i>
Type of inflow/outflow information	<i>All revenues and expenditures during year, regardless of when cash is received or paid</i>	<i>Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable</i>	<i>All revenues and expenditures during year, regardless of when cash is received or paid</i>

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements present the financial position of the County from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately. These statements include all assets of the County (including infrastructure) as well as all liabilities (including long-term debt).

The two government-wide statements report the County's net position and how it has changed. Net position - the difference between the County's assets and liabilities - is one way to measure the County's financial health or financial position.

- Over time, increases or decreases in the County's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the County's overall health, one needs to consider additional non-financial factors such as changes in the County's property tax base and the condition of the County's infrastructure and other facilities.

In the statement of net position and the statement of activities the County's activities are separated as follows:

Governmental activities - Most of the County's basic services are reported in this category, including the general government, education, public safety, health, transportation, economic assistance, culture and recreation, home and community services, and debt service. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business-type activities - The County charges a fee to customers to cover all or most of the cost of certain services it provides. The County's nursing home, water, self insurance and workers' compensation activities are reported in this category.

Component units - In accordance with the provisions of Government Accounting Standards Board Statement No. 14 and Statement No. 61, the County includes the following component units in their financial statements: the Genesee Tobacco Asset Securitization Corporation (TASC) as a blended component unit of the County's business-type activities.

The County also includes Genesee Community College, Genesee County Economic Development Center and the Genesee County Soil and Water Conservation District as discretely presented component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's funds, focusing on its most significant or "major" funds - not the County as a whole. Some funds are required to be established by State law. However, the County Legislature establishes other funds to control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

The County has three kinds of funds:

- **Governmental Funds:** Most of the County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information included in the governmental funds statements explains the relationship (or differences) between them.
- **Proprietary Funds:** These funds are generally used to account for services for which the County charges customers (both external and internal) a fee. These funds use accrual accounting, which is the same method used by the private sector. The County of Genesee has four enterprise funds and one internal service fund. The County's proprietary funds are the nursing home, water, self insurance and workers' compensation funds. Enterprise funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for each of the enterprise funds, all, with the exception of the water fund, are considered to be major funds of the County.
- **Fiduciary Funds:** The County is the trustee, or fiduciary, for assets that belong to others, such as deposits. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The County excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the County as a Whole

The net position of the County's primary government's governmental activities decreased 1.49% to approximately \$99,082. The majority of the net position is invested in capital assets such as buildings, roads and equipment. Long-term liabilities of the County's primary government's governmental activities have increased 19.5% primarily due to serial bonds in the amount of \$4,745 issued in the current year, net of current year repayments. Current and other assets of the County's business-type activities increased 19.17% primarily due to a increase in Intergovernmental Transfer (IGT) payment received at the Nursing Home. The unrestricted net deficit in the County's business-type activities decreased 24.37% primarily due to the decrease in the net deficit at the County Nursing Home as a result of the receipt of IGT funds.

County of Genesee, New York - Primary Government Condensed Statement of Net Position (in thousands of dollars)						
	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2014	2013		2014	2013	
Current and other assets	\$ 44,125	\$ 46,863	-5.84%	\$ 19,653	\$ 16,491	19.17%
Capital assets, net	85,225	82,158	3.73%	7,640	8,281	-7.74%
Total assets	<u>129,350</u>	<u>129,021</u>	<u>0.25%</u>	<u>27,293</u>	<u>24,772</u>	<u>10.18%</u>
Long-term liabilities	18,499	15,481	19.49%	25,728	26,601	-3.28%
Other liabilities	11,769	12,957	-9.17%	10,773	12,614	-14.59%
Total liabilities	<u>30,268</u>	<u>28,438</u>	<u>6.44%</u>	<u>36,501</u>	<u>39,215</u>	<u>-6.92%</u>
Net investment in capital assets	73,552	74,761	-1.62%	5,479	4,976	10.11%
Restricted	1,321	2,061	-35.90%	-	-	
Unrestricted (deficit)	24,209	23,761	1.89%	(14,687)	(19,419)	24.37%
Total net position (deficit)	<u>\$ 99,082</u>	<u>\$ 100,583</u>	<u>-1.49%</u>	<u>\$ (9,208)</u>	<u>\$ (14,443)</u>	<u>36.25%</u>

Governmental activities. Governmental activities decreased the County's net position by \$1,501. A key element of this decrease was an overall decrease in charges for services and operating and capital grants.

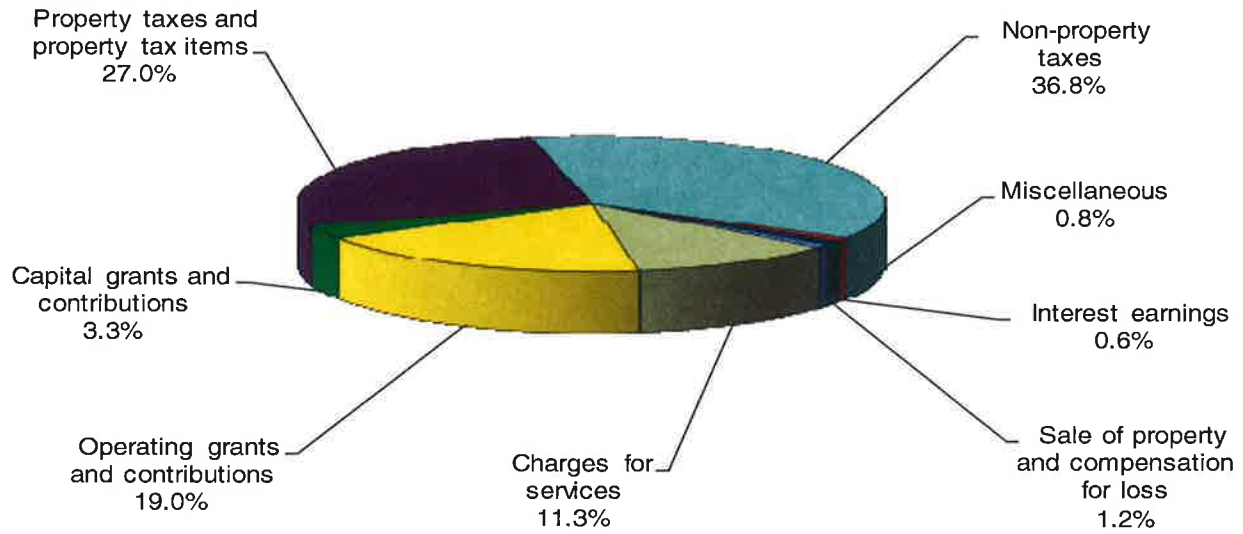
County of Genesee, New York
Changes in Net Position - Primary Government
(in thousands of dollars)

	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2014	2013		2014	2013	
Program Revenues:						
Charges for services	\$ 11,982	\$ 12,778	-6.23%	\$ 29,019	\$ 29,497	-1.62%
Tobacco settlement revenues	-	-	0.00%	936	828	13.04%
Operating grants and contributions	20,120	20,750	-3.04%	-	-	0.00%
Capital grants and contributions	3,508	8,446	-58.47%	-	-	0.00%
General Revenues:						
Property taxes, special assessments and property tax items	28,599	27,325	4.66%	-	-	0.00%
Non-property taxes	39,009	39,240	-0.59%	-	-	0.00%
Intergovernmental	10	-	100.00%	-	-	0.00%
Interest earnings	688	709	-2.96%	53	59	-10.17%
Sale of property and compensation for loss	1,314	1,314	0.00%	-	-	0.00%
Miscellaneous	807	1,613	-49.97%	1,080	1,062	1.69%
Gain (loss) on sale of asset	32	(20)	260.00%	-	-	0.00%
Total revenues	106,069	112,155	-5.43%	31,088	31,446	-1.14%
Program Expenses:						
General government	28,981	35,782	-19.01%	-	-	0.00%
Education	4,731	4,713	0.38%	-	-	0.00%
Public safety	17,931	14,783	21.29%	-	-	0.00%
Health	8,765	8,799	-0.39%	-	-	0.00%
Transportation	9,846	9,808	0.39%	-	-	0.00%
Economic assistance and opportunity	33,242	29,234	13.71%	-	-	0.00%
Culture and recreation	1,301	1,370	-5.04%	-	-	0.00%
Home and community service	907	926	-2.05%	-	-	0.00%
Nursing home	-	-	0.00%	17,915	18,450	-2.90%
TASC	-	-	0.00%	1,158	1,165	-0.60%
Self insurance	-	-	0.00%	10,761	10,123	6.30%
Workers' compensation	-	-	0.00%	2,544	3,387	-24.89%
Water	-	-	0.00%	3,474	3,557	-2.33%
Interest on debt	434	481	-9.77%	-	-	0.00%
Total expenses	106,138	105,896	0.23%	35,852	36,682	-2.26%

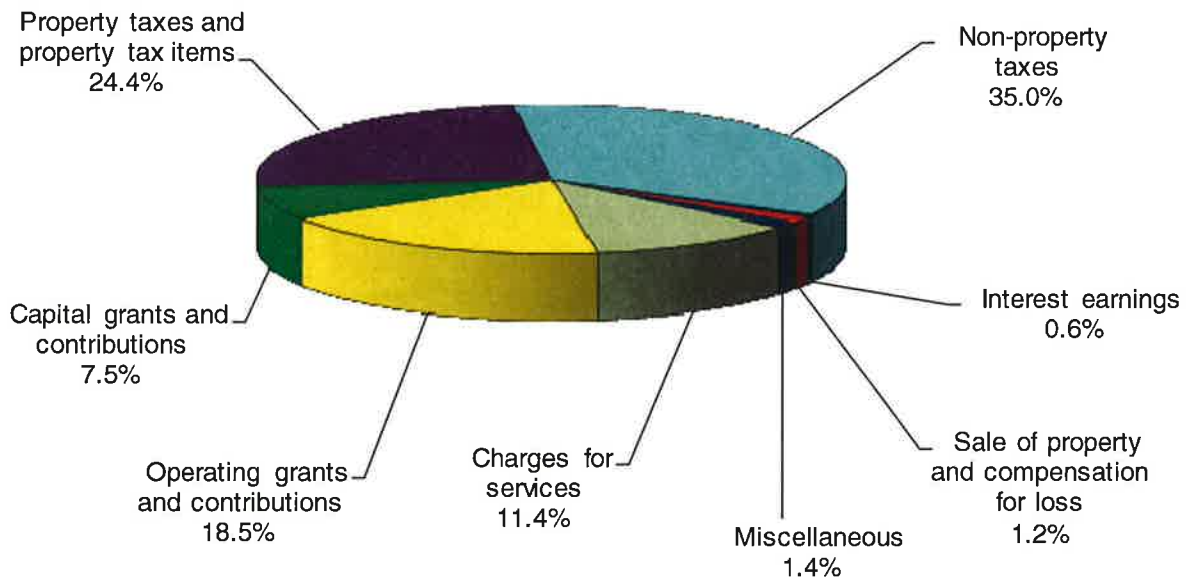
County of Genesee, New York
Changes in Net Position - Primary Government
(in thousands of dollars)

	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2014	2013		2014	2013	
Increase (decrease) in net position before transfers	(69)	6,279	-101.10%	(4,764)	(5,236)	9.01%
Transfers	(1,432)	(1,402)	2%	1,432	1,402	2.14%
Intergovernmental transfer for rate enhancement	-	-	0.00%	8,567	-	100.00%
Total transfers	(1,432)	(1,402)	-2.14%	9,999	1,402	613.20%
Change in net position	(1,501)	4,877	-130.78%	5,235	(3,834)	-236.54%
Net position (deficit) - beginning, as previously stated	100,583	95,706	5.10%	(14,443)	(9,898)	45.92%
Restatement of net position (see Note 10)	-	-	0.00%	-	(711)	-100.00%
Net position (deficit) - ending	<u>\$ 99,082</u>	<u>\$ 100,583</u>	<u>-1.49%</u>	<u>\$ (9,208)</u>	<u>\$ (14,443)</u>	<u>36.25%</u>

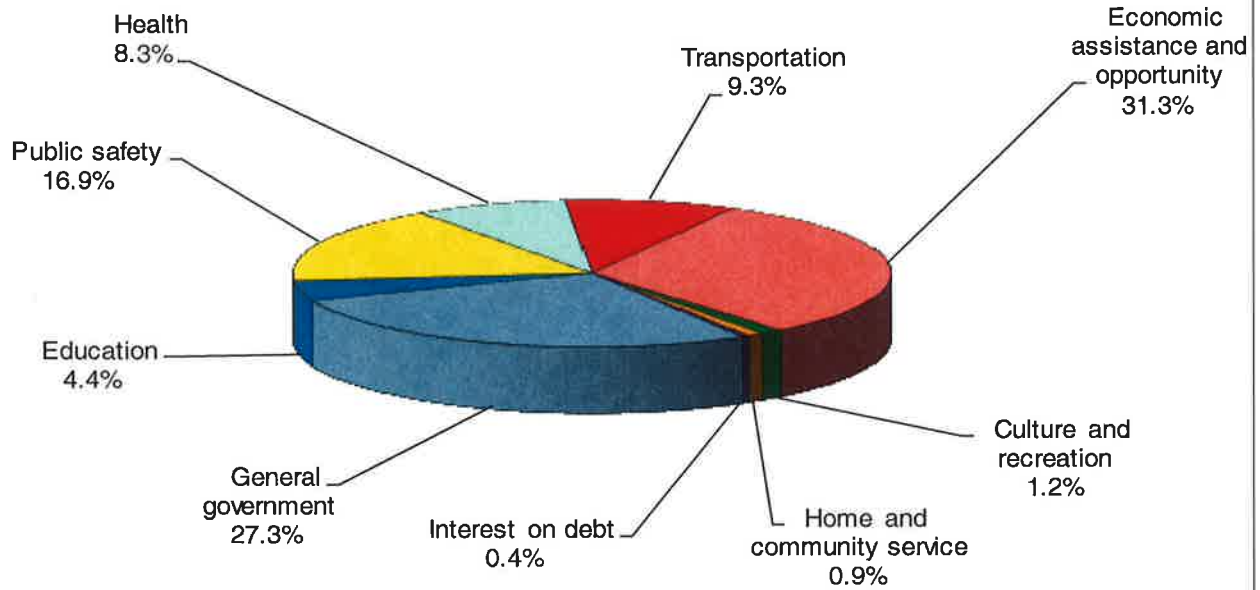
**County of Genesee, New York
Revenues for Governmental Activities - Primary Government
Fiscal Year 2014**



