

**AUDITED
BASIC FINANCIAL STATEMENTS**

COUNTY OF GENESEE, NEW YORK

DECEMBER 31, 2015

COUNTY OF GENESEE, NEW YORK

Table of Contents

Page

SECTION A
FINANCIAL SECTION

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-15
Basic Financial Statements:	
Statement of Net Position	A1-A2
Statement of Activities	A3
Balance Sheet - Governmental Funds	A4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	A5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A6
Statement of Net Position - Proprietary Funds	A7
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	A8
Statement of Cash Flows - Proprietary Funds	A9-A10
Statement of Net Position - Component Units	A11
Statement of Revenues, Expenses and Changes in Net Position - Component Units	A12
Statement of Net Position - Fiduciary Fund	A13
Notes to Basic Financial Statements	A14-A51
Required Supplementary Information:	
Budgetary Comparison Schedule for the General Fund	A52
Schedule of Funding Progress for Retiree Health Plan	A53
Schedule of the County's Proportionate Share of Net Pension Liability – Employees' Retirement System	A54
Schedule of the County's Contributions – Employees' Retirement System	A55

COUNTY OF GENESEE, NEW YORK

Table of Contents
(Continued)

Page

SECTION B
FEDERAL FINANCIAL ASSISTANCE

Schedule of Expenditures of Federal Awards	B1-B4
Notes to the Schedule of Expenditures of Federal Awards	B5

SECTION C
INTERNAL CONTROL AND COMPLIANCE

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	C1-C2
Independent Auditor's Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	C3-C4
Schedule of Findings and Questioned Costs	C5-C6
Schedule of Prior Year Findings and Questioned Costs	C7

SECTION D
NEW YORK STATE DEPARTMENT OF TRANSPORTATION FINANCIAL ASSISTANCE

Independent Auditor's Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance	D1-D2
Schedule of New York State Department of Transportation Assistance Expended	D3
Notes to the Schedule of New York State Department of Transportation Assistance Expended	D4
Schedule of Findings and Questioned Costs of New York State Department of Transportation Assistance Expended	D5

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, 2015, 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, 2015, 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, and other required supplementary information, as listed in the table of contents, 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 is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirement, Cost Principles, and Audit requirements for Federal Awards and the accompany Schedule of New York State Department of Transportation Assistance Expended is presented for purposes of additional analysis as required by Draft Part 43 of NYCRR and both 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 June 30, 2016 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
June 30, 2016

Management's Discussion and Analysis County of Genesee, New York Fiscal Year Ended December 31, 2015

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, 2015. 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 \$111,832, of which approximately \$87,063 was the net investment in capital assets.
- The County's total primary government governmental activities net position increased approximately \$12,751 from the prior year, primarily from an increased investment in capital assets.
- During the year ended December 31, 2015 the County's primary government invested \$16,676 in governmental activities capital assets, including \$3,416 in buildings and improvements, \$3,644 in infrastructure, \$9,198 in equipment, machinery, and other capital assets and \$418 to the motor pool.
- The County tax rate was \$9.86 per thousand dollars of assessed value in 2015, which is a 1.79% decrease from the 2014 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.

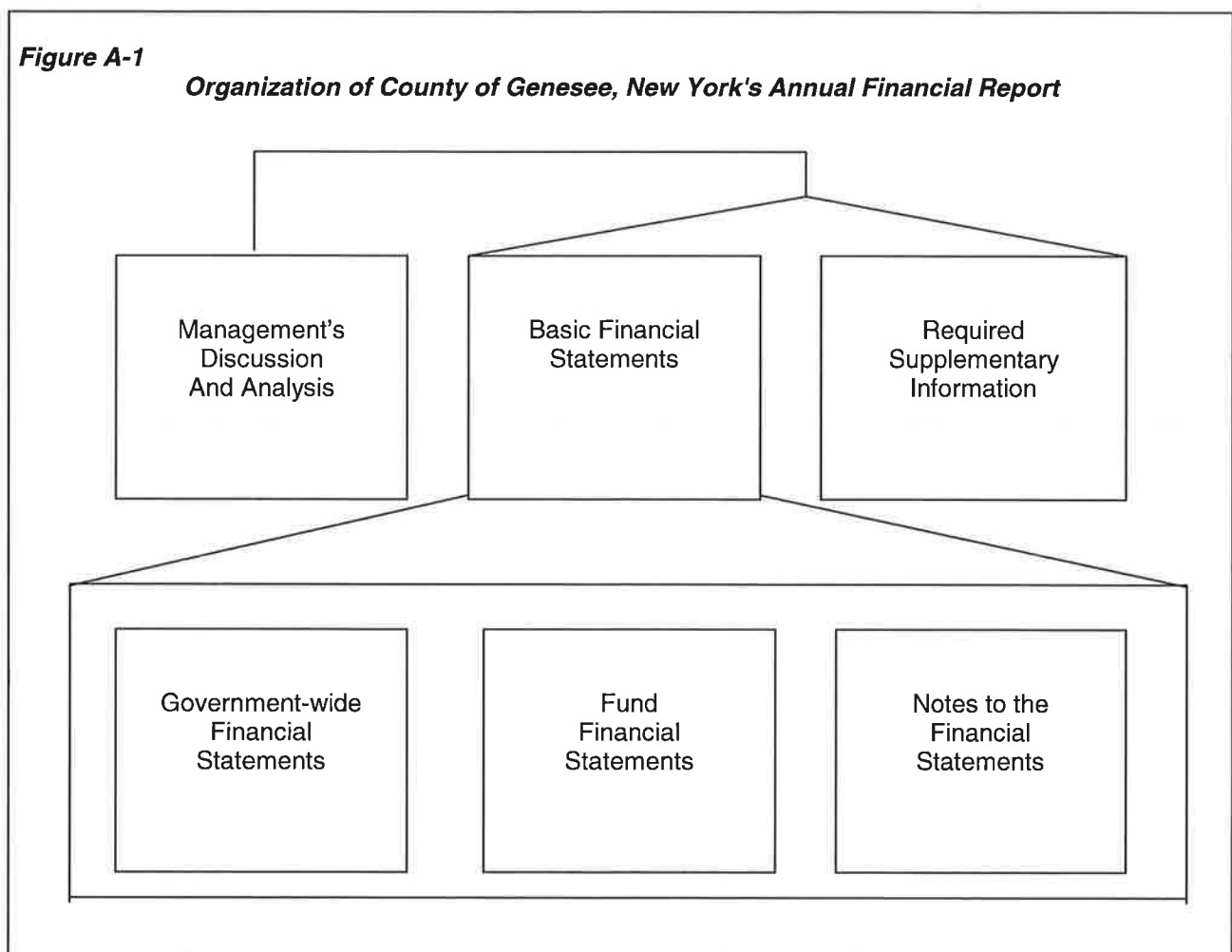


Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of 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/out-flow 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 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 increased 12.87% to approximately \$111,832. 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 39.42% primarily due to serial bonds in the amount of \$9,326 issued in the current year, net of current year repayments. Other liabilities of the County's primary government's governmental activities have increased 42.32% primarily due to new accounting standards requiring the County to record its portion of the New York State Retirement System liability. The unrestricted net deficit in the County's business-type activities increased 48.18% primarily due to the increase in the net deficit at the County Nursing Home as a result of a regular operating deficit and the fact that the Nursing Home did not receive any IGT revenue in 2015.

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
	2015	2014		2015	2014	
Current and other assets	\$ 53,125	\$ 44,125	20.40%	\$ 19,826	\$ 19,653	0.88%
Capital assets, net	97,901	85,225	14.87%	7,008	7,640	-8.27%
Total assets	<u>151,026</u>	<u>129,350</u>	<u>16.76%</u>	<u>26,834</u>	<u>27,293</u>	<u>-1.68%</u>
Deferred outflows of resources	3,753	-	100.00%	794	-	100.00%
Long-term liabilities	25,792	18,499	39.42%	23,828	25,728	-7.38%
Other liabilities	16,750	11,769	42.32%	14,548	10,773	35.04%
Total liabilities	<u>42,542</u>	<u>30,268</u>	<u>40.55%</u>	<u>38,376</u>	<u>36,501</u>	<u>5.14%</u>
Deferred inflows of resources	405	1,207	-66.45%	96	303	-68.32%
Net investment in capital assets	87,063	73,552	18.37%	6,046	5,479	10.35%
Restricted	1,642	1,321	24.30%	5,322	-	
Unrestricted (deficit)	23,127	22,997	0.57%	(22,212)	(14,990)	-48.18%
Total net position (deficit)	<u>\$ 111,832</u>	<u>\$ 97,870</u>	<u>14.27%</u>	<u>\$ (10,844)</u>	<u>\$ (9,511)</u>	<u>-14.02%</u>

Governmental activities. Governmental activities increased the County's net position by \$13,962, of which \$1,207 related to a restatement of the beginning net position for the implementation of GASB Statement No. 68. A key element of the remaining increase was from an increased investment in capital assets.

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
	2015	2014		2015	2014	
Program Revenues:						
Charges for services	\$ 12,958	\$ 11,982	8.15%	\$ 29,305	\$ 29,019	0.99%
Tobacco settlement revenues	-	-	0.00%	1,450	936	54.91%
Operating grants and contributions	20,845	20,120	3.60%	-	-	0.00%
Capital grants and contributions	5,824	3,508	66.02%	-	-	0.00%
General Revenues:						
Property taxes, special assessments and property tax items	28,235	28,599	-1.27%	-	-	0.00%
Non-property taxes	38,989	39,009	-0.05%	-	-	0.00%
Intergovernmental	-	10	100.00%	-	-	0.00%
Interest earnings	668	688	-2.91%	40	53	-24.53%
Sale of property and compensation for loss	-	1,314	-100.00%	-	-	0.00%
Miscellaneous	1,155	807	43.12%	1,913	1,080	77.13%
Premium on obligation	58	-	100.00%	-	-	0.00%
Gain on sale of asset	5	32	84.38%	-	-	0.00%
Total revenues	108,737	106,069	2.52%	32,708	31,088	5.21%
Program Expenses:						
General government	18,120	28,981	-37.48%	-	-	0.00%
Education	6,196	4,731	30.97%	-	-	0.00%
Public safety	16,124	17,931	-10.08%	-	-	0.00%
Health	4,220	8,765	-51.85%	-	-	0.00%
Transportation	18,075	9,846	83.58%	-	-	0.00%
Economic assistance and opportunity	28,263	33,242	-14.98%	-	-	0.00%
Culture and recreation	1,109	1,301	-14.76%	-	-	0.00%
Home and community service	937	907	3.31%	-	-	0.00%
Nursing home	-	-	0.00%	17,558	17,915	-1.99%
TASC	-	-	0.00%	1,191	1,158	2.85%
Self insurance	-	-	0.00%	10,927	10,761	1.54%
Workers' compensation	-	-	0.00%	2,056	2,544	-19.18%
Water	-	-	0.00%	3,417	3,474	-1.64%
Interest on debt	628	434	44.70%	-	-	0.00%
Total expenses	93,672	106,138	-11.75%	35,149	35,852	-1.96%

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

	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2015	2014		2015	2014	
Increase (decrease) in net position before transfers	15,065	(69)	-21933%	(2,441)	(4,764)	48.76%
Transfers	(1,108)	(1,432)	-23%	1,108	1,432	-22.63%
Intergovernmental transfer for rate enhancement	-	-	0.00%	-	8,567	100.00%
Total transfers	(1,108)	(1,432)	22.63%	1,108	9,999	-88.92%
Change in net position	13,957	(1,501)	-1030%	(1,333)	5,235	-125.46%
Net position (deficit) - beginning, as previously stated	97,875	100,583	-2.69%	(9,511)	(14,443)	-34.15%
Restatement of net position (see Note 12)	-	(1,207)	-100.00%	-	(303)	-100.00%
Net position (deficit) - ending	<u>\$ 111,832</u>	<u>\$ 97,875</u>	<u>14.26%</u>	<u>\$ (10,844)</u>	<u>\$ (9,511)</u>	<u>-14.02%</u>

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.