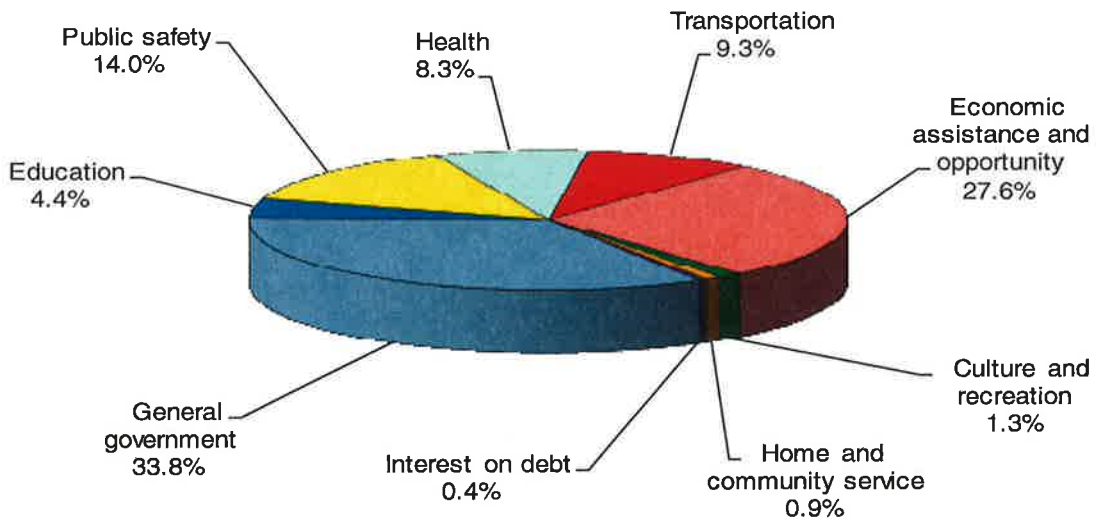
**County of Genesee, New York
Revenues for Governmental Activities - Primary Government
Fiscal Year 2013**



**County of Genesee, New York
Expenses for Governmental Activities - Primary Government
Fiscal Year 2014**



**County of Genesee, New York
Expenses for Governmental Activities - Primary Government
Fiscal Year 2013**



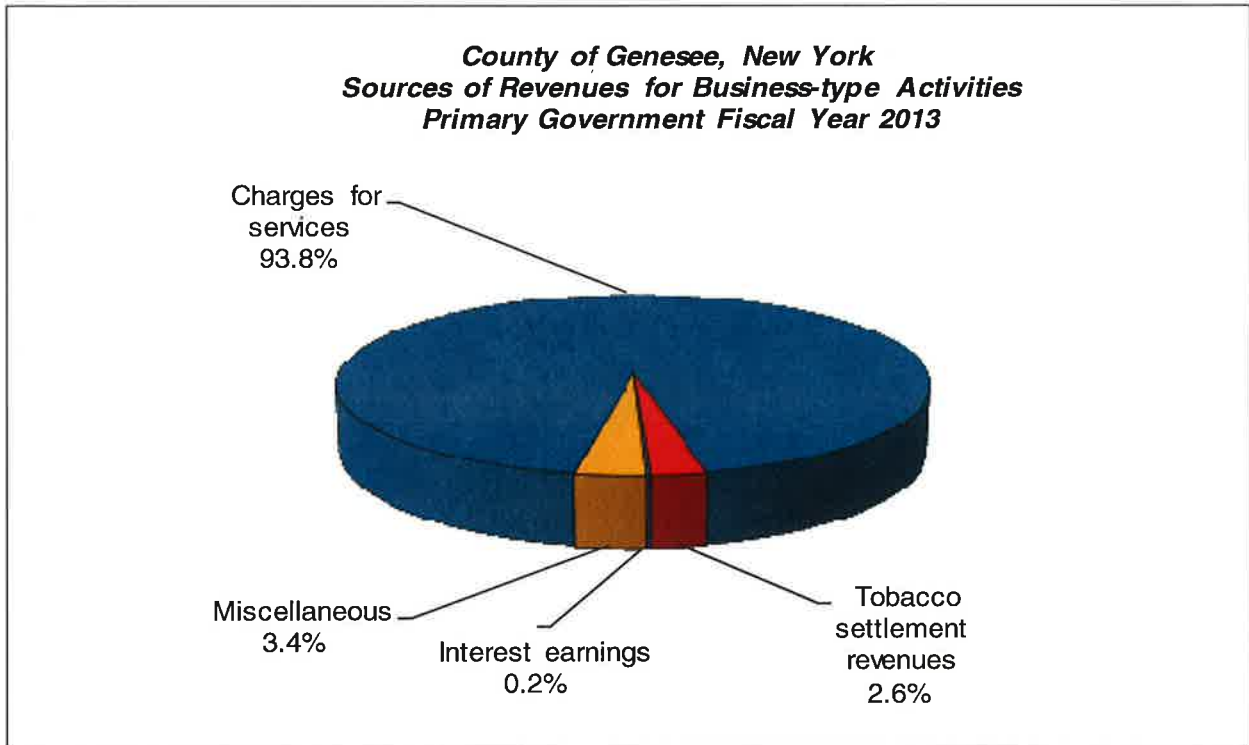
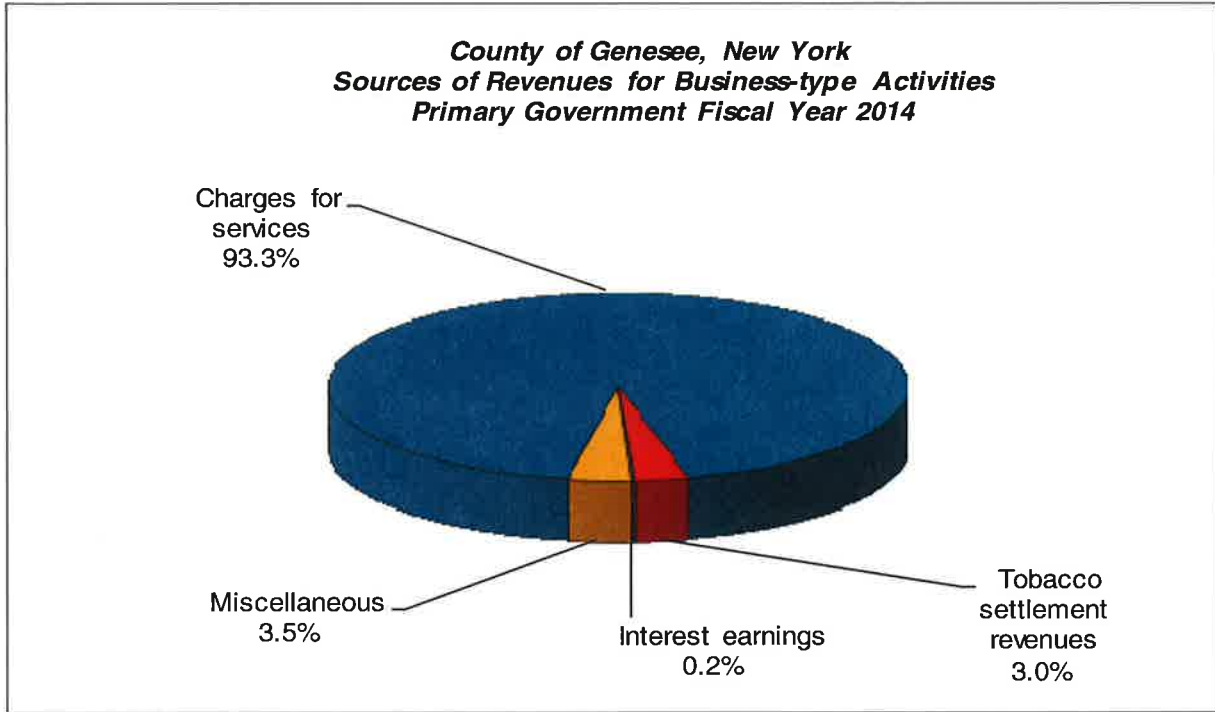
Governmental Activities

The following table presents the cost of nine major County activities: general government, education, public safety, health, transportation, economic assistance, culture and recreation, home and community service, and interest on debt. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the County's taxpayers by each of these functions.

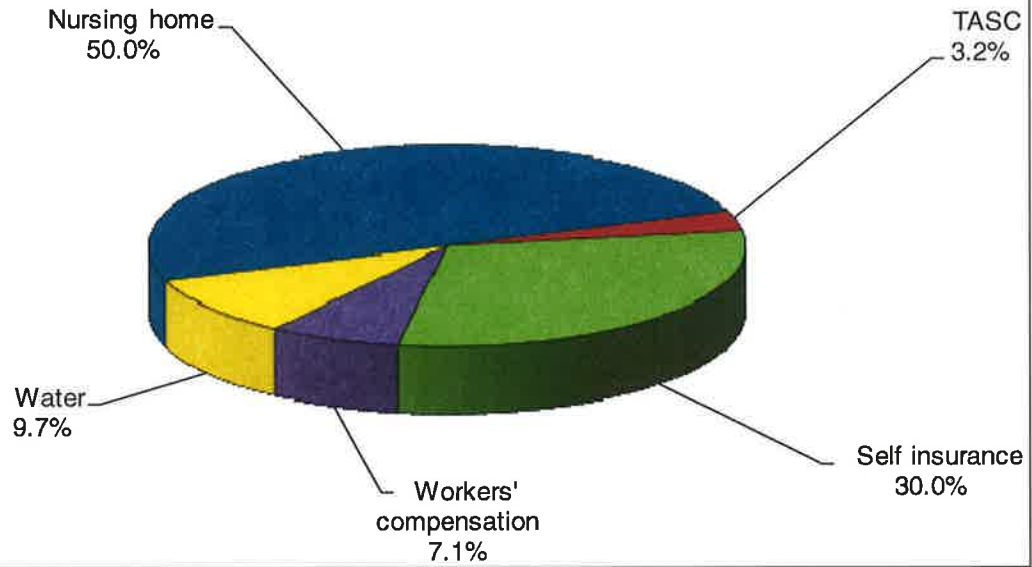
<i>County of Genesee, New York</i>						
<i>Net Cost of Governmental Activities - Primary Government</i>						
<i>(in thousands of dollars)</i>						
	Total Cost of Services		Total Percentage Change	Net Cost of Services		Total Percentage Change
	2014	2013		2014	2013	
General government	\$ 28,981	\$ 35,762	-18.96%	\$ 24,665	\$ 31,173	-20.88%
Education	4,731	4,713	0.38%	3,142	3,078	2.08%
Public safety	17,931	14,783	21.29%	15,708	7,529	108.63%
Health	8,765	8,799	-0.39%	1,159	660	75.61%
Transportation	9,846	9,808	0.39%	4,058	4,428	-8.36%
Economic assistance	33,242	29,234	13.71%	21,048	15,859	32.72%
Culture & recreation	1,301	1,370	-5.04%	593	581	2.07%
Home and community service	907	926	-2.05%	(278)	113	346.02%
Interest on debt	434	481	-9.77%	434	481	-9.77%
Total	<u>\$ 106,138</u>	<u>\$ 105,876</u>	<u>0.25%</u>	<u>\$ 70,529</u>	<u>\$ 63,902</u>	<u>10.37%</u>

- General government decreased primarily from the Sheriff's department purchase of the 800 Mghz system in the prior year.
- Public safety increased primarily from Capital Costs associated with the 800 MHz radio project.
- Economic assistance increased primarily due to costs associated with the Nursing Home. The increase in costs is associated with the County's matching share of the Inter-Governmental transfer payment to the Nursing Home.

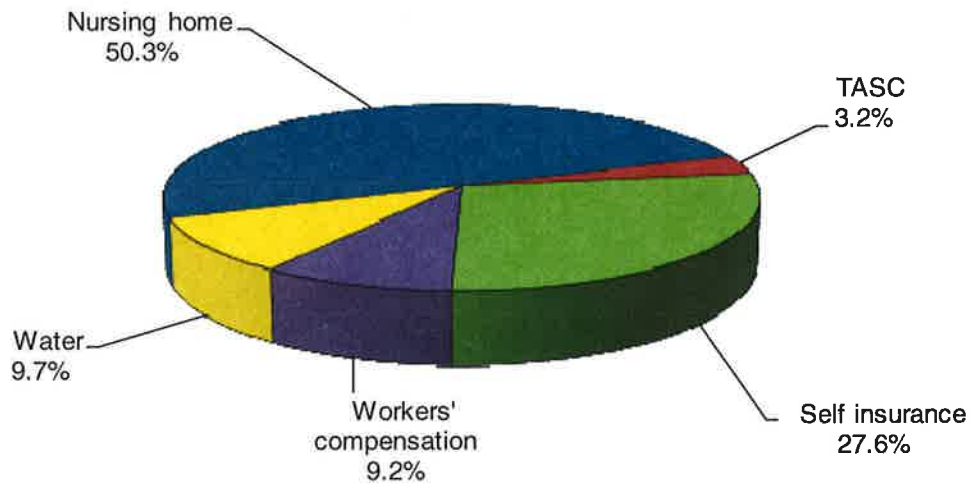
Business-Type Activities:



**County of Genesee, New York
Expenses for Business-type Activities -
Primary Government Fiscal Year 2014**



**County of Genesee, New York
Expenses for Business-type Activities -
Primary Government Fiscal Year 2013**



Financial Analysis of The County's Funds

- The fund balance of the General Fund decreased approximately \$2,541 from 2013. In the 2015 budget the County budgeted \$4,730 of fund balance to be used for the ensuing year. The unassigned portion of fund balance, formerly called undesignated fund balance, decreased \$1,659 in 2014, with a December 31, 2014 balance of \$10,182.
- The net position of the County Nursing Home Enterprise Fund increased approximately \$5,727 from 2013. A majority of this increase can be attributed to IGT revenues, as expenses remained relatively flat year over year. The unrestricted portion of net position (deficit) decreased from a \$5,714 deficit in 2013 to a \$489 deficit balance in 2014.

The revenues and expenditures above include other financing sources or uses.

County of Genesee, New York			
Revenues, Expenditures/Expenses and Changes in Fund			
Balance/Net Position - Major Governmental Funds			
and Proprietary Funds - Primary Government			
(in thousands of dollars)			
	2014		
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Fund Balance/ Net Position</u>
General Fund	\$ 99,977	\$ 102,518	\$ 24,222
Capital Fund	10,135	8,516	6,355
Nursing Home	23,642	17,915	4,990
TASC	937	1,158	17,840
Self Insurance	10,417	10,876	4,758
Workers' Compensation	2,392	2,553	(2,349)
	2013		
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Fund Balance/ Net Position</u>
General Fund	\$ 99,823	\$ 96,016	\$ 26,763
Capital Fund	13,845	10,819	4,736
Nursing Home	14,206	18,450	(737)
TASC	828	1,165	(17,619)
Self Insurance	10,198	10,142	5,217
Workers' Compensation	4,161	3,387	(2,188)

General Fund Budgetary Highlights

The original budget differs from the final modified budget due to the fact the County does not budget for certain things that may or may not occur during the year. Due to this uncertainty, the County anticipates modifying the budget during the year when the uncertainty becomes clearer. Increases reflected in the modified budget resulted from federal and state awards.