County of Genesee, New York						
Net Cost of Governmental Activities - Primary Government						
(in thousands of dollars)						
	Total Cost of Services		Total Percentage Change	Net Cost of Services		Total Percentage Change
	2015	2014		2015	2014	
General government	\$ 18,120	\$ 28,981	-37.48%	\$ 13,416	\$ 24,665	-45.61%
Education	6,196	4,731	30.97%	4,744	3,142	50.99%
Public safety	16,124	17,931	-10.08%	13,242	15,708	-15.70%
Health	4,220	8,765	-51.85%	(3,932)	1,159	-439.26%
Transportation	18,075	9,846	83.58%	10,144	4,058	149.98%
Economic assistance and opportunity	28,263	33,242	-14.98%	16,185	21,048	-23.10%
Culture and recreation	1,109	1,301	-14.76%	255	593	-57.00%
Home and community service	937	907	3.31%	(638)	(278)	-129.50%
Interest on debt	628	434	44.70%	628	434	44.70%
Total	<u>\$ 93,672</u>	<u>\$ 106,138</u>	<u>-11.75%</u>	<u>\$ 54,044</u>	<u>\$ 70,529</u>	<u>-23.37%</u>

- Fluctuations within the functions is primarily due to capitalization of assets and the New York State Retirement System liability reported pursuant to GASB Statement No. 68.

Financial Analysis of The County's Funds

- The fund balance of the General Fund increased approximately \$1,481 from 2014. In the 2016 budget the County budgeted \$4,650 of fund balance to be used for the ensuing year. The unassigned portion of fund balance, formerly called undesignated fund balance, decreased \$1,342 in 2015, with a December 31, 2015 balance of \$8,840.
- The net position of the County Nursing Home Enterprise Fund decreased approximately \$2,940 from 2014. The unrestricted portion of net position (deficit) decreased from a \$489 deficit in 2014 to a \$3,996 deficit balance in 2015.

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)			
	2015		
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Fund Balance/ Net Position</u>
General Fund	\$ 99,709	\$ 97,598	\$ 25,703
Capital Fund	17,410	10,831	12,935
Nursing Home	14,921	17,558	2,050
TASC	1,450	1,191	(17,581)
Self Insurance	10,505	10,927	4,444
Workers' Compensation	2,576	2,056	(1,330)
	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)

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

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 90.4% 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, 2015, amounts to \$93,109 (net of related debt). This investment in capital assets includes land, construction in process, buildings, improvements, vehicles and equipment and infrastructure. Additional information on the County's capital assets can be found in Note 2.C to the financial statements.

County of Genesee, New York				
Capital Assets Net of Depreciation - Primary Government				
(in thousands of dollars)				
	Governmental Activities		Business-Type Activities	
	2015	2014	2015	2014
Land	\$ 2,573	\$ 2,573	\$ -	\$ -
Buildings and improvements	38,913	36,422	5,179	5,746
Machinery & equipment	3,266	2,875	1,829	1,894
Other capital assets	10,377	3,057	-	-
Infrastructure	42,213	39,957	-	-
Internal service - motor pool	559	341	-	-
Total	<u>\$ 97,901</u>	<u>\$ 85,225</u>	<u>\$ 7,008</u>	<u>\$ 7,640</u>

Long-Term Obligations

At the end of the current year, the County's Governmental Activities had total bonded debt outstanding of \$23,832. This entire amount is backed by the full faith and credit of the County of Genesee. Additional information on the County's long-term obligations can be found in Note 2.H of the financial statements. 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	
	2015	2014	2015	2014
General obligation bonds issued by the County of Genesee	\$ 23,611	\$ 16,291	\$ 645	\$ 1,270
Plus: unamortized premium	221	306	61	124
Turbo term bonds and subordinate turbo CABs issued by the Tobacco Asset Securitization Corporation	-	-	15,899	15,949
Capital leases	-	-	253	767
Compensated absences	1,753	1,706	-	-
Other post employment benefits	207	196	53	55
Workers' compensation	-	-	6,913	7,563
Total	\$ 25,792	\$ 18,499	\$ 23,824	\$ 25,728

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 2015 County tax rate decreased 1.79% compared to the 2014 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 a very low postemployment benefit liability.
- For the twelfth 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, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 39,180,387	\$ 15,511,676	\$ 54,692,063	\$ 17,598,786
Cash and cash equivalents - restricted	382,830	928,301	1,311,131	-
Resident funds held in trust	-	113,535	113,535	-
Taxes receivable, net	3,183,890	-	3,183,890	-
Accounts receivable, net	4,040,275	3,167,708	7,207,983	14,661,627
State and federal receivables	6,057,791	-	6,057,791	-
Other receivables	-	1,179	1,179	-
Due from other governments	160,669	-	160,669	171,828
Due from third-party payors, net	-	78,329	78,329	-
Inventory	118,936	-	118,936	-
Prepays and other current assets	-	24,935	24,935	305,991
Other assets	-	-	-	5,911,426
Land held for investment	-	-	-	9,402,800
Land options	-	-	-	5,000
Capital assets not being depreciated	2,572,792	-	2,572,792	-
Capital assets, net of accumulated depreciation	95,328,218	7,008,484	102,336,702	30,530,637
TRS pension asset	-	-	-	2,882,819
Total assets	<u>151,025,788</u>	<u>26,834,147</u>	<u>177,859,935</u>	<u>81,470,914</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension outflows	705,134	166,813	871,947	236,457
Deferred pension outflows, contributions subsequent to measuremnt date	3,048,043	626,809	3,674,852	830,983
Deferred outflows of resources	<u>3,753,177</u>	<u>793,622</u>	<u>4,546,799</u>	<u>1,067,440</u>
LIABILITIES:				
Accounts payable	9,068,509	1,232,991	10,301,500	1,875,917
Accrued liabilities	-	2,664,934	2,664,934	70,160
Line of credit	-	-	-	1,605,401
Loans payable	-	-	-	4,005,791
Accrued interest payable	317,084	83,571	400,655	-
Accretion payable	-	3,401,826	3,401,826	-
Other liabilities	-	-	-	2,944,729
Agency liabilities	-	-	-	2,123,295
Due to fiduciary fund	383,657	234,582	618,239	-
Due to other governments	1,886,592	-	1,886,592	-
Unearned revenues	1,665,992	5,665	1,671,657	8,562,300
Restricted liabilities	-	113,535	113,535	107,500
Revenue anticipation notes	-	6,000,000	6,000,000	-
Long-term liabilities:				
Due and payable within one year	2,507,306	1,370,355	3,877,661	1,009,671
Due and payable after one year	23,284,990	22,457,713	45,742,703	10,232,009
Net pension liability	3,427,999	810,956	4,238,955	1,149,530
Total liabilities	<u>42,542,129</u>	<u>38,376,128</u>	<u>80,918,257</u>	<u>33,686,303</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension inflows	404,398	95,668	500,066	1,168,230
NYS tuition assistance	-	-	-	1,330,216
Total deferred inflows of resources	<u>404,398</u>	<u>95,668</u>	<u>500,066</u>	<u>2,498,446</u>