The general fund expended 93.5% of the budgeted amount allowed.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounts to \$79,030 (net of related debt). This investment in capital assets includes land, construction in process, buildings, improvements, vehicles and equipment and infrastructure.

<i>County of Genesee, New York</i>				
<i>Capital Assets Net of Depreciation - Primary Government</i>				
<i>(in thousands of dollars)</i>				
	Governmental Activities		Business-Type Activities	
	2014	2013	2014	2013
Land	\$ 2,573	\$ 2,573	\$ -	\$ -
Buildings and improvements	36,422	35,666	5,746	6,192
Machinery & equipment	2,875	2,798	1,894	2,089
Other capital assets	3,057	3,358	-	-
Infrastructure	39,957	37,438	-	-
Internal service - motor pool	341	325	-	-
Total	<u>\$ 85,225</u>	<u>\$ 82,158</u>	<u>\$ 7,640</u>	<u>\$ 8,281</u>

Long-Term Obligations

At the end of the current year, the County had total bonded debt outstanding of \$17,561. This entire amount is backed by the full faith and credit of the County of Genesee. Following is a statement of outstanding obligations:

County of Genesee, New York
Outstanding Long-Term Obligations - Primary Government
(in thousands of dollars)

	Governmental Activities		Business-Type Activities	
	2014	2013	2014	2013
General obligation bonds issued by the County of Genesee	\$ 16,291	\$ 13,235	\$ 1,270	\$ 1,865
Plus unamortized premium	306	391	124	183
Turbo term bonds and subordinate turbo CABs issued by the Tobacco Asset Securitization Corporation	-	-	15,949	16,124
Capital leases	-	-	767	1,256
Compensated absences	1,706	1,665	-	-
Other post employment benefits	196	190	55	56
Workers' compensation	-	-	7,563	7,117
Total	\$ 18,499	\$ 15,481	\$ 25,728	\$ 26,601

Factors Bearing on the County's Future

- Contractual COLA adjustments as well as the continual increases in health coverage will again have a significant impact on the County's operating budget. As the County is primarily service oriented, the largest portion of the budget is allocated for personnel and benefits.
- The 2014 County tax rate increased 1.52% compared to the 2013 tax rate. Since the tax cap levy implementation the County has not exceeded the tax cap in any of its adopted budgets.
- The County had its AA- bond rating reaffirmed with Standard & Poor's in 2015 and received a "stable" outlook. This favorable rating and outlook was a result of a growing local economy, strong fund balance, low debt burden and very low postemployment benefit liability.
- For the tenth consecutive year Genesee County was ranked in the top 10 for fastest growing micropolitans in the United States by Site Selection Magazine, largely from the efforts of the Genesee County Economic Development Center (GCEDC).
- New York State employer retirement rates for the County are expected to be level over the next couple of years.

Factors Bearing on the County's Future (continued)

- The County's ability to handle ever increasing State mandates has been greatly limited due to the tax cap passed by the State Legislature. This new legislation caps the County's ability to raise the tax levy by 2% or the rate of inflation, which ever is lower. While the County has been able to successfully limit the growth in its taxy levy over the last several years, this legislation is still a concern for future budgets.

Contacting the County's Financial Management

This financial report is designed to provide the County's citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact: County of Genesee, Scott D. German, County Treasurer, 15 Main Street, Batavia, New York 14020

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 28,614,522	\$ 15,555,666	\$ 44,170,188	\$ 17,097,157
Cash and cash equivalents - restricted	803,816	932,052	1,735,868	-
Resident funds held in trust	-	126,896	126,896	-
Taxes receivable, net	3,173,622	-	3,173,622	-
Accounts receivable, net	4,418,725	2,846,776	7,265,501	13,987,232
State and federal receivables	6,908,893	-	6,908,893	-
Other receivables	-	67,916	67,916	-
Due from other governments	79,626	-	79,626	170,145
Due from third-party payors, net	-	95,820	95,820	-
Inventory	126,616	16,821	143,437	-
Prepays and other current assets	-	11,035	11,035	337,151
Other assets	-	-	-	5,255,411
Land held for investment	-	-	-	8,329,852
Land options	-	-	-	5,000
Capital assets not being depreciated	2,572,792	-	2,572,792	-
Capital assets, net of accumulated depreciation	82,651,819	7,640,064	90,291,883	30,121,748
Total assets	129,350,431	27,293,046	156,643,477	75,303,696
LIABILITIES:				
Accounts payable	7,686,321	1,211,979	8,898,300	1,715,059
Accrued liabilities	-	2,625,797	2,625,797	65,718
Line of credit	-	-	-	2,621,429
Loans payable	-	-	-	2,437,814
Accrued interest payable	134,778	80,071	214,849	-
Accretion payable	-	2,946,520	2,946,520	-
Other liabilities	-	-	-	2,915,681
Agency liabilities	-	-	-	2,062,793
Due to fiduciary fund	253,056	281,622	534,678	-
Due to other governments	1,937,169	-	1,937,169	-
Unearned revenues	1,758,164	413	1,758,577	8,674,556
Restricted liabilities	-	126,896	126,896	106,500
Revenue anticipation notes	-	3,500,000	3,500,000	-
Long-term liabilities:				
Due and payable within one year	2,261,940	1,625,207	3,887,147	397,328
Due and payable after one year	16,237,115	24,102,603	40,339,718	8,487,748
Total liabilities	30,268,543	36,501,108	66,769,651	29,484,626

See notes to basic financial statements

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2014
(Continued)

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
DEFERRED INFLOWS OF RESOURCES:				
NYS tuition assistance	-	-	-	1,577,880
Total deferred inflows of resources	-	-	-	1,577,880
NET POSITION:				
Net investment in capital assets	73,551,590	5,478,821	79,030,411	22,452,901
Restricted for:				
Capital projects	517,594	-	517,594	-
Debt service	803,816	-	803,816	-
Nonexpendable	-	-	-	2,853,354
Expendable	-	-	-	4,229,059
Unrestricted (deficit)	24,208,888	(14,686,883)	9,522,005	14,705,876
Total net position (deficit)	<u>\$ 99,081,888</u>	<u>\$ (9,208,062)</u>	<u>\$ 89,873,826</u>	<u>\$ 44,241,190</u>

COUNTY OF GENESEE, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government					
				Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units	
Governmental activities:									
General government	\$ 28,981,155	\$ 3,966,749	\$ 473,506	\$ 152,542	\$ (24,388,358)	\$ -	\$ (24,388,358)	\$ -	-
Education	4,730,978	566,308	1,023,119	-	(3,141,551)	-	(3,141,551)	-	-
Public safety	17,930,849	571,357	1,612,491	132,096	(15,614,905)	-	(15,614,905)	-	-
Health	8,764,947	3,699,016	3,906,963	-	(1,158,968)	-	(1,158,968)	-	-
Transportation	9,845,708	3,971,439	26,009	3,223,632	(2,624,628)	-	(2,624,628)	-	-
Economic assistance and opportunity	33,241,747	907,888	11,287,054	-	(21,046,805)	-	(21,046,805)	-	-
Culture and recreation	1,301,141	103,859	605,739	-	(591,543)	-	(591,543)	-	-
Home and community services	906,898	-	1,184,526	-	277,628	-	277,628	-	-
Interest on debt	434,323	-	-	-	(434,323)	-	(434,323)	-	-
Total governmental activities	106,137,746	13,786,616	20,119,407	3,508,270	(68,723,453)	-	(68,723,453)	-	-
Business-type activities:									
Nursing Home	17,914,601	23,559,809	-	-	-	5,645,208	5,645,208	-	-
TASC	1,158,346	936,284	-	-	-	(222,062)	(222,062)	-	-
Self Insurance	10,761,347	9,165,178	-	-	-	(1,596,169)	(1,596,169)	-	-
Workers' Compensation	2,543,476	1,853,764	-	-	-	(689,712)	(689,712)	-	-
Water	3,474,046	3,006,704	-	-	-	(467,342)	(467,342)	-	-
Total business-type activities	35,851,816	38,521,739	-	-	-	2,669,923	2,669,923	-	-
Total primary government	\$ 141,989,562	\$ 52,308,355	\$ 20,119,407	\$ 3,508,270	(68,723,453)	2,669,923	(66,053,530)	-	-
Component units:									
Community College	\$ 50,581,603	\$ 52,569,583	\$ -	\$ -	-	-	-	1,987,980	(14,990)
Economic Development Center	1,338,950	1,323,960	-	-	-	-	-	-	-
Soil and Water Conservation District (unaudited)	484,863	418,724	-	-	-	-	-	-	(66,139)
Total component units	\$ 52,405,416	\$ 54,312,267	\$ -	\$ -	-	-	-	1,987,980	(14,990)
General revenues and transfers:									
Real property taxes					27,058,695		27,058,695		
Real property tax items					1,540,410		1,540,410		
Non-property taxes					39,009,156		39,009,156		
Interest income					206,706	52,785	259,491		597,773
Gain on sale of capital assets					32,480		32,480		
Miscellaneous local sources					807,166	1,079,993	1,887,159		1,394,637
Transfers					(1,432,166)	1,432,166	-		
Total general revenues and transfers					67,222,447	2,564,944	69,787,391		1,992,410
Change in net position					(1,501,006)	5,234,867	3,733,861		3,899,261
Net position - beginning					100,582,894	(14,442,929)	86,139,965		40,341,929
Net position - ending					\$ 99,081,888	\$ (9,208,062)	\$ 89,873,826		\$ 44,241,190

See notes to basic financial statements
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COUNTY OF GENESEE, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 21,429,959	\$ 6,081,355	\$ 934,598	\$ 28,445,912
Cash and cash equivalents - restricted	803,816	-	-	803,816
Taxes receivable, net	3,173,622	-	-	3,173,622
Accounts receivable	4,008,420	-	379,841	4,388,261
Due from other funds	1,522,624	1,697,504	58,611	3,278,739
Due from other governments	79,626	-	-	79,626
State and federal receivables	6,238,379	148,704	521,810	6,908,893
Inventory	-	-	126,616	126,616
Total assets	\$ 37,256,446	\$ 7,927,563	\$ 2,021,476	\$ 47,205,485
LIABILITIES:				
Accounts payable	\$ 6,764,283	\$ 670,853	\$ 238,073	\$ 7,673,209
Due to other funds	1,558,214	901,212	1,058,838	3,518,264
Due to other governments	1,937,169	-	-	1,937,169
Unearned revenues	1,758,164	-	-	1,758,164
Total liabilities	12,017,830	1,572,065	1,296,911	14,886,806
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	1,016,310	-	-	1,016,310
FUND BALANCES:				
Nonspendable	-	-	126,616	126,616
Restricted	1,969,913	-	-	1,969,913
Assigned	12,070,675	6,355,498	597,949	19,024,122
Unassigned	10,181,718	-	-	10,181,718
Total fund balances	24,222,306	6,355,498	724,565	31,302,369
Total liabilities, deferred inflows of resources and fund balances	\$ 37,256,446	\$ 7,927,563	\$ 2,021,476	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation, excluding internal service fund capital assets included below (\$341,276).	84,883,335
Long-term liabilities, including, compensated absences, serial bonds payable and other post employment benefits are not due and payable in the current period and therefore not reported in the funds.	(18,499,055)
Net accrued interest expense for bonds not reported in the funds.	(134,778)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	1,016,310
Internal service net position which is due to governmental activities and related to charges for services provided.	513,707
Net position	\$ 99,081,888

See notes to basic financial statements

COUNTY OF GENESEE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Real property taxes	\$ 27,682,788	\$ -	\$ -	\$ 27,682,788
Real property tax items	1,540,410	-	-	1,540,410
Non-property tax items	39,009,156	-	-	39,009,156
Departmental income	7,763,931	-	225,502	7,989,433
Intergovernmental charges	896,286	-	130,910	1,027,196
Use of money and property	680,200	6,198	1,231	687,629
Licenses and permits	24,121	-	12,500	36,621
Fines and forfeitures	185,273	-	-	185,273
Sale of property and compensation for loss	135,569	-	1,222,145	1,357,714
Miscellaneous local sources	786,977	17,167	3,022	807,166
Interfund revenues	1,472,395	-	1,061,231	2,533,626
State sources	11,669,806	365,828	1,823,766	13,859,400
Federal sources	7,989,631	1,166,134	612,512	9,768,277
Total revenues	<u>99,836,543</u>	<u>1,555,327</u>	<u>5,092,819</u>	<u>106,484,689</u>
EXPENDITURES:				
General government	28,831,522	617,176	-	29,448,698
Education	4,730,978	-	-	4,730,978
Public safety	14,432,802	2,766,055	108,641	17,307,498
Health	8,733,366	-	-	8,733,366
Transportation	809,936	5,126,591	6,893,890	12,830,417
Economic assistance and opportunity	32,324,117	-	858,179	33,182,296
Culture and recreation	1,305,277	-	-	1,305,277
Home and community services	907,415	-	-	907,415
Debt service:				
Principal	1,690,000	-	-	1,690,000
Interest	530,505	-	-	530,505
Total expenditures	<u>94,295,918</u>	<u>8,509,822</u>	<u>7,860,710</u>	<u>110,666,450</u>
Excess (deficit) of revenues over expenditures	<u>5,540,625</u>	<u>(6,954,495)</u>	<u>(2,767,891)</u>	<u>(4,181,761)</u>
OTHER FINANCING SOURCES (USES):				
Serial bond proceeds	-	4,745,827	-	4,745,827
Interfund transfers in	140,570	3,834,352	4,644,233	8,619,155
Interfund transfers out	<u>(8,221,565)</u>	<u>(5,990)</u>	<u>(1,823,766)</u>	<u>(10,051,321)</u>
Total other financing sources (uses)	<u>(8,080,995)</u>	<u>8,574,189</u>	<u>2,820,467</u>	<u>3,313,661</u>
Net change in fund balances	(2,540,370)	1,619,694	52,576	(868,100)
Fund balances - beginning	<u>26,762,676</u>	<u>4,735,804</u>	<u>671,989</u>	<u>32,170,469</u>
Fund balances - ending	<u>\$ 24,222,306</u>	<u>\$ 6,355,498</u>	<u>\$ 724,565</u>	<u>\$ 31,302,369</u>

COUNTY OF GENESEE, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Net change in fund balances - total governmental funds	\$	(868,100)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$6,483,794) exceeded depreciation (\$3,350,409) in the current period. The internal service is excluded from these amounts.		3,133,385
Repayment of debt principal is an expenditure on the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position. This is the amount of debt repayments made in the current year.		1,690,000
Governmental funds report the effect of premiums when debt is first issued in the fund basis statement of revenues, expenses and changes in fund balances whereas these amounts are deferred and amortized in the statement of activities.		85,534
The governmental funds report the payment of interest on long-term debt as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of the payment date. This amount is the net effect for the difference in the treatment of interest on long-term debt.		10,650
Proceeds of serial bonds are recorded as an other financing source for governmental funds whereas the proceeds of serial bonds are reported as liabilities in the statement of net position.		(4,745,827)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position.		(83,927)
On the statement of activities the actual and projected long term expenditures for post employment benefits are reported whereas on the governmental funds only the actual expenditures are recorded for post employment benefits		(6,852)
Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities.		(624,093)
Increases/decreases in accrued compensated absences, and claims payable reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		(40,303)
Internal service fund is used by management to charge the costs of the motor pool. The net excess revenues for such services is reported with governmental activities.		<u>(51,473)</u>
Change in net position of governmental activities	\$	<u><u>(1,501,006)</u></u>

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Nursing Home	TASC	Self Insurance	Workers' Compensation	Non-Major Water Fund	
ASSETS:						
Current assets						
Cash and cash equivalents	\$ 3,395,455	\$ 198,302	\$ 6,318,284	\$ 4,599,890	\$ 1,043,735	\$ 15,555,666
Accounts receivable, net	1,885,207	-	282,924	-	678,645	2,846,776
Other receivables	67,916	-	-	-	-	67,916
Due from other funds	-	-	-	665,897	-	665,897
Prepays	4,552	6,483	-	-	-	11,035
Inventory	16,821	-	-	-	-	16,821
Due from third-party payors, net	95,820	-	-	-	-	95,820
Total current assets	5,465,771	204,785	6,601,208	5,265,787	1,722,380	19,259,931
Noncurrent assets						
Resident funds held in trust	126,896	-	-	-	-	126,896
Cash and cash equivalents - restricted	-	932,052	-	-	-	932,052
Capital assets, net of accumulated depreciation	7,640,064	-	-	-	-	7,640,064
Total noncurrent assets	7,766,960	932,052	-	-	-	8,699,012
Total assets	13,232,731	1,136,837	6,601,208	5,265,787	1,722,380	27,958,943
LIABILITIES:						
Current liabilities:						
Accounts payable	616,094	1,363	57,911	47,701	488,910	1,211,979
Accrued liabilities	906,692	-	1,719,105	-	-	2,625,797
Accrued interest payable	-	80,071	-	-	-	80,071
Accretion payable	-	2,946,520	-	-	-	2,946,520
Due to other funds	877,549	-	65,399	4,571	-	947,519
Unearned revenues	-	-	413	-	-	413
Restricted liabilities	126,896	-	-	-	-	126,896
Revenue anticipation note payable	3,500,000	-	-	-	-	3,500,000
Accrued and unpaid claim liabilities	-	-	-	202,570	-	202,570
Capital lease obligations	514,368	-	-	-	-	514,368
Serial bonds payable	688,269	220,000	-	-	-	908,269
Total current liabilities	7,229,868	3,247,954	1,842,828	254,842	488,910	13,064,402
Noncurrent liabilities:						
Accrued and unpaid claim liabilities	-	-	-	7,360,100	-	7,360,100
Capital lease obligations	252,499	-	-	-	-	252,499
Serial bonds payable	706,107	15,729,376	-	-	-	16,435,483
Other post employment benefits	54,521	-	-	-	-	54,521
Total noncurrent liabilities	1,013,127	15,729,376	-	7,360,100	-	24,102,603
Total liabilities	8,242,995	18,977,330	1,842,828	7,614,942	488,910	37,167,005
NET POSITION:						
Net investment in capital assets	5,478,821	-	-	-	-	5,478,821
Unrestricted (deficit)	(489,085)	(17,840,493)	4,758,380	(2,349,155)	1,233,470	(14,686,883)
Total net position (deficit)	\$ 4,989,736	\$ (17,840,493)	\$ 4,758,380	\$ (2,349,155)	\$ 1,233,470	\$ (9,208,062)

See notes to basic financial statements

COUNTY OF GENESEE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Nursing Home	TASC	Self Insurance	Workers' Compensation	Non-Major Water Fund	
OPERATING REVENUES:						
Charges for services	\$ 14,993,087	\$ -	\$ 9,165,178	\$ 1,853,764	\$ 3,006,704	\$ 29,018,733
Tobacco settlement revenues	-	936,284	-	-	-	936,284
Other operating revenues	74,809	-	993,245	11,939	-	1,079,993
Total operating revenues	<u>15,067,896</u>	<u>936,284</u>	<u>10,158,423</u>	<u>1,865,703</u>	<u>3,006,704</u>	<u>31,035,010</u>
OPERATING EXPENSES:						
Salaries, wages and employee benefits	16,040,193	-	10,030,946	28,208	-	26,099,347
Contractual expenses	139,888	26,192	730,401	2,515,268	3,474,046	6,885,795
Accretion	-	424,029	-	-	-	424,029
Depreciation and amortization	927,745	-	-	-	-	927,745
NYS Assessment	695,177	-	-	-	-	695,177
Interest expense	111,598	-	-	-	-	111,598
Total operating expenses	<u>17,914,601</u>	<u>450,221</u>	<u>10,761,347</u>	<u>2,543,476</u>	<u>3,474,046</u>	<u>35,143,691</u>
Operating income (loss)	<u>(2,846,705)</u>	<u>486,063</u>	<u>(602,924)</u>	<u>(677,773)</u>	<u>(467,342)</u>	<u>(84,203)</u>
NONOPERATING REVENUES (EXPENSES):						
Interest income	6,895	721	20,848	21,442	2,879	52,785
Proceeds from sale of capital assets	-	-	-	-	-	-
Intergovernmental transfers for rate enhancement	8,566,722	-	-	-	-	8,566,722
Other nonoperating revenue	-	-	-	-	-	250
Interest expense	-	(708,125)	-	-	-	(708,125)
Total nonoperating revenues (expenses)	<u>8,573,617</u>	<u>(707,404)</u>	<u>20,848</u>	<u>21,442</u>	<u>2,879</u>	<u>7,911,382</u>
Income (loss) before transfers	5,726,912	(221,341)	(582,076)	(656,331)	(464,463)	3,802,701
Transfers in	-	-	238,200	504,843	828,703	1,571,746
Transfers out	-	-	(114,580)	(10,000)	(15,000)	(139,580)
Change in net position	5,726,912	(221,341)	(458,456)	(161,488)	349,240	5,234,867
Net position (deficit) - beginning	(737,176)	(17,619,152)	5,216,836	(2,187,667)	894,230	(14,442,929)
Net position (deficit) - ending	<u>\$ 4,989,736</u>	<u>\$ (17,840,493)</u>	<u>\$ 4,758,380</u>	<u>\$ (2,349,155)</u>	<u>\$ 1,233,470</u>	<u>\$ (9,208,062)</u>

See notes to basic financial statements
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COUNTY OF GENESEE, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Nursing Home	TASC	Self Insurance	Workers' Compensation	Non-Major Water Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers	\$ 15,337,420	\$ -	\$ 9,153,715	\$ 1,853,764	\$ 2,970,998	\$ 29,315,897	\$ 221,162
Payments to suppliers	(10,800,566)	(25,909)	(650,308)	(1,829,816)	(3,483,665)	(16,790,264)	(153,894)
Payments to employees	(6,595,935)	-	(9,958,330)	(28,208)	-	(16,582,473)	-
Proceeds from tobacco receipts	-	936,284	-	-	-	936,284	-
Other operating revenue	-	-	993,245	11,939	-	1,005,184	-
Interest paid	(148,375)	-	-	-	-	(148,375)	-
Net cash provided (used) by operating activities	(2,207,456)	910,375	(461,678)	7,679	(512,667)	(2,263,747)	67,268
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Other nonoperating revenues	8,566,722	-	-	-	-	8,566,722	250
Operating subsidies and transfers from other funds	-	-	123,620	494,843	813,703	1,432,166	-
Net cash provided by noncapital financing activities	8,566,722	-	123,620	494,843	813,703	9,998,888	250
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchases of capital assets	(195,863)	-	-	-	-	(195,863)	(131,269)
Proceeds from sale of assets	-	-	-	-	-	-	32,480
Payments on capital lease payable	(488,958)	-	-	-	-	(488,958)	-
Repayment of serial bonds	(595,000)	(175,000)	-	-	-	(770,000)	-
Proceeds from issuance of revenue anticipation notes	3,500,000	-	-	-	-	3,500,000	-
Repayment of revenue anticipation notes	(5,800,000)	-	-	-	-	(5,800,000)	-
Interest paid	-	(712,300)	-	-	-	(712,300)	-
Net cash used by capital and related financing activities	(3,579,821)	(887,300)	-	-	-	(4,467,121)	(98,789)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest income	6,895	721	20,848	21,442	2,879	52,785	-
Net cash provided by investing activities	6,895	721	20,848	21,442	2,879	52,785	-
Net increase (decrease) in cash and cash equivalents	2,786,340	23,796	(317,210)	523,964	303,915	3,320,805	(31,271)
Cash and cash equivalents - beginning	609,115	1,106,558	6,635,494	4,075,926	739,820	13,166,913	199,881
Cash and cash equivalents - ending	\$ 3,395,455	\$ 1,130,354	\$ 6,318,284	\$ 4,599,890	\$ 1,043,735	\$ 16,487,718	\$ 168,610

COUNTY OF GENESEE, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Nursing Home	TASC	Self Insurance	Workers' Compensation	Non-Major Water Fund	
\$ (2,846,705) \$	486,063 \$	(602,924) \$	(677,773) \$	(467,342) \$	(4,108,661) \$	(84,203)
927,745	-	-	-	-	927,745	114,580
24,257	-	-	-	-	24,257	-
(58,905)	-	-	-	-	(58,905)	-
-	424,029	-	-	-	424,029	-
(217,804)	-	1,182	-	(35,706)	(252,328)	1,877
(32,578)	-	-	-	-	(32,578)	-
-	-	-	276,992	-	276,992	27,201
366,248	-	-	-	-	366,248	-
-	229	-	-	-	229	-
766	-	-	-	-	766	-
47,047	54	14,694	(40,023)	(9,619)	12,153	(5,652)
(62,182)	-	72,616	-	-	10,434	-
(351,189)	-	65,399	2,728	-	(283,062)	13,465
-	-	-	445,755	-	445,755	-
(2,742)	-	(12,645)	-	-	(15,387)	-
(1,414)	-	-	-	-	(1,414)	-
\$ (2,207,456) \$	910,375 \$	(461,678) \$	7,679 \$	(512,667) \$	(2,263,747) \$	67,268
\$ - \$	712,300 \$	- \$	- \$	- \$	712,300 \$	-

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:
Operating income (loss)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:
Depreciation expense
Change in provision for doubtful accounts
Amortization expense
Accretion expense
Changes in assets and liabilities:
Decrease (increase) in:
Accounts receivable
Other receivables
Due from other funds
Due from third-party payors, net
Prepays
Inventory
Increase (decrease) in:
Accounts payable
Accrued liabilities
Due to other funds
Accrued and unpaid claim liabilities
Unearned revenues
Other postemployment benefits

Net cash provided (used) by operating activities

Supplemental disclosure of cash flow information:
Cash paid during the year for interest

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION - COMPONENT UNITS
DECEMBER 31, 2014

	<u>Community College</u>	<u>Economic Development Center</u>	<u>Soil and Water Conservation District (Unaudited)</u>	<u>Total</u>
ASSETS:				
Cash and cash equivalents	\$ 15,723,246	\$ 1,257,932	\$ 115,979	\$ 17,097,157
Other receivables, net	11,839,585	2,141,956	5,691	13,987,232
Due from other governments	-	-	170,145	170,145
Prepays and current assets	304,025	32,337	789	337,151
Other assets	5,255,411	-	-	5,255,411
Land held for investment	-	8,329,852	-	8,329,852
Land options	-	5,000	-	5,000
Capital assets, net of accumulated depreciation	30,114,942	6,806	-	30,121,748
	<u>63,237,209</u>	<u>11,773,883</u>	<u>292,604</u>	<u>75,303,696</u>
Total assets				
LIABILITIES:				
Accounts payable	1,662,401	44,717	7,941	1,715,059
Loans payable	-	2,437,814	-	2,437,814
Accrued liabilities	36,795	28,923	-	65,718
Customer deposits	106,500	-	-	106,500
Line of credit	-	2,621,429	-	2,621,429
Other liabilities	2,880,906	-	34,775	2,915,681
Agency liabilities	2,062,793	-	-	2,062,793
Unearned revenues	8,394,615	146,008	133,933	8,674,556
Current portion of long-term liabilities:				
Mortgages payable	397,328	-	-	397,328
Long-term liabilities:				
Annuities payable	32,693	-	-	32,693
Compensated absences	1,183,536	-	-	1,183,536
Mortgages payable	7,271,519	-	-	7,271,519
	<u>24,029,086</u>	<u>5,278,891</u>	<u>176,649</u>	<u>29,484,626</u>
Total liabilities				
DEFERRED INFLOWS OF RESOURCES:				
NYS tuition assistance	1,577,880	-	-	1,577,880
	<u>1,577,880</u>	<u>-</u>	<u>-</u>	<u>1,577,880</u>
Total deferred inflows of resources				
NET POSITION:				
Net investment in capital assets	22,446,095	6,806	-	22,452,901
Restricted for:				
Nonexpendable	2,853,354	-	-	2,853,354
Expendable:				
Scholarships and other support	402,836	-	-	402,836
Time restricted cumulative earnings on endowments	1,955,847	-	-	1,955,847
Other	1,416,929	453,447	-	1,870,376
Unrestricted	8,555,182	6,034,739	115,955	14,705,876
	<u>37,630,243</u>	<u>6,494,992</u>	<u>115,955</u>	<u>44,241,190</u>
Total net position				