See notes to basic financial statements

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2015
(Continued)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET POSITION:				
Net investment in capital assets	87,063,362	6,045,513	93,108,875	23,259,862
Restricted for:				
Capital projects	525,854	-	525,854	-
Debt service	382,830	-	382,830	-
Miscellaneous	733,984	5,321,625	6,055,609	-
Nonexpendable	-	-	-	3,737,708
Expendable	-	-	-	4,659,001
Unrestricted (deficit)	23,126,408	(22,211,165)	915,243	14,697,034
Total net position (deficit)	\$ 111,832,438	\$ (10,844,027)	\$ 100,988,411	\$ 46,353,605

**COUNTY OF GENESEE, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	
Governmental activities:							
General government	\$ 18,120,187	\$ 3,876,953	\$ 689,412	\$ 137,704	\$ (13,416,118)	\$ -	\$ (13,416,118)
Education	6,196,185	584,438	867,479	-	(4,744,268)	-	(4,744,268)
Public safety	16,124,486	530,038	1,630,320	721,867	(13,242,261)	-	(13,242,261)
Health	4,219,789	3,586,597	4,565,439	-	3,932,247	-	3,932,247
Transportation	18,075,058	2,950,829	16,032	4,964,262	(10,143,935)	-	(10,143,935)
Economic assistance and opportunity	28,262,585	830,695	11,246,474	-	(16,185,416)	-	(16,185,416)
Culture and recreation	1,108,783	148,263	705,482	-	(255,038)	-	(255,038)
Home and community services	936,648	450,000	1,124,812	-	638,164	-	638,164
Interest on debt	628,091	-	-	-	(628,091)	-	(628,091)
Total governmental activities	93,671,812	12,957,813	20,845,450	5,823,833	(54,044,716)	-	(54,044,716)
Business-type activities:							
Nursing Home	17,557,980	14,830,510	-	-	-	(2,727,470)	(2,727,470)
TASC	1,191,335	1,450,238	-	-	-	258,903	258,903
Self insurance	10,927,457	9,346,840	-	-	-	(1,580,617)	(1,580,617)
Workers' Compensation	2,055,639	1,875,344	-	-	-	(180,195)	(180,195)
Water	3,416,460	3,251,499	-	-	-	(164,961)	(164,961)
Total business-type activities	35,148,771	30,754,431	-	-	-	(4,394,340)	(4,394,340)
Total primary government	\$ 128,820,583	\$ 43,712,244	\$ 20,845,450	\$ 5,823,833	(54,044,716)	(4,394,340)	(58,439,056)
Component units:							
Community College	\$ 51,903,155	\$ 52,779,031	\$ -	\$ -	-	-	875,876
Economic Development Center	1,391,014	1,099,513	-	-	-	-	(291,501)
Soil and Water Conservation District (unaudited)	486,778	472,270	-	-	-	-	(14,508)
Total component units	\$ 53,780,947	\$ 54,350,814	\$ -	\$ -	-	-	569,867
General revenues and transfers:							
Real property taxes					26,876,293	-	26,876,293
Real property tax items					1,358,606	-	1,358,606
Non-property taxes					38,988,999	-	38,988,999
Interest income					667,701	40,196	707,897
Premium on obligations					58,069	-	58,069
Gain on sale of capital assets					4,842	-	4,842
Miscellaneous local sources					1,155,057	1,913,344	3,068,401
Transfers					(1,107,883)	1,107,883	-
Total general revenues, gain on sale and transfers					68,001,684	3,061,423	71,063,107
Change in net position					13,956,968	(1,332,917)	12,624,051
Net position - beginning as restated (Note 12)					97,875,470	(9,511,110)	88,364,360
Net position - ending					\$ 111,832,438	\$ (10,844,027)	\$ 100,988,411
							\$ 46,353,605

See notes to basic financial statements
A3

**COUNTY OF GENESEE, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 26,997,059	\$ 11,493,887	\$ 612,108	\$ 39,103,054
Cash and cash equivalents - restricted	382,830	-	-	382,830
Taxes receivable, net	3,183,890	-	-	3,183,890
Accounts receivable	3,689,204	-	314,565	4,003,769
Due from other funds	167,354	1,369,565	457	1,537,376
Due from other governments	160,669	-	-	160,669
State and federal receivables	4,669,009	1,195,970	192,812	6,057,791
Inventory	-	-	118,936	118,936
Total assets	\$ 39,250,015	\$ 14,059,422	\$ 1,238,878	\$ 54,548,315
LIABILITIES:				
Accounts payable	\$ 7,380,814	\$ 1,116,022	\$ 429,321	\$ 8,926,157
Due to other funds	1,554,568	8,298	232,886	1,795,752
Due to other governments	1,886,592	-	-	1,886,592
Unearned revenues	1,665,992	-	-	1,665,992
Total liabilities	12,487,966	1,124,320	662,207	14,274,493
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	1,059,385	-	-	1,059,385
FUND BALANCES:				
Nonspendable	-	-	118,936	118,936
Restricted	1,642,668	-	-	1,642,668
Assigned	15,220,160	12,935,102	457,735	28,612,997
Unassigned	8,839,836	-	-	8,839,836
Total fund balances	25,702,664	12,935,102	576,671	39,214,437
Total liabilities, deferred inflows of resources and fund balances	\$ 39,250,015	\$ 14,059,422	\$ 1,238,878	