COUNTY OF GENESEE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Community College</u>	<u>Economic Development Center</u>	<u>Soil and Water Conservation District (Unaudited)</u>	<u>Total</u>
OPERATING REVENUES:				
Tuition and fees, net	\$ 10,623,031	\$ 664,157	\$ 52,431	\$ 11,339,619
Federal grants and contracts	12,393,900	-	5,083	12,398,983
State grants and contracts	4,596,922	-	138,799	4,735,721
Nongovernmental grants and contracts	499,176	-	-	499,176
Auxiliary enterprises	3,464,228	-	-	3,464,228
County of Genesee	-	215,014	211,295	426,309
Economic development program support	-	400,000	-	400,000
Interest income on loans	-	24,524	-	24,524
Rent	-	17,985	-	17,985
Other revenues	862,485	2,280	11,116	875,881
Total operating revenues	<u>32,439,742</u>	<u>1,323,960</u>	<u>418,724</u>	<u>34,182,426</u>
OPERATING EXPENSES:				
Salaries and benefits	-	847,062	290,414	1,137,476
Educational and general expenditures	33,670,588	-	-	33,670,588
Financial aid and scholarships	6,297,349	-	-	6,297,349
Operation and maintenance	4,721,780	-	-	4,721,780
Depreciation	2,401,623	3,699	-	2,405,322
General and administrative	-	488,189	194,449	682,638
Auxiliary expenses	3,473,513	-	-	3,473,513
Total operating expenses	<u>50,564,853</u>	<u>1,338,950</u>	<u>484,863</u>	<u>52,388,666</u>
Operating loss	<u>(18,125,111)</u>	<u>(14,990)</u>	<u>(66,139)</u>	<u>(18,206,240)</u>
NON-OPERATING REVENUES (EXPENSES):				
County appropriations	2,036,374	-	-	2,036,374
Other counties' appropriations	6,373,033	-	-	6,373,033
State appropriations	11,720,434	-	-	11,720,434
Investment income	596,817	866	90	597,773
Grant income	-	1,794,118	-	1,794,118
Grants expended	-	(399,481)	-	(399,481)
Loss on sale of capital assets	(16,750)	-	-	(16,750)
Total non-operating revenues (expenses)	<u>20,709,908</u>	<u>1,395,503</u>	<u>90</u>	<u>22,105,501</u>
Change in net position	2,584,797	1,380,513	(66,049)	3,899,261
Net position - beginning	<u>35,045,446</u>	<u>5,114,479</u>	<u>182,004</u>	<u>40,341,929</u>
Net position - ending	<u>\$ 37,630,243</u>	<u>\$ 6,494,992</u>	<u>\$ 115,955</u>	<u>\$ 44,241,190</u>

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION - FIDUCIARY FUND
DECEMBER 31, 2014

	<u>Agency</u>
ASSETS:	
Cash and cash equivalents	\$ 780,542
Due from other funds	<u>534,678</u>
Total assets	<u>\$ 1,315,220</u>
LIABILITIES:	
Agency liabilities	<u>\$ 1,315,220</u>
Total liabilities	<u>\$ 1,315,220</u>

See notes to basic financial statements

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COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County of Genesee, New York (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, except as otherwise noted. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

B. REPORTING ENTITY

PRIMARY GOVERNMENT

The County of Genesee, State of New York was incorporated in 1802 and is governed by the County Law, local law and other general laws of the State of New York. The County Legislature, which is the legislative body responsible for the overall operation of the County, consists of nine members. The Chairman of the Legislature serves as Chief Executive Officer and the County Treasurer serves as a Chief Fiscal Officer. The County provides the following principle services: general governmental support, education, public safety, public health, transportation, highway construction and maintenance, economic assistance and opportunity, culture and recreation, and home and community service.

The financial reporting entity includes all organization functions, and activities over which the County's elected officials exercise oversight responsibility. The oversight responsibility is derived from the governmental unit's power and includes, but is not limited to, financial interdependency, a selection of government authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

COMPONENT UNITS

In conformity with accounting principles generally accepted in the United States of America, the financial statements of three component units have been included in the financial reporting entity as discretely presented component units. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government.

The Genesee County Economic Development Center (GCEDC) was established by the Genesee County Legislature to facilitate economic development in the County of Genesee, New York. The Board of Legislature appoints the directors of the GCEDC; however, the GCEDC members have complete responsibility for management of the GCEDC and accountability for fiscal matters. The GCEDC financial statements have been prepared on an accrual method of accounting in conformity with standards promulgated by the Comptroller General of the United States. In order to ensure observance of limitations and restrictions placed on the use of resources available to the GCEDC, the accounts are maintained in accordance with the principles of fund accounting and reporting purposes into funds that are established according to their nature and purpose.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate accounts are maintained for each fund. The GCEDC is discretely presented as a component unit in the accompanying financial statements. A copy of the financial statements for the GCEDC may be obtained from the Director's Office, 99 Med Tech Drive, Suite 106, Batavia, New York 14020.

The Genesee Community College (GCC) was established under the sponsorship of the County pursuant to the New York State Education Law. The operations of GCC are funded by New York State, the County and the students of GCC. The Genesee Community College Funds use the accrual basis of accounting. During the year ended August 31, 2003, GCC implemented GASB Statement No. 34, No. 35 and No. 37. In accordance, the financial statements of GCC are required to present a statement of net position, a statement of revenues, expenses and changes in net position, that distinguish between operating and non-operating revenues and expenses, the recognition of depreciation on capital assets and a statement of cash flows using the direct method. The GCC Funds includes current and restricted accounts. The amounts included in the County's financial statements are as of and for the GCC's year ended August 31, 2014. A copy of the financial statements for GCC may be obtained from the Office of the Vice President of Finance and Operations, R. Stephen Hawley Drive, Batavia, New York 14020.

The Genesee County Soil and Water Conservation District (SWCD) was established in accordance with the Soil and Water Conservation Districts Law to provide for the conservation of the County's soil and water resources. Members of the SWCD's board of directors are appointed by the Legislature, and administrative costs of the SWCD are funded primarily through County appropriations. The SWCD derives other revenues and performs other activities outside the County's general oversight responsibilities. The directors of the SWCD have sole responsibility for management of the SWCD and full accountability for fiscal matters. The SWCD's financial statements are prepared on the modified accrual basis of accounting. The SWCD is discretely presented as a component unit in the accompanying financial statements; however the SWCD financial statements included are unaudited. A copy of the financial statements for the SWCD may be obtained from the District Manager's Office, 29 Liberty Street, Suite 3, Batavia, New York 14020.

C. RELATED ORGANIZATION

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 had 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. During 2000, the County sold its right to receive payments under the MSA to the Tobacco Asset Securitization Corporation (TASC) for \$10,154,624. The TASC is a related organization and is presented as a blended component unit based on the criteria set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and Statement No. 61, *The Financial Reporting Entity: Omnibus*. This criteria includes legal standing, fiscal dependency, and financial accountability. Although the County appoints the governing board of the TASC, they are not responsible for the operations of the TASC.

The financial statements of the TASC has been included with the primary government of Genesee County as a blended component unit. The TASC financial statements are presented in the proprietary fund statements and are blended with the business-type activities in the government-wide statements.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. JOINT VENTURES

The following joint ventures are related to the County but are not included in the reporting entity:

1. WATERSHED PROTECTION DISTRICT

The County participates with the County of Orleans in the operations of the Oak Orchard Small Watershed Protection District. The Orleans County Treasurer acts as the entity's Chief Fiscal Officer and custodian, maintaining all accounting records.

Summary financial information from the Oak Orchard Small Watershed Protection District's unaudited financial statements for the year ended December 31, 2014 is as follows:

Assets	\$ 59,820
Liabilities	31
Fund balance	59,791
Total revenues	52,950
Total expenditures	4,595

2. SOLID WASTE

The County is a participant in the GLOW Region Solid Waste Management Committee. The GLOW Region Solid Waste Management Committee is organized under an inter-municipal agreement under the authority of Article 5-G of the General Municipal Law. The Committee consists of representatives from the counties of Genesee, Livingston, and Wyoming. The Committee addresses the collective waste disposal requirements of the three counties.

Summary financial information from the joint Committee's annual financial report update document for the year ended December 31, 2014 is as follows:

Assets	\$ 300,214
Liabilities	43,750
Fund balance	256,464
Total revenues	132,458
Total expenditures	104,154

E. BASIS OF PRESENTATION

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). The Statement of Net Position and the Statement of Activities present financial information about the reporting government as a whole and its component units. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operation or capital) grants while the capital grants column reflects capital-specific grants. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and direct revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Direct revenues include charges paid by the recipients of goods or services offered by the County, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as direct revenues, including all taxes, are presented as general revenues.

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

2. FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds:

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

- a. General Fund - The General Fund is the general operating fund of the County. The fund is used to account for all financial resources except for those required to be accounted for in a separate fund.
- b. Capital Projects Fund - To account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the Enterprise Funds.

The County reports the following non-major funds consolidated into the non-major governmental funds column:

- a. Special Revenue Funds - To account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes or for which separate accounting is required by administrative action.

County Road - To account for the repairs and maintenance of County roads in accordance with New York State Laws.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Road Machinery - To account for the purchase of highway machinery and equipment in accordance with New York State Laws.

Special Grant - To account for the use of Federal monies received under the Workforce Investment Act.

Proprietary Funds:

These funds are used to account for ongoing operations or activities, which are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position and cash flows. The County applies all applicable GASB pronouncements, as well as, Financial Accounting Standards Board's (FASB) Accounting Standards Codification unless these standards conflict with or contradict GASB pronouncements.

- a. Nursing Home - This fund is used to account for the Genesee County Nursing Home (the Home), which is not a separate legal entity from the County. An enterprise measurement focus is specifically required by the New York State Department of Health in the New York State Health Care Facility Accounting and Reporting Manual. A copy of the financial statements for the Genesee County Nursing Home may be obtained from the Controller's Office, 278 Bank Street, Batavia, New York 14020.
- b. TASC - This fund is used to report the assets, liabilities, revenues, expenses and net position of the Tobacco Asset Securitization Corp., a blended component unit of the County. A copy of the financial statements of the TASC may be obtained by contacting the County Treasurer.
- c. Self Insurance - The Self Insurance Fund is used to accumulate reserve funds to account for certain claims related to health insurance and to purchase insurance coverage from an insurance company.
- d. Workers Compensation - The Workers Compensation Fund is used to account for the accumulation of resources for payment of compensation, assessments and other obligations under the Workers' Compensation Law.

The County reports the following as a non-major enterprise fund:

Water Fund - This fund is used to account for activity of a county wide water project including transmission lines and operation of City water plant by the County.

Other Fund Types:

Internal Service Funds - are used to account for special activities or services provided by one department to other departments or to other governments on a cost-reimbursement basis. This fund includes the following:

- a. Motor Pool - The Motor Pool provides vehicles to County departments and other governments at the related costs.

Fiduciary Funds (Agency Funds) - are used to account for fiduciary activities. Fiduciary activities are those in which the County acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements because their resources do not belong to the County and are not available for use.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

G. REVENUES AND EXPENDITURES/EXPENSES

1. PROGRAM REVENUES

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

2. PROPERTY TAXES

County real property taxes are levied annually no later than December 31 and become a lien on January 1. Taxes are collected during the period January 1 to April 1 by Town collectors. Taxes for County purposes apportioned to the area of the County outside the City of Batavia 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. The collection of County taxes levied on properties within the City of Batavia is enforced by the City; the County receives the full amount of such taxes within the year of levy.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

At December 31, 2014, the taxes receivable amounted to \$3,303,036 which is offset by an allowance for uncollected taxes of \$129,414. Current year returned village and school taxes of \$1,898,557 are offset by liabilities to the villages and school districts which will be paid no later than April 15, 2015. The remaining portion of tax assets is partially offset by unavailable revenue of \$1,016,310 which represents the tax liens which will not be collected within the first sixty (60) days of the subsequent year.

The New York State Constitution limits the amount of property taxes which may be raised for County purposes. The County had exhausted 62.89% of its constitutional tax limit as of December 31, 2014.

H. BUDGETARY INFORMATION

1. BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The capital projects fund is appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function and department. The County's Budget Officer/County Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the County Legislature. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

I. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

1. CASH AND CASH EQUIVALENTS

The County's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of purchase.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. RESTRICTED ASSETS

Certain assets are classified on the balance sheet as restricted because their use is limited. The proceeds of bond sales can only be used for the stated purpose of the borrowing.

3. INVENTORY

All inventories are valued at cost using the first-in/first-out (FIFO) method for proprietary funds and include no realization reserve for the Road Machinery Fund. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories of the Nursing Home consist primarily of food, housekeeping and medical supplies.

4. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. ACCOUNTS RECEIVABLE

Accounts receivable for the Nursing Home are stated net of allowance for doubtful accounts. The Nursing Home management estimates this allowance based on its analysis of specific balances, taking into consideration the age of past due accounts, the status of billing process with third-party payers, the value of remaining assets held by residents, and anticipated collections resulting from legal action. The allowance for doubtful accounts amounted to \$316,063 at December 31, 2014.

Management has deemed all other accounts receivable for the primary government and blended component units to be fully collectable.

6. CAPITAL ASSETS

Government-wide statements:

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business type activities columns in the government-wide financial statements.

Capital assets are defined by the County within the capitalization policies established by the County. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 25,000	50 years
Other capital assets	10,000	2-20 years
Machinery and equipment	10,000	5-35 years
Infrastructure:		
Roads and surfaces	10,000	25-50 years
Bridges	10,000	50 years

Fund Financial Statements:

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County had no deferred outflows of resources as of December 31, 2014.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Deferred tax revenue is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Tuition assistance payments received by Genesee Community College on behalf of eligible students prior to the College's year end have a time restriction as they are applicable to the following semester and are recorded as deferred inflows of resources on the statement of net position – component units.

8. UNEARNED REVENUES

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the County has legal claim to resources, the liability for unearned revenues is removed and revenues are recognized.

9. COMPENSATED ABSENCES

Vacation

The County's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

County employees may accumulate vacation time, subject to certain limitations, and carry it forward to subsequent years. The County's liability for earned and unused compensated absences was \$1,705,811 at December 31, 2014.

10. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental fund types recognize bond premiums during the current period. The face amount of debt and bond premiums issued are reported as other financing sources.

11. POST EMPLOYMENT BENEFITS

In addition to providing pension benefits, the County provides health insurance coverage for certain retired employees as discussed in Note 2., E.

12. FUND BALANCE POLICIES

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

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

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. NET POSITION FLOW ASSUMPTION

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

14. FUND BALANCE FLOW ASSUMPTIONS

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

15. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

16. NEW ACCOUNTING PRONOUNCEMENTS

During the year ended December 31, 2014, the County implemented GASB Statements No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, No. 69, *Government Combinations and Disposals of Government Operations*, and No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of GASB Statement No. 67 is to improve financial reporting by state and local governmental pension plans. This Statement replaces GASB Statement No. 25 and Statement No. 50. The objective of GASB Statement No. 69 is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The objective of GASB Statement No. 70 is to improve financial reporting by state and local governments that extend and receive nonexchange financial guarantees. GASB Statements No. 67, 69, and 70 did not have a material impact on the County's financial position or results from operations.

As of December 31, 2014, the Governmental Accounting Standards Board (GASB) has issued both GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which will be effective for the year ending December 31, 2015 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which should be applied simultaneously with the provisions of Statement No. 68. These Statements will require the County to record the unfunded liability related to the Employees' Retirement System (ERS). As of December 31, 2014, ERS has not provided sufficient information related to this liability to determine whether it will have a material impact on the County's financial statements upon implementation.

As of February 28, 2015, the GASB has issued GASB Statement No. 72, *Fair Value Measurement and Application*, which will be effective for the year ending December 31, 2016. The County is currently reviewing this statement and plans on adoption, as required.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. DEPOSITS AND INVESTMENTS

The County's investment policies are governed by State statutes. In addition, the County has its own written investment policy. County monies must be deposited in FDIC insured commercial banks or trust companies located within the State. Permissible investments include demand accounts and certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and municipalities and school districts.

Investment and Deposit Policy

The County implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

The County follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the County Treasurer.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The County's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The County's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the County's investment and deposit policy, all deposits of the County including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits. The County restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

B. RECEIVABLES

Major revenues accrued by the County in the governmental funds at December 31, 2014, include the following:

1. Accounts Receivables:

General Fund:

Mental health fees	\$ 917,762
Sales tax	2,463,549
Miscellaneous receivables	<u>627,109</u>
Total accounts receivable	<u>\$ 4,008,420</u>

Non-Major Governmental Funds

Gasoline sales	\$ 47,277
Miscellaneous receivables	<u>332,564</u>
Total accounts receivable	<u>\$ 379,841</u>

2. State and Federal Receivables - represents amounts due primarily from New York State and the federal government at December 31, 2014:

General Fund:

RF2 and 2A	\$ 2,899,499
RF3 and RF4 State and Federal	407,253
Physically Handicapped Children Education	757,439
Programs for the Aging	374,156
Public Health	598,092
Miscellaneous state and federal receivables	<u>1,201,940</u>
Total state and federal receivables	<u>\$ 6,238,379</u>

Capital Fund:

NYS reimbursement - Sheriff and Highway	<u>\$ 148,704</u>
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Non-Major Governmental Funds

CHIPS Aid	\$ 462,403
Miscellaneous state and federal receivables	<u>59,407</u>
Total state and federal receivables	<u>\$ 521,810</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

C. CAPITAL ASSETS

Capital asset activity for governmental-type activities for the year ended December 31, 2014, is as follows:

	Balance <u>01/01/14</u>	Increases	Decreases	Balance <u>12/31/14</u>
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,572,792	\$ -	\$ -	\$ 2,572,792
Total capital assets, not being depreciated	<u>2,572,792</u>	<u>-</u>	<u>-</u>	<u>2,572,792</u>
Capital assets, being depreciated:				
Buildings and improvements	51,492,633	1,631,292	-	53,123,925
Other capital assets	8,973,889	619,954	116,533	9,477,310
Machinery and equipment	5,209,808	422,250	247,608	5,384,450
Infrastructure	59,132,277	3,810,298	-	62,942,575
Internal service – motor pool	<u>925,707</u>	<u>135,820</u>	<u>128,551</u>	<u>932,976</u>
Total capital assets, being depreciated	<u>125,734,314</u>	<u>6,619,614</u>	<u>492,692</u>	<u>131,861,236</u>
Less accumulated depreciation:				
Buildings and improvements	15,825,967	875,835	-	16,701,802
Other capital assets	5,615,762	894,295	90,173	6,419,884
Machinery and equipment	2,411,282	288,299	190,041	2,509,540
Infrastructure	21,694,511	1,291,980	-	22,986,491
Internal service - motor pool	<u>601,120</u>	<u>114,580</u>	<u>124,000</u>	<u>591,700</u>
Total accumulated depreciation	<u>46,148,642</u>	<u>3,464,989</u>	<u>404,214</u>	<u>49,209,417</u>
Total governmental activities capital assets, net	<u>\$ 82,158,464</u>	<u>\$ 3,154,625</u>	<u>\$ 88,478</u>	<u>\$ 85,224,611</u>
<u>Business-type activities</u>				
Capital assets, being depreciated:				
Land improvements	\$ 228,610	\$ -	\$ -	\$ 228,610
Buildings	19,228,073	49,907	-	19,277,980
Equipment	<u>5,828,082</u>	<u>145,953</u>	<u>-</u>	<u>5,974,035</u>
Total capital assets, being depreciated	<u>25,284,765</u>	<u>195,860</u>	<u>-</u>	<u>25,480,625</u>
Less accumulated depreciation:				
Land improvements	224,586	2,689	-	227,275
Buildings	13,036,485	497,901	-	13,534,386
Equipment	<u>3,743,117</u>	<u>335,783</u>	<u>-</u>	<u>4,078,900</u>
Total accumulated depreciation	<u>17,004,188</u>	<u>836,373</u>	<u>-</u>	<u>17,840,561</u>
Total business-type activities capital assets, net	<u>\$ 8,280,577</u>	<u>\$ 640,513</u>	<u>\$ -</u>	<u>\$ 7,640,064</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 819,256
Public safety	679,612
Transportation	1,902,542
Health	7,984
Economic assistance	<u>55,594</u>
 Total	 \$ <u>3,464,989</u>

The depreciation expense for the business-type activities noted above excludes a portion that has been allocated based on the County's cost allocation plan.

D. PENSION OBLIGATIONS

PLAN DESCRIPTION

The County of Genesee participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer, public employee retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

FUNDING POLICY

The System is noncontributory except for employees who joined the System after July 27, 1976 who contribute 3.0% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employees contribution rates under ERS tier VI vary based on a sliding salary scale. For the New York State and Local Employees' Retirement System, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulated fund.

The County of Genesee is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were excluding the nursing home and component units:

	<u>ERS</u>
2014	\$ 4,546,243
2013	4,772,285
2012	4,176,764

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

The County of Genesee contributions made to the System was equal to 100 percent of the contributions required for each year. The County chose to prepay the required contributions by December 15, 2014 and received an overall discount of \$40,915.

Pension costs of the Proprietary Funds are recognized in the period incurred; the Nursing Home Proprietary Fund reflects pension costs for this fund. The amount due for the System's year ending March 31, 2015 had been paid in full at December 31, 2014. Pension contributions charged to operations in 2014, 2013, and 2012 were \$1,051,753, \$1,289,938 and \$1,185,426, respectively.

COMPONENT UNIT - GCC

PLAN DESCRIPTION

All faculty and administrators of GCC have the option of participating in the New York State Teachers' Retirement System (TRS) or the Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Full-time and electing part-time civil service employees participate in the New York State Employees Retirement System (ERS).

The New York State Teachers' Retirement System (TRS) and the New York State Employees' Retirement System (ERS) (the Systems) are cost-sharing multiple-employer, defined benefit retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL), and, in the case of TRS, New York State Education Law. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller adopts and amends rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue publicly available financial reports that include financial statements and required supplementary information. The TRS report may be obtained by writing to the New York Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395. The ERS report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith, State Office Building, Albany, NY 12244.

Contributions to the Systems made by Genesee Community College over the past three fiscal years, which were equal to the required contributions, were as follows:

<u>Fiscal Year</u>	<u>Employees' Retirement Systems</u>	<u>Teachers' Retirement Systems</u>	<u>Total Retirement Systems</u>
2014	\$1,339,711	\$ 660,321	\$2,000,032
2013	\$1,296,428	\$ 500,636	\$1,797,064
2012	\$ 927,482	\$ 438,140	\$1,365,622

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

In addition to the defined benefit plans discussed above, GCC provides the option for all full-time professional staff to participate in the Teachers Insurance and Annuity Association/College Retirement Equities Fund, a multiple employer defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Participants in TIAA-CREF retiring after 55 with 13 months of service receive monthly annuity benefits based on their investment. GCC pays all contributions for employees hired prior to July 1, 1976 at 12% of salary up to \$16,500 and 15% of salary in excess of \$16,500. Employees hired after July 1, 1976 contribute 3% of their salary, and GCC contributes 9% of salary up to \$16,500 and 12% of amounts in excess of \$16,500. Employees hired after July 1, 1976 and have less than ten years of service or membership are required to contribute 3% of their salaries, and GCC contributes 8% of total salaries for the first seven years and 10% thereafter. Employees hired after April 1, 2012 contribute between 3% and 6% based upon their compensation throughout their career. In 2014, contributions of \$811,115 were made by GCC.

E. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (OPEB)

PLAN DESCRIPTION

The County administers the Plan as a single-employer defined benefit OPEB plan. The Plan provides for continuation of medical and dental benefits for certain retirees and their spouses and can be amended by action of the County subject to applicable collective bargaining and employment agreements. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

FUNDING POLICY

The obligations of the plan members, employers and other entities are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. The employer currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the County.

ACCOUNTING POLICY

The accrual basis of accounting is used. The fair market value of assets, if any, is determined by the market value of assets, if any, paid by a willing buyer to a willing seller.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and the County's net OPEB obligation to the Plan at December 31, 2014.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

	Fiscal Year Ending <u>12/31/14</u>
<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>66,638</u>
ARC	9,820
Interest on OPEB obligation	(15,482)
Adjustment to ARC	<u>60,976</u>
OPEB Expense	<u>(55,538)</u>
Contributions made	5,438
Increase net OPEB obligation	<u>245,492</u>
Net OPEB obligation- beginning of year	<u>\$ 250,930</u>
Net OPEB obligation- end of year	<u>\$ 250,930</u>
Percentage of expense contributed	91.1%

*Includes amount of \$54,521 for Genesee County Nursing Home.

The County's annual OPEB cost, contribution, percentage of OPEB cost contributed, and net postemployment benefit obligation for the plan for the current fiscal year ended December 31, 2014 and the two preceding years are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 60,976	\$ 55,538	91.08%	\$ 250,930
2013	80,120	60,719	75.78%	245,492
2012	77,931	59,727	76.64%	226,091

FUNDED STATUS AND FUNDING PROGRESS

The County obtained an actuarial valuation for the year ending December 31, 2014. As of the actuarial valuation for December 31, 2014, the actuarial accrued liability for benefits was \$606,421, all of which was unfunded. The covered payroll, as of the actuarial valuation for December 31, 2014 (annual payroll of active employees covered by the plan), was \$30,639,699, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 1.98 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information on page A42, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

METHODS AND ASSUMPTIONS

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

The December 31, 2014 actuarial valuation utilized the projected unit credit actuarial cost method. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is the expected long-term investment rate of the County's own assets since currently the plan has no assets at the valuation date in order to establish a plan investment rate, and an annual healthcare cost trend of 8 percent initially, reduced by decrements to an ultimate rate of 4.4 percent after fiscal year ending 2084. Both rates included a 2.9 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The amortization period cannot exceed thirty years.

F. SHORT-TERM DEBT

The County may issue Revenue Anticipation Notes (RAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN represent a liability that will be extinguished by the receipt of Medicaid and Medicare payments in connection with the County Nursing Home operations.

Transactions in short-term debt for the year are summarized below:

	Balance <u>1/1/14</u>	<u>Issued</u>	<u>Redeemed</u>	Balance <u>12/31/14</u>
RAN maturing 11/14/14 at 1.25%	\$ 5,800,000	\$ -	\$ 5,800,000	\$ -
RAN maturing 12/18/15 at 1.75%	-	<u>3,500,000</u>	-	<u>3,500,000</u>
	<u>\$ 5,800,000</u>	<u>\$ 3,500,000</u>	<u>\$ 5,800,000</u>	<u>\$ 3,500,000</u>

G. LEASE OBLIGATIONS

The County has entered into an agreement with Monroe County Water Authority (MCWA) to pay a service fee in consideration for the water system and improvements made by MCWA. The service fee is directly related to the debt issued by MCWA for the improvements. The amounts due under this agreement will be funded from the fees charged to the water customers.

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2014, were as follows:

<u>Year ending December 31</u>	
2015	\$ 1,159,671
2016	1,158,904
2017	1,158,152
2018	1,162,409
2019	1,166,265
2020-2024	5,842,880
2025-2029	5,865,909
2030-2034	5,846,104
2035-2036	<u>2,336,242</u>
Total minimum lease payments	25,696,535
Less: amount representing net interest and administration fees	(9,271,535)
Present value of minimum lease payments	<u>\$ 16,425,000</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

H. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriations and expenditure of governmental fund financial resources.

The County's outstanding long-term liabilities include serial bonds, TASC bonds, compensated absences, workers' compensation, other post employment benefits, and capital leases.