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 (\$558,873).	97,342,137
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	
Serial bonds payable	(23,831,942)
Compensated absences	(1,753,103)
Post employment benefits	(207,251)
Net accrued interest expense for bonds not reported in the funds.	(317,084)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	1,059,385
Internal service net position which is due to governmental activities and related to charges for services provided.	405,079
Pension liabilities are not due and payable in the current period and therefore are not reported in the funds	(3,427,999)
Deferred outflow and inflows are not assets or liabilities of the current period and therefore are not reported in the funds	3,348,779
Net position	\$ 111,832,438

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, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Real property taxes	\$ 26,833,218	\$ -	\$ -	\$ 26,833,218
Real property tax items	1,358,606	-	-	1,358,606
Non-property tax items	38,988,999	-	-	38,988,999
Departmental income	7,270,531	-	214,110	7,484,641
Intergovernmental charges	1,054,130	450,000	119,252	1,623,382
Use of money and property	659,882	37,785	938	698,605
Licenses and permits	29,522	-	19,221	48,743
Fines and forfeitures	207,637	-	-	207,637
Sale of property and compensation for loss	111,436	-	872,055	983,491
Miscellaneous local sources	570,609	583,077	1,371	1,155,057
Interfund revenues	1,437,870	-	921,963	2,359,833
State sources	11,539,455	1,546,838	1,860,858	14,947,151
Federal sources	8,779,755	2,278,433	663,944	11,722,132
Premium on obligations	-	58,069	-	58,069
Total revenues	<u>98,841,650</u>	<u>4,954,202</u>	<u>4,673,712</u>	<u>108,469,564</u>
EXPENDITURES:				
General government	28,477,761	300,303	-	28,778,064
Education	4,791,917	1,404,268	-	6,196,185
Public safety	14,691,777	965,348	104,765	15,761,890
Health	9,372,610	-	-	9,372,610
Transportation	808,342	8,053,902	6,681,836	15,544,080
Economic assistance and opportunity	27,685,515	-	826,364	28,511,879
Culture and recreation	1,129,491	-	-	1,129,491
Home and community services	944,734	-	-	944,734
Debt service:				
Principal	2,005,827	-	-	2,005,827
Interest	531,317	-	-	531,317
Total expenditures	<u>90,439,291</u>	<u>10,723,821</u>	<u>7,612,965</u>	<u>108,776,077</u>
Excess (deficit) of revenues over expenditures	<u>8,402,359</u>	<u>(5,769,619)</u>	<u>(2,939,253)</u>	<u>(306,513)</u>
OTHER FINANCING SOURCES (USES):				
Serial bond proceeds	-	9,326,464	-	9,326,464
Interfund transfers in	236,889	3,129,648	4,652,217	8,018,754
Interfund transfers out	<u>(7,158,890)</u>	<u>(106,889)</u>	<u>(1,860,858)</u>	<u>(9,126,637)</u>
Total other financing sources (uses)	<u>(6,922,001)</u>	<u>12,349,223</u>	<u>2,791,359</u>	<u>8,218,581</u>
Net change in fund balances	1,480,358	6,579,604	(147,894)	7,912,068
Fund balances - beginning	<u>24,222,306</u>	<u>6,355,498</u>	<u>724,565</u>	<u>31,302,369</u>
Fund balances - ending	<u>\$ 25,702,664</u>	<u>\$ 12,935,102</u>	<u>\$ 576,671</u>	<u>\$ 39,214,437</u>

See notes to basic financial statements.

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, 2015

Net change in fund balances - total governmental funds	\$	7,912,068
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 (\$16,676,107) exceeded depreciation (\$3,992,497) in the current period. The internal service is excluded from these amounts.		12,683,610
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.		2,005,827
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.		85,532
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.		(182,306)
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.		(9,326,464)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position.		(224,807)
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		(10,842)
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.		43,075
Decrease in the proportionate share of net pension liability reported in the Statement of Net Position does not provide for or require the use of current financial resources and therefore is not reported as expenditures in the governmental funds.		1,157,414
Increase in the proportionate share of the net deferred inflows and outflows reported in the Statement of Net Position of the difference during the measurement period between the County's contributions and its proportionate share to the total contributions to the pension system subsequent to the measurement date do not provide for or require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(30,217)
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.		(47,294)
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>(108,628)</u>
Change in net position of governmental activities	\$	<u><u>13,956,968</u></u>