A summary of changes in the County's long-term liabilities for the year ended December 31, 2014 are presented as follows:

	<u>Balance</u> <u>01/01/14</u>	<u>Additions</u>	<u>Redeemed</u>	<u>Balance</u> <u>12/31/14</u>	<u>Due within</u> <u>One year</u>
<u>Governmental activities:</u>					
General obligation debt:					
Serial bonds	\$ 13,235,000	\$ 4,745,827	\$ 1,690,000	\$16,290,827	\$2,005,827
Plus unamortized premium	391,542	-	85,534	306,008	85,532
Other liabilities:					
Compensated absences	1,665,508	1,749,512	1,709,209	1,705,811	170,581
Other post employment benefits	<u>189,557</u>	<u>50,308</u>	<u>43,456</u>	<u>196,409</u>	<u>-</u>
Total governmental activities	<u>\$ 15,481,607</u>	<u>\$ 6,545,647</u>	<u>\$ 3,578,197</u>	<u>\$18,499,055</u>	<u>\$2,261,940</u>
<u>Business-type activities:</u>					
General obligation debt:					
Serial bonds	\$ 1,865,000	\$ -	\$ 595,000	\$ 1,270,000	\$ 625,000
Plus unamortized premium	183,280	-	58,904	124,376	63,269
Turbo term bonds – TASC IV	12,810,000	-	175,000	12,635,000	220,000
Subordinate turbo CABs - TASC V	3,314,376	-	-	3,314,376	-
Other liabilities:					
Capital leases	1,255,826	-	488,959	766,867	514,368
Other post employment benefits	55,935	10,668	12,082	54,521	-
Workers' compensation	<u>7,116,915</u>	<u>1,845,217</u>	<u>1,399,462</u>	<u>7,562,670</u>	<u>202,570</u>
Total business-type activities	<u>\$ 26,601,332</u>	<u>\$ 1,855,885</u>	<u>\$ 2,729,407</u>	<u>\$25,727,810</u>	<u>\$1,625,207</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Long-term debt maturity schedule:

<u>Fund and Purpose</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>Principal Outstanding 12/31/2014</u>
<u>Governmental activities:</u>			
General:			
Public Improvement Serial Bond	2016	5.3-5.35	\$ 755,000
Public Improvement Serial Bond	2027	3.7	2,625,000
Public Improvement Serial Bond	2024	3.25-4.0	1,495,000
Public Improvement Serial Bond	2019	2.0-5.0	2,785,000
Public Improvement Serial Bond	2023	2.0-3.0	3,885,000
Public Improvement Serial Bond	2034	2.25-3.125	4,745,827
 <u>Business-type activities:</u>			
Nursing Home:			
Nursing Home Improvement Bond	2019	2.0-5.0	1,270,000
 TASC:			
Various Bonds	2015-2042	5.0-6.625	12,635,000
Subordinate Turbo CABs	2060	7.85	1,855,936
Subordinate Turbo CABs	2045-2055	N/A	<u>1,458,440</u>
 Total			 <u>\$33,510,203</u>

Summary schedule of maturing debt - The following is a summary of maturing debt service requirements for the County's serial bonds and capital leases:

<u>Fiscal Year</u>	<u>Full Faith and Credit of County Pledged</u>			
	<u>Serial Bonds</u>		<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,630,827	\$ 569,617	\$ 514,368	\$ 44,315
2016	2,735,000	469,666	252,499	13,534
2017	1,280,000	384,844	-	-
2018	1,325,000	337,381	-	-
2019	1,370,000	292,356	-	-
2020-2024	4,815,000	955,607	-	-
2025-2029	1,970,000	387,831	-	-
2030-2034	<u>1,435,000</u>	<u>135,081</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 17,560,827</u>	 <u>\$ 3,532,383</u>	 <u>\$ 766,867</u>	 <u>\$ 57,849</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

<u>Fiscal Year</u>	<u>Tobacco Asset Securitization Corp</u>			
	<u>Term Bonds</u>		<u>Capital Appreciation Bond</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 220,000	\$ 738,550	\$ -	\$ 297,237
2016	125,000	730,900	-	321,028
2017	130,000	723,250	-	346,723
2018	210,000	713,050	-	374,475
2019	220,000	700,150	-	404,448
2020-2024	1,155,000	3,284,750	-	2,562,855
2025-2029	820,000	2,879,375	-	3,766,385
2030-2034	2,100,000	2,329,375	-	5,535,093
2035-2039	2,910,000	1,592,750	-	8,134,395
2040-2044	3,870,000	720,500	-	11,954,341
2045-2049	875,000	21,875	-	17,568,146
2050-2054	-	-	-	25,818,219
2055-2059	-	-	-	37,942,557
2060	-	-	1,855,936	4,660,526
Total	\$ 12,635,000	\$ 14,434,525	\$ 1,855,936	\$ 119,686,428

TASC IV - Series 2005 bonds payable consist of the following at December 31:

	<u>2014</u>
Subordinate Turbo CABs - Redeemable in annual installments of various amounts beginning June 1, 2045 through June 1, 2050. This is a non-interest bearing bond.*	\$ 784,054
Subordinate Turbo CABs – Redeemable in annual installments of various amounts beginning June 1, 2050 through June 1, 2055. This is a non interest bearing bond.*	<u>674,386</u>
Total	\$ <u>1,458,440</u>

*In 2005 TASC refunded and defeased in substance its outstanding 2000 Series bonds with a portion of the Series 2005 bonds. All of the issuance costs, and reserves were funded from the bond proceeds. The net proceeds were deposited into an irrevocable trust to provide funding for the debt service on the Series 2000 bonds to the call date in the year 2010.

In conjunction with the advanced refunding, the TASC completed the sale of Series 2005D and 2005E capital appreciation bonds carrying varying yields and were sold discounted (zero coupon). As required by accounting principles generally accepted in the United States of America, the TASC accretes the effective interest appreciation over the life of the bonds to maturity. These bonds are subordinate to the Series 2005 bonds in the advanced refunding. No interest or principal will be paid on these bonds until all other series bonds of the TASC are redeemed. Funds expected to be used for redemption of these bonds will come from the TSR and payments are not anticipated until 2026. Increases to the bond values were \$148,820 for the year ending December 31, 2014.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Required maturities for the Series 2005 Bonds represent the minimum amount of principal that the TASC must pay as of the specific distribution dates in order to avoid a default. Turbo (accelerated) amortization payments are required to be made against outstanding principal providing that the TASC receives sufficient TSR to make the Turbo. The interest payment requirements shown above are based on the required principal maturity schedule and includes the accreted value portion of capital appreciation bonds in the year in which they are required to be redeemed.

Prior year's debt defeasance:

As of December 31, 2014, \$4,320,000 of bonds outstanding are considered defeased for all funds related to the 2010 advance refunding.

I. DETAIL OF FUND BALANCES

As of December 31, 2014, governmental fund balances were classified as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total</u>
<u>Nonspendable:</u>				
Inventory	\$ -	\$ -	\$ 126,616	\$ 126,616
<u>Restricted:</u>				
Capital projects	517,594	-	-	517,594
Debt service	803,816	-	-	803,816
Miscellaneous	648,503	-	-	648,503
<u>Assigned:</u>				
Subsequent years' expenditures	4,730,000	-	333,546	5,063,546
Encumbrances –				
General government	16,674	-	-	16,674
Public safety	19,290	-	-	19,290
Health	1,488	-	-	1,488
Transportation	1,032	-	-	1,032
Inter-governmental transfer	1,563,547	-	-	1,563,547
Sales tax	5,738,644	-	-	5,738,644
Capital projects	-	6,355,498	-	6,355,498
County road	-	-	233,633	233,633
Road machinery	-	-	30,770	30,770
<u>Unassigned:</u>				
General fund	10,181,718	-	-	10,181,718
Total	<u>\$ 24,222,306</u>	<u>\$ 6,355,498</u>	<u>\$ 724,565</u>	<u>\$31,302,369</u>

The County Legislature adopted a formal spending policy under the provisions of GASB Statement No. 54 stating that the County Legislature will assess the current financial condition of the County and then determine the order of application of expenditures to which fund balance classification will be charged.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

J. INTERFUND ACTIVITIES

Interfund receivables, payables and transfers as of and for the year ended December 31, 2014, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 1,522,624	\$ 1,558,214	\$ 140,570	\$ 8,221,565
Capital Projects Fund	1,697,504	901,212	3,834,352	5,990
County Road Fund	58,250	501,819	4,644,233	1,823,766
Road Machinery Fund	361	400,120	-	-
Special Grant Fund	-	156,899	-	-
Self-Insurance Fund	-	65,399	238,200	114,580
Water Fund	-	-	828,703	15,000
Workers' Compensation Fund	665,897	4,571	504,843	10,000
Nursing Home Fund	-	877,549	-	-
Internal Service Fund	-	13,531	-	-
Agency Fund	<u>534,678</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,479,314</u>	<u>\$ 4,479,314</u>	<u>\$ 10,190,901</u>	<u>\$ 10,190,901</u>

To improve cash management, all County accounts are pooled into a consolidated bank account. The interfund receivables and payables arise due to a reclass of negative pooled cash and are short term in nature and are typically repaid in less than one year. Payables from Nursing Home represent temporary cash advances to finance operations as well as their share of certain accrued liabilities.

Transfers among funds are provided for as part of the annual budget process. They facilitate annual contributions from the operating budget to other funds. They also include transfers to close out capital projects for excess cash remaining after the termination of the project.

NOTE 3 - LEASE AGREEMENTS

The County has entered into various operating leases above \$100,000.

The future minimum operating lease payments as of December 31, 2014 are as follows:

<u>Year Ending</u>	<u>Building</u>	<u>City Water</u>
2015	\$ 639,732	\$ 550,000
2016	639,732	550,000
2017	<u>213,244</u>	<u>550,000</u>
Total	<u>\$ 1,492,708</u>	<u>\$ 1,650,000</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 - CONTINGENCIES

GENESEE TOBACCO ASSET SECURITIZATION CORPORATION (TASC)

During 2000, the TASC purchased the rights to receive TSRs (Tobacco Settlement Revenues) from the County of Genesee. There are a number of risks associated with receipts of such TSRs including, litigation affecting participating manufactures and possible bankruptcy as a result thereof, and future adjustments to the calculation of the TSRs. The TASC's financial existence is contingent upon receiving these TSRs from the tobacco manufacturers.

NOTE 5 - COMMITMENTS

COMPONENT UNIT - GENESEE COMMUNITY COLLEGE (COMMUNITY COLLEGE)

The Community College leases certain real property under the terms of various operating lease agreements. Future minimum lease payments due under non-cancelable operating leases are:

Year ending <u>August 31,</u>	
2015	\$ 1,459,642
2016	1,461,442
2017	1,463,242
2018	1,282,625
2019	1,270,003
2020-2024	3,524,323
2025	<u>356,075</u>
	<u>\$ 10,817,352</u>

Total payments on all operating leases was \$1,403,429 for the year ended August 31, 2014.

The Community College also has an agreement, expiring August 31, 2016, with a data processing consulting firm to manage its computer facilities. Fees are determined on a yearly basis and amounted to \$1,972,000 for the year ended August 31, 2014.

NOTE 6 - RISK FINANCING

The workers' compensation plan maintains excess insurance, which insures against catastrophic claim losses for amounts over \$500,000, per occurrence, up to the limitations provided under the contract. The plan establishes reserve liabilities based on the estimated cost of individual claims incurred. Those estimates are determined based on many factors, one of the most significant being past experience. Since the reserve liability is an estimate it may not reflect the plan's ultimate liability.

The schedule below presents the changes in the County's estimated claims since December 31, 2012 for workers' compensation and major medical programs. The estimated claims for workers' compensation represent outstanding claim losses, including case reserves, the development of known claims and incurred but not reported claim liabilities. The calculation is based on the present value of future payouts. The estimated claims for major medical represent an amount based on prior experience with actual payments of claims. The estimated claims for the Major Medical is included in the accrued liabilities total in the Self Insurance Fund.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 - RISK FINANCING- (Continued)

	<u>Workers'</u> <u>Compensation</u>	<u>Major</u> <u>Medical</u>
Estimated claims as of December 31, 2012	\$ 7,088,458	\$ 1,550,095
Claims incurred and adjustments during 2013	2,545,344	9,318,013
Payments made during 2013	(1,449,350)	(9,323,102)
Assessments reduced in 2013	<u>(1,067,537)</u>	-
Estimated claims as of December 31, 2013	<u>\$ 7,116,915</u>	<u>\$ 1,545,006</u>
Claims incurred and adjustments during 2014	\$ 1,845,217	\$ 8,194,754
Payments made during 2014	<u>(1,399,462)</u>	<u>(9,819,867)</u>
Estimated claims as of December 31, 2014	<u>\$ 7,562,670</u>	<u>\$ 1,625,113</u>

Effective January 1, 2014, the New York State Workers' Compensation Board has changed their methodology for calculating Workers' Compensation Board assessments to self funded workers' compensation plans. Under this new methodology the assessment liability is anticipated to be significantly less and this change in methodology resulted in an assessment reduction in the amount of \$1,067,537 for the fiscal year ended December 31, 2013.

NOTE 7 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

DEFICIT FUND BALANCE

The County reported deficit net position at December 31, 2014 in the Workers Compensation Fund in the amount of \$2,349,155. The deficit was created in a prior year due to the County obtaining an actuarial valuation of the accrued and unpaid claim liabilities. This will be eliminated in future years as the County bills participants for their share of the liability.

The TASC reported deficit net position at December 31, 2014 in the amount of \$17,840,493. The deficit is due to various expenses associated with the bonds. The future cash receipts from the Master Settlement Agreement (MSA) are expected to offset this deficit.

NOTE 8 – RELATED PARTY TRANSACTIONS

In August 2014, the Board of Directors of the Genesee Community College Foundation, Inc. (the Foundation) approved a \$3,000,000 commitment in support of the college's capital initiative plans. The following is the agreed payments from the Foundation to the County:

2015	\$ 300,000
2016	600,000
2017	600,000
2018	600,000
2019	600,000
2020	<u>300,000</u>
Total	<u>\$ 3,000,000</u>

NOTE 9 – LABOR CONTRACTS

The County's employees operate under five collective bargaining units. The CSEA, Sheriff's Employees and CSEA NH are settled through December 31, 2015. The AFSCME is settled through December 31, 2019 and the Deputy Sheriff's has expired and is currently in negotiations.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10 – COMMITMENTS

Encumbrances – Encumbrances are commitments related to unperformed (executory) contracts for good or services (i.e., purchase order, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Open encumbrances are reported as an assignment of fund balance since such commitments will be honored through budget appropriations in the subsequent year. The County considers encumbrances to be significant for amounts that are encumbered in excess of \$100,000. As of December 31, 2014, the County did not have any encumbrances that were considered to be significant.

NOTE 11 – CONTINGENCIES

Litigation – The County is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the County. The outcome of these matters is not presently determinable, but in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the County.

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

NOTE 12 – SUBSEQUENT EVENTS

Bonds - In February 2015, the County issued \$9,326,464 in bonds on behalf of Genesee Community College to pay for the cost of the Wellness and Event Center and Renovations. The total authorized borrowing of \$12,326,464 shall be reduced to the extent of donations in the amount of \$3,000,000 (see Note 9).

Sale of Genesee County Nursing Home – A letter of intent has been signed and the County is anticipating the closure of sale to occur during the fiscal year ended December 31, 2016.