See notes to basic financial statements

**COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2015**

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Fund
	Nursing Home	TASC	Self Insurance	Workers' Compensation	Nonmajor Water Fund		
ASSETS:							
Current assets							
Cash and cash equivalents	2,726,021	221,571	5,931,862	5,167,787	1,464,435	15,511,676	77,333
Accounts receivable, net	1,477,453	649,000	339,823	-	701,432	3,167,708	36,506
Other receivables	1,179	-	-	-	-	1,179	-
Due from other funds	18,348	6,587	-	489,726	-	489,726	-
Prepays	78,329	-	-	-	-	78,329	-
Due from third-party payors, net	4,301,330	877,158	6,271,685	5,657,513	2,165,867	19,273,553	113,839
Total current assets							
Noncurrent assets							
Resident funds held in trust	113,535	-	-	-	-	113,535	-
Cash and cash equivalents - restricted	7,008,484	928,301	-	-	-	928,301	-
Capital assets, net of accumulated depreciation	7,122,019	928,301	-	-	-	7,008,484	558,873
Total noncurrent assets	11,423,349	1,805,459	6,271,685	5,657,513	2,165,867	27,323,873	672,712
Total assets							
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred pension outflows	166,813	-	-	-	-	166,813	-
Deferred pension outflows, contributions subsequent to measurement date	626,809	-	-	-	-	626,809	-
Deferred outflows of resources	793,622	-	-	-	-	793,622	-
LIABILITIES:							
Current liabilities:							
Accounts payable	524,237	1,814	43,077	70,633	593,230	1,232,991	142,352
Accrued liabilities	884,137	-	1,780,797	-	-	2,664,934	-
Accrued interest payable	-	83,571	-	-	-	83,571	-
Accretion payable	-	3,401,826	-	1,053	-	3,401,826	-
Due to other funds	723,255	-	-	-	-	724,308	125,281
Unearned revenues	-	-	3,400	2,265	-	5,665	-
Restricted liabilities	113,535	-	-	-	-	113,535	-
Revenue anticipation note payable	6,000,000	-	-	-	-	6,000,000	-
Accrued and unpaid claim liabilities	252,499	-	-	407,384	-	407,384	-
Capital lease obligations	710,472	-	-	-	-	252,499	-
Serial bonds payable	9,208,135	3,487,211	1,827,274	481,335	593,230	710,472	-
Total current liabilities							
Noncurrent liabilities:							
Accrued and unpaid claim liabilities	-	-	-	6,505,893	-	6,505,893	-
Serial bonds payable	-	15,899,376	-	-	-	15,899,376	-
Other post employment benefits	52,444	-	-	-	-	52,444	-
Net pension liability	810,956	-	-	-	-	810,956	-
Total noncurrent liabilities	863,400	15,899,376	-	6,505,893	-	23,268,669	-
Total liabilities	10,071,535	19,386,587	1,827,274	6,987,228	593,230	38,865,854	267,633
DEFERRED INFLOWS OF RESOURCES:							
Deferred pension inflows	95,668	-	-	-	-	95,668	-
Deferred inflows of resources	95,668	-	-	-	-	95,668	-
NET POSITION:							
Net investment in capital assets	6,045,513	-	-	-	-	6,045,513	558,873
Restricted	(3,995,745)	1,798,872	3,522,753	(1,329,715)	1,572,637	5,321,625	(153,794)
Unrestricted (deficit)	2,049,768	(17,581,128)	4,444,411	(1,329,715)	1,572,637	(10,844,027)	405,079
Total net position (deficit)							

See notes to basic financial statements
A7

COUNTY OF GENESEE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Nursing Home	TASC	Self Insurance	Workers' Compensation	Nonmajor Water Fund	Total	
OPERATING REVENUES:							
Charges for services	\$ 14,830,510	\$ -	\$ 9,346,840	\$ 1,875,344	\$ 3,251,499	\$ 29,304,193	\$ 216,093
Tobacco settlement revenues	-	1,450,238	-	-	-	1,450,238	-
Other operating revenues	87,929	-	1,140,538	684,877	-	1,913,344	-
Total operating revenues	<u>14,918,439</u>	<u>1,450,238</u>	<u>10,487,378</u>	<u>2,560,221</u>	<u>3,251,499</u>	<u>32,667,775</u>	<u>216,093</u>
OPERATING EXPENSES:							
Salaries, wages and employee benefits	15,908,713	-	10,313,498	28,596	-	26,250,807	-
Contractual expenses	128,020	26,979	613,959	2,026,943	3,416,460	6,212,361	148,521
Accretion	-	455,306	-	-	-	455,306	-
Depreciation and amortization	973,104	-	-	-	-	973,104	184,131
NYS Assessment	491,203	-	-	-	-	491,203	-
Interest expense	56,940	-	-	-	-	56,940	-
Total operating expenses	<u>17,557,980</u>	<u>482,285</u>	<u>10,927,457</u>	<u>2,055,539</u>	<u>3,416,460</u>	<u>34,439,721</u>	<u>332,652</u>
Operating income (loss)	<u>(2,639,541)</u>	<u>967,953</u>	<u>(440,079)</u>	<u>504,682</u>	<u>(164,961)</u>	<u>(1,771,946)</u>	<u>(116,559)</u>
NONOPERATING REVENUES (EXPENSES):							
Interest income	2,621	462	17,410	15,575	4,128	40,196	-
Proceeds from sale of capital assets	-	-	-	-	-	-	4,842
Other nonoperating revenue	-	-	-	-	-	-	3,089
Interest expense	-	(709,050)	-	-	-	(709,050)	-
Total nonoperating revenues (expenses)	<u>2,621</u>	<u>(708,588)</u>	<u>17,410</u>	<u>15,575</u>	<u>4,128</u>	<u>(668,854)</u>	<u>7,931</u>
Income (loss) before transfers	<u>(2,636,920)</u>	<u>259,365</u>	<u>(422,669)</u>	<u>520,257</u>	<u>(160,833)</u>	<u>(2,440,800)</u>	<u>(108,628)</u>
Transfers in	-	-	213,700	514,183	515,000	1,242,883	-
Transfers out	-	-	(105,000)	(15,000)	(15,000)	(135,000)	-
Change in net position	<u>(2,636,920)</u>	<u>259,365</u>	<u>(313,969)</u>	<u>1,019,440</u>	<u>339,167</u>	<u>(1,332,917)</u>	<u>(108,628)</u>
Net position (deficit) - beginning, as restated (Note 12)	<u>4,686,688</u>	<u>(17,840,493)</u>	<u>4,758,380</u>	<u>(2,349,155)</u>	<u>1,233,470</u>	<u>(9,511,110)</u>	<u>513,707</u>
Net position (deficit) - ending	<u>\$ 2,049,768</u>	<u>\$ (17,581,128)</u>	<u>\$ 4,444,411</u>	<u>\$ (1,329,715)</u>	<u>\$ 1,572,637</u>	<u>\$ (10,844,027)</u>	<u>\$ 405,079</u>