COUNTY OF GENESEE, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES:				
Real property taxes	\$ 27,058,696	\$ 27,058,696	\$ 27,682,788	\$ 624,092
Real property tax items	1,045,399	1,115,549	1,540,410	424,861
Non-property tax items	40,155,891	41,976,776	39,009,156	(2,967,620)
Departmental income	8,321,642	8,438,595	7,763,931	(674,664)
Intergovernmental charges	979,383	1,014,437	896,286	(118,151)
Use of money and property	665,474	665,474	680,200	14,726
Licenses and permits	45,000	45,000	24,121	(20,879)
Fines and forfeitures	155,400	155,400	185,273	29,873
Sale of property and compensation for loss	101,000	128,781	135,569	6,788
Miscellaneous local sources	802,191	803,435	786,977	(16,458)
Interfund revenues	1,445,347	1,526,501	1,472,395	(54,106)
State sources	12,009,563	12,295,619	11,669,806	(625,813)
Federal sources	8,926,697	9,603,297	7,989,631	(1,613,666)
	<u>101,711,683</u>	<u>104,827,560</u>	<u>99,836,543</u>	<u>(4,991,017)</u>
EXPENDITURES:				
General government	30,622,188	31,047,750	28,831,522	2,216,228
Education	5,375,728	5,375,728	4,730,978	644,750
Public safety	15,319,648	15,537,056	14,432,802	1,104,254
Health	9,147,803	9,265,676	8,733,366	532,310
Transportation	845,092	861,965	809,936	52,029
Economic assistance and opportunity	32,391,649	34,638,966	32,324,117	2,314,849
Culture and recreation	1,458,542	1,497,031	1,305,277	191,754
Home and community services	961,658	973,658	907,415	66,243
Employee benefits	9,240	9,240	-	9,240
Debt service:				
Principal	1,690,000	1,690,000	1,690,000	-
Interest	530,505	530,505	530,505	-
	<u>98,352,053</u>	<u>101,427,575</u>	<u>94,295,918</u>	<u>7,131,657</u>
Excess of revenues over expenditures	3,359,630	3,399,985	5,540,625	2,140,640
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	2,723,349	4,674,037	-	(4,674,037)
Interfund transfers in	128,000	134,580	140,570	5,990
Interfund transfers out	(6,210,979)	(8,208,602)	(8,221,565)	(12,963)
	<u>(3,359,630)</u>	<u>(3,399,985)</u>	<u>(8,080,995)</u>	<u>(4,681,010)</u>
Net change in fund balance	-	-	(2,540,370)	(2,540,370)
Fund balance - beginning	-	-	26,762,676	26,762,676
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,222,306</u>	<u>\$ 24,222,306</u>

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
12/31/14	\$ -	\$ 606,421	\$ 606,421	0.00%	\$30,639,699	1.98%
12/31/13	\$ -	\$ 744,523	\$ 744,523	0.00%	\$30,015,853	2.48%
12/31/12	\$ -	\$ 738,800	\$ 738,800	0.00%	\$29,718,550	2.49%

Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
December 31, 2012	\$ 82,123	\$ 59,727	72.7%
December 31, 2013	84,992	60,719	71.4%
December 31, 2014	66,638	55,538	83.3%

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SECTION B
FEDERAL FINANCIAL ASSISTANCE

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
<i>Passed through New York State Department of Agriculture:</i>			
Supplemental Nutrition Assistance Program Cluster			
State Administrative Matching Grant for the Supplemental Nutrition Assistance Program	10.561	99-OCFS-LCM-15, OTDA 13-LCM-10, OTDA 14-LCM-10, NYSFRM, Vol.3, COMM LTR 11,15,20, 02-LCM-13	\$ 595,956
State Administrative Expenses for Child Nutrition	10.560	COMM LTR	64,900
Total Supplemental Nutrition Assistance Program Cluster			<u>660,856</u>
<i>Passed through New York State Education Department:</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	803714	3,114
National School Lunch Program	10.555	803714	5,535
Total Child Nutrition Cluster			<u>8,649</u>
Total U.S. Department of Agriculture			<u>669,505</u>
U.S. Department of Housing and Urban Development			
<i>Passed through New York State Department of Housing:</i>			
CDBG: Buffalo East Tech Park	14.228	444ED795-13	263,698
Total U.S. Department of Housing and Urban Development			<u>263,698</u>
U.S. Department of Justice			
<i>Passed through Bureau of Justice Assistance:</i>			
State Criminal Alien Assistance Program	16.606	2014-AP-BX-0449	1,573
<i>Passed through New York State Children's Alliance, Inc.</i>			
Missing Children's Assistance	16.758	2-BATA-NY-SA14	9,000
Total U.S. Department of Justice			<u>10,573</u>
U.S. Department of Labor			
<i>Passed through Livingston County:</i>			
Trade Adjustment Assistance	17.245	-	8,036
H-1B Job Training Grants	17.268	-	39,891
Workforce Investment Act Cluster			
Workforce Investment Act - Adult Program	17.258	-	165,223
Workforce Investment Act - Youth Activities	17.259	-	144,496
Workforce Investment Act - Dislocated Workers Supplemental	17.278	-	191,423
Workforce Investment Act - National Emergency Grant	17.277	-	8,332
Total Workforce Investment Act Cluster			<u>509,474</u>
<i>Passed through New York State Office for the Aging:</i>			
Senior Community Services Employment Program - Title V	17.235	-	36,295
Total U.S. Department of Labor			<u>593,696</u>
U.S. Department of Transportation			
<i>Direct Program through Federal Aviation Administration.</i>			
Airport Improvement Program	20.106	3-36-0006; 28-12, 29-13, 30-13, 31-13, 32-14, 33-14	1,219,713
<i>Passed through New York State Department of Transportation:</i>			
Highway Planning and Construction	20.205	D033711/ D032748/ D033651/ D033652/ D034169	725,790
State and Community Highway Safety - NYS STOP DWI Program	20.600	HS1-2015	7,184
<i>Passed through New York State Governor's Traffic Safety Committee:</i>			
Occupant Safety - Child Passenger Safety Program - 2014	20.602	00153-(019)	531
State and Community Highway Safety - Rural Traffic Enforcement Initiative - 2014	20.600	-	25,478
Total Highway Safety Cluster			<u>33,193</u>
HMEP Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	-	1,541
Total U.S. Department of Transportation			<u>1,980,237</u>

(continued)

**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>			
<i>Passed through New York State Department of Health:</i>			
Early Intervention Administration	84.181	C027481	25,681
Total U.S. Department of Education and Total Early Intervention Services Cluster			<u>25,681</u>
<u>Corporation for National and Community Service</u>			
<i>Direct Program:</i>			
Retired and Senior Volunteer Program	94.002	-	37,903
<i>Passed through New York State Office of Children and Family Services:</i>			
Program Development and Innovation Grants - AmeriCorps 13/14	94.007	C027056	86,199
Program Development and Innovation Grants - AmeriCorps 14/15	94.006	C027353	16,097
Total Corporation for National and Community Service			<u>140,199</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through New York State Department of Health:</i>			
Public Health Emergency Preparedness	93.069	1607-10	48,255
Immunization Grants - 2014	93.268	C028293	33,893
Maternal and Child Health Services Block Grant to the States - 2014	93.994	C026510-3	46,814
Maternal and Child Health Services Block Grant to the States - 2011-2014	93.994	C024618	19,339
Sharing	93.778	-	200,733
Medical Assistance Program	93.778	NYSFRM, Vol.3	678,253
Medical Assistance Program	93.778	94-LCM-23	65,383
<i>Passed through New York State Department of Social Services:</i>			
Temporary Assistance for Needy Families	93.558	NYSFRM, Vol.3 12-OCFS-LCM-14,	1,165,303
Temporary Assistance for Needy Families	93.558	13-OCFS-LCM-12	14,454
Temporary Assistance for Needy Families	93.558	OTDA 14-ADM-13	1,048,835
Temporary Assistance for Needy Families	93.558	OTDA 12-LCM-11	685
Child Care and Development Block Grant	93.575	13-OCFS-LCM-06,	986,457
Child Support Enforcement	93.563	14-OCFS-LCM-05	270,765
Low-Income Home Energy Assistance	93.568	OTDA 13-LCM-11,	86,574
Foster Care-Title IV-E	93.658	OTDA 13-LCM-16	753,485
Adoption Assistance	93.659	NYSFRM, Vol.3	245,374
Social Services Block Grant	93.667	NYSFRM, Vol.3 13-OCFS-LCM-07,	643,871
Chafee Foster Care Independence Program	93.674	14-OCFS-LCM-09	30,894
14-OCFS-LCM-05			
<i>Passed through New York State Office of Mental Health and the Office of Alcoholism and Substance Abuse Services:</i>			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	824,170
<i>Passed through New York State Office for the Aging:</i>			
Aging Cluster			
Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	93.043	-	2,839
National Family Caregiver Support, Title III, Part E	93.052	-	27,151
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	-	71,592
Special Programs for the Aging-Title III, Part C-1 -Nutrition Services	93.045	-	56,842
Special Programs for the Aging-Title III, Part C-2 Nutrition Services	93.045	-	43,888
Nutrition Services Incentive Program	93.053	-	23,175
Total Aging Cluster			<u>225,487</u>
Medicare Improvements for Patients and Providers Act - Aging and Disability Resource Center	93.071	-	10,420
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations - 13/14	93.779	-	7,568
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations - 14/15	93.779	-	28,413
Special Programs for the Aging-Title IV and Title II-Discretionary Projects	93.048	-	21,427
<i>Passed through The University of Pittsburgh</i>			
National Network of Libraries of Medicine Middle Atlantic Region	none	0020808-408495-Y2020	1,378
Total U.S. Department of Health and Human Services			<u>7,458,230</u>

(continued)

COUNTY OF GENESEE, NEW YORK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Homeland Security</u>			
<i>Passed through New York State Division of Homeland Security and Management Services:</i>			
Hazardous Material Grant Program - 2012	97.067	C151029	79,692
Hazardous Material Grant Program - 2013	97.067	C151039	58,242
Homeland Security Grant Program - 2011	97.067	C970710	32,828
Homeland Security Grant Program - 2012	97.067	C970720	9,931
Homeland Security Grant Program - 2013	97.067	C970730	68,984
Homeland Security Grant Program - SLETPP 2011	97.067	C970712	9,453
Homeland Security Grant Program - SLETPP 2012	97.067	T970722	17,471
Homeland Security Grant Program - SLETPP 2013	97.067	T970732	24,093
Emergency Management Performance Grant - 2013	97.042	T151035	26,532
Emergency Management Performance Grant - 2014	97.042	T151045	7,811
Total U.S. Department of Homeland Security			<u>335,037</u>
Total Expenditures of Federal Awards			\$ <u>11,476,856</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the primary government of the County of Genesee, New York (the County), an entity as defined in the basic financial statements and does not include the Genesee County Nursing Home, Genesee Community College and the Genesee County Economic Development Center. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Federal awards received directly from federal agencies, as well as, federal awards passed through from other government agencies are included in the schedule. Because the schedule presents only a selected portion of the operations of the County, it is not intended and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the County's financial reporting system, which is the source of the County's basic financial statements.

NOTE 3 - SUBRECIPIENTS

The County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
State Administrative Expenses For Child Nutrition	10.560	\$ 64,900
Community Development Block Grant-Buffalo East Tech Park	14.228	263,698
Medical Assistance Program - Early Intervention Program	93.778	65,383
Senior Community Services Employment Program	17.235	36,282
Block Grants for Prevention and Treatment of Substance Abuse	93.959	824,170

NOTE 4 - MAJOR PROGRAM DETERMINATION

Major program determination is a risk based assessment which classifies programs as either a Type A program or a Type B program. All federal programs with expenditures exceeding the greater of 3% of the total federal awards or \$300,000 are considered Type A programs and all other programs are considered Type B programs. The Type B federal programs with expenditures which do not exceed the greater of 3% of the total federal awards or \$100,000 are considered insignificant and were not further evaluated. All other programs were then further assessed based on risk and major programs were selected.

NOTE 5 – NON-MONETARY FEDERAL PROGRAM

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements, termed "nonmonetary programs." New York State makes payments of benefits directly to vendors, primarily utility companies on behalf of eligible persons participating in the Low-Income Home Energy Assistance Program (CFDA Number 93.568). The total of these direct payments amounted to \$86,574 and is included on the schedule of expenditures of federal awards.

SECTION C
INTERNAL CONTROL AND COMPLIANCE

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the County Legislature
County of Genesee, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Genesee, New York (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 27, 2015. Our report includes a reference to other auditors who audited the financial statements of Genesee Community College, Genesee County Economic Development Center, and Genesee Tobacco Asset Securitization Corporation (TASC), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Genesee County Nursing Home were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Genesee County Nursing Home.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Freed Maxick CPAs, P.C.

Batavia, New York
July 27, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of County Legislature
County of Genesee

Report on Compliance for Each Major Federal Program

We have audited the County of Genesee, New York's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular-A133. Accordingly, this report is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
July 27, 2015

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

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

Unmodified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.258/17.259/17.278	Workforce Investment Act
20.106	Airport Improvement Program
93.575	Child Care and Development Block Grant
93.667	Social Services Block Grant
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs

\$ 344,306

Auditee qualified as low-risk auditee?

Yes No

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

II. FINDINGS - FINANCIAL STATEMENT AUDIT

There are no financial statement findings noted in the current year.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

There are no findings or questioned costs related to federal awards noted in the current year.

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

I. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no financial statement findings noted in the prior year.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

There were no findings or questioned costs related to federal awards noted in the prior year.

SECTION D
NEW YORK STATE DEPARTMENT OF TRANSPORTATION FINANCIAL ASSISTANCE

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF NEW YORK STATE DEPARTMENT OF TRANSPORTATION
ASSISTANCE EXPENDED FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Grantor/Program Title</u>	<u>NYS DOT Contract/ Reference Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>		
<i>Passed through New York State Department of Transportation:</i>		
Consolidated Local Street and Highway Improvement Program (CHIPS) Aid	N/A	\$ 1,803,573
Airport Rehabilitation	K550772	67,762
Marchisalli Aid- Bridges	D032748/D033651/D033711/ D033652/D033651	<u>172,458</u>
 Total New York State Department Transportation of Assistance Expended		 <u>\$ 2,043,793</u>

See notes to the Schedule of New York State
Department of Transportation Assistance Expended

COUNTY OF GENESEE, NEW YORK
NOTES TO THE SCHEDULE OF NEW YORK STATE DEPARTMENT OF TRANSPORTATION
ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of New York State Department of Transportation Assistance Expended by the County of Genesee, New York (the County) an entity as defined in Note 1 to the County's basic financial statements, presents the activity of all financial assistance programs provided by the New York State Department of Transportation.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of New York State Department of Transportation Assistance Expended is presented using the modified accrual basis of accounting.

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of County Legislature
County of Genesee, New York

Report On Compliance For Each Major Federal Program

We have audited the County of Genesee, New York's, (the County) compliance with the types of compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that are applicable to each state transportation assistance program tested for the year ended December 31, 2014. The programs tested are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Transportation Assistance Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its state transportation assistance programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with types of requirements that could have a direct and material effect on each state transportation assistance program tested to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each state transportation assistance program and to test and report on the internal control over compliance in accordance with Draft Part 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Draft Part 43 of NYCRR. Accordingly, this report is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
July 27, 2015