See notes to basic financial statements
A8

COUNTY OF GENESEE, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Nursing Home	TASC	Self Insurance	Workers' Compensation	Nonmajor Water Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers	\$ 15,410,421	\$ -	\$ 9,292,928	\$ 1,877,609	\$ 3,228,712	\$ 29,809,670	\$ 210,051
Payments to suppliers	(10,450,498)	(26,632)	(705,116)	(2,480,751)	(3,312,140)	(16,975,137)	92,469
Payments to employees	(6,692,933)	-	(10,240,882)	(28,596)	-	(16,962,411)	-
Proceeds from tobacco receipts	-	801,238	-	-	-	801,238	-
Other operating revenue	-	-	1,140,538	684,877	-	1,825,415	-
Interest paid	(82,183)	-	-	-	-	(82,183)	-
Net cash provided (used) by operating activities	(1,815,193)	774,606	(512,532)	53,139	(83,428)	(1,583,408)	302,520
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Other nonoperating revenues	-	-	-	-	-	-	3,089
Operating subsidies and transfers from other funds	-	-	108,700	499,183	500,000	1,107,883	-
Net cash provided by noncapital financing activities	-	-	108,700	499,183	500,000	1,107,883	3,089
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchases of capital assets	(217,494)	-	-	-	-	(217,494)	(401,728)
Proceeds from sale of assets	-	-	-	-	-	-	4,842
Payments on capital lease payable	(514,368)	-	-	-	-	(514,368)	-
Repayment of serial bonds	(625,000)	(50,000)	-	-	-	(675,000)	-
Proceeds from issuance of revenue anticipation notes	6,000,000	-	-	-	-	6,000,000	-
Repayment of revenue anticipation notes	(3,500,000)	-	-	-	-	(3,500,000)	-
Interest paid	-	(705,550)	-	-	-	(705,550)	-
Net cash provided (used) by capital and related financing activities	1,143,138	(755,550)	-	-	-	387,588	(396,886)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest income	2,621	462	17,410	15,575	4,128	40,196	-
Net cash provided by investing activities	2,621	462	17,410	15,575	4,128	40,196	-
Net increase (decrease) in cash and cash equivalents	(669,434)	19,518	(386,422)	567,897	420,700	(47,741)	(91,277)
Cash and cash equivalents - beginning	3,395,455	1,130,354	6,318,284	4,599,890	1,043,735	16,487,718	168,610
Cash and cash equivalents - ending	\$ 2,726,021	\$ 1,149,872	\$ 5,931,862	\$ 5,167,787	\$ 1,464,435	\$ 16,439,977	\$ 77,333
Reconciliation of cash and cash equivalents to statement of financial position:							
Cash and cash equivalents	2,726,021	221,571	5,931,862	5,167,787	1,464,435	15,511,676	77,333
Cash and cash equivalents - restricted	-	928,301	-	-	-	928,301	-
Total cash and cash equivalents	\$ 2,726,021	\$ 1,149,872	\$ 5,931,862	\$ 5,167,787	\$ 1,464,435	\$ 16,439,977	\$ 77,333

See notes to basic financial statements
A9

COUNTY OF GENESEE, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Nursing Home	TASC	Self Insurance	Workers' Compensation	Nonmajor Water Fund	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (2,639,541)	\$ 967,953	\$ (440,079)	\$ 504,682	\$ (164,961)	\$ (1,771,946)	\$ (116,559)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:							
Depreciation expense	973,104	-	-	-	-	973,104	184,131
Change in provision for doubtful accounts	(80,502)	-	-	-	-	(80,502)	-
Amortization expense	(63,269)	-	-	-	-	(63,269)	-
Accretion expense	-	455,306	-	-	-	455,306	-
Changes in assets and liabilities:							
Decrease (increase) in:							
Accounts receivable	488,256	(649,000)	(56,899)	-	(22,787)	(240,430)	(6,042)
Other receivables	66,737	-	-	-	-	66,737	-
Due from other funds	-	-	-	176,171	-	176,171	-
Due from third-party payors, net	17,491	-	-	-	-	17,491	-
Prepays	(13,796)	(104)	-	-	-	(13,900)	-
Inventory	16,821	-	-	-	-	16,821	-
Increase (decrease) in:							
Accounts payable	(91,857)	451	(14,834)	22,932	104,320	21,012	129,240
Accrued liabilities	(22,555)	-	61,692	-	-	39,137	-
Due to other funds	(273,959)	-	(65,399)	(3,518)	-	(342,876)	111,750
Net pension liability and deferred resources	(190,046)	-	-	(649,393)	-	(190,046)	-
Accrued and unpaid claim liabilities	-	-	2,987	2,265	-	(649,393)	-
Unearned revenues	-	-	-	-	-	5,252	-
Other postemployment benefits	(2,077)	-	-	-	-	(2,077)	-
Net cash provided (used) by operating activities	\$ (1,815,193)	\$ 774,606	\$ (512,532)	\$ 53,139	\$ (83,428)	\$ (1,583,408)	\$ 302,520
Supplemental disclosure of cash flow information:							
Cash paid during the year for interest	-	705,550	-	-	-	705,550	-

See notes to basic financial statements
A10

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION - COMPONENT UNITS
DECEMBER 31, 2015

	Community College	Economic Development Center	Soil and Water Conservation District (Unaudited)	Total
ASSETS:				
Cash and cash equivalents	\$ 15,651,636	\$ 1,845,597	\$ 101,553	\$ 17,598,786
Other receivables, net	12,956,366	1,704,232	1,029	14,661,627
Due from other governments	-	-	171,828	171,828
Prepays and current assets	259,902	36,808	9,281	305,991
Other assets	5,911,426	-	-	5,911,426
Land held for investment	-	9,402,800	-	9,402,800
Land options	-	5,000	-	5,000
Capital assets, net of accumulated depreciation	30,525,263	5,374	-	30,530,637
TRS pension asset	2,882,819	-	-	2,882,819
Total assets	68,187,412	12,999,811	283,691	81,470,914
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred pension outflows	216,035	20,422	-	236,457
Deferred pension outflows, contributions subsequent to measurement date	749,171	81,812	-	830,983
Deferred outflows of resources	965,206	102,234	-	1,067,440
LIABILITIES:				
Accounts payable	1,684,882	177,622	13,413	1,875,917
Loans payable	-	4,005,791	-	4,005,791
Accrued liabilities	30,509	39,651	-	70,160
Customer deposits	107,500	-	-	107,500
Line of credit	-	1,605,401	-	1,605,401
Other liabilities	2,944,342	-	387	2,944,729
Agency liabilities	2,123,295	-	-	2,123,295
Unearned revenues	8,248,216	145,703	168,381	8,562,300
Net pension liability	1,050,247	99,283	-	1,149,530
Current portion of long-term liabilities:				-
Mortgages payable	409,671	-	-	409,671
Grant payable	600,000	-	-	600,000
Long-term liabilities:				-
Annuities payable	28,342	-	-	28,342
Compensated absences	1,194,700	-	-	1,194,700
Grant payable	2,147,863	-	-	2,147,863
Mortgages payable	6,861,104	-	-	6,861,104
Total liabilities	27,430,671	6,073,451	182,181	33,686,303
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension inflows	1,128,111	40,119	-	1,168,230
NYS tuition assistance	1,330,216	-	-	1,330,216
Total deferred inflows of resources	2,458,327	40,119	-	2,498,446
NET POSITION:				
Net investment in capital assets	23,254,488	5,374	-	23,259,862
Restricted for:				
Nonexpendable	3,737,708	-	-	3,737,708
Expendable:				
Scholarships and other support	503,785	-	-	503,785
Time restricted cumulative earnings on endowments	2,763,034	-	-	2,763,034
Other	1,053,936	338,246	-	1,392,182
Unrestricted	7,950,669	6,644,855	101,510	14,697,034
Total net position	\$ 39,263,620	\$ 6,988,475	\$ 101,510	\$ 46,353,605

See notes to basic financial statements

COUNTY OF GENESEE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<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	\$ 10,783,950	\$ 367,768	\$ 61,907	\$ 11,213,625
Federal grants and contracts	16,066,714	-	7,470	16,074,184
State grants and contracts	916,633	-	220,365	1,136,998
Nongovernmental grants and contracts	455,783	-	-	455,783
Auxiliary enterprises	2,804,975	-	-	2,804,975
County of Genesee	-	215,014	168,768	383,782
Economic development program support	-	370,000	-	370,000
Interest income on loans	-	17,388	-	17,388
Rent	-	21,868	-	21,868
Gain on sale of land held for development & sale	-	93,105	-	93,105
Other revenues	923,913	14,370	13,760	952,043
Total operating revenues	<u>31,951,968</u>	<u>1,099,513</u>	<u>472,270</u>	<u>33,523,751</u>
OPERATING EXPENSES:				
Salaries and benefits	-	868,737	268,596	1,137,333
Educational and general expenditures	33,274,417	-	-	33,274,417
Financial aid and scholarships	6,086,451	-	-	6,086,451
Operation and maintenance	4,601,325	-	-	4,601,325
Depreciation	2,236,953	2,794	-	2,239,747
General and administrative	-	394,483	218,182	612,665
Auxiliary expenses	5,689,962	-	-	5,689,962
Total operating expenses	<u>51,889,108</u>	<u>1,266,014</u>	<u>486,778</u>	<u>53,641,900</u>
Operating loss	<u>(19,937,140)</u>	<u>(166,501)</u>	<u>(14,508)</u>	<u>(20,118,149)</u>
NON-OPERATING REVENUES (EXPENSES):				
County appropriations	2,286,374	-	-	2,286,374
Other counties' appropriations	6,872,011	-	-	6,872,011
State appropriations	11,668,678	-	-	11,668,678
Investment income	(226,121)	484	63	(225,574)
Grant income	-	1,372,238	-	1,372,238
Grants expended	-	(525,169)	-	(525,169)
Economic development loan fund expense	-	(125,000)	-	(125,000)
Loss on sale of capital assets	(14,047)	-	-	(14,047)
Total non-operating revenues (expenses)	<u>20,586,895</u>	<u>722,553</u>	<u>63</u>	<u>21,309,511</u>
Change in net position	649,755	556,052	(14,445)	1,191,362
Net position - beginning, as restated (Note 13)	<u>38,613,865</u>	<u>6,432,423</u>	<u>115,955</u>	<u>45,162,243</u>
Net position - ending	<u>\$ 39,263,620</u>	<u>\$ 6,988,475</u>	<u>\$ 101,510</u>	<u>\$ 46,353,605</u>

See notes to basic financial statements

**COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION - FIDUCIARY FUND
DECEMBER 31, 2015**

	<u>Agency</u>
ASSETS:	
Cash and cash equivalents	\$ 764,255
Due from other funds	<u>618,239</u>
 Total assets	 \$ <u><u>1,382,494</u></u>
 LIABILITIES:	
Agency liabilities	\$ <u>1,382,494</u>
 Total liabilities	 \$ <u><u>1,382,494</u></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. 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. In addition, the County is the sole member of the Genesee County Funding Corporation.

The financial reporting entity includes all organizational 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 accounting principles generally accepted in the United States of America (GAAP). 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.

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. GCC uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). 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, 2015. 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 in conformity with accounting principles generally accepted in the United States of America (GAAP). 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.

B. 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.

C. 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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary financial information from the Oak Orchard Small Watershed Protection District's unaudited financial statements for the year ended December 31, 2015 is as follows:

Assets	\$ 107,718
Liabilities	2,685
Fund balance	105,033
Total revenues	52,929
Total expenditures	7,686

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, 2015 is as follows:

Assets	\$ 303,443
Liabilities	41,221
Fund balance	262,222
Total revenues	117,261
Total expenditures	111,503

D. 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.

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Governmental Funds:

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

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 nonmajor 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.

E. 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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 County 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.

F. 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.

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, 2015, the taxes receivable amounted to \$3,288,834 which is offset by an allowance for uncollected taxes of \$104,944. Current year returned village and school taxes of \$1,886,592 are offset by liabilities to the villages and school districts which will be paid no later than April 15, 2016. The remaining portion of tax assets is partially offset by unavailable revenue of \$1,059,385 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, 2015.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

H. 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.

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$235,561 at December 31, 2015.

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.

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 only has two items that qualified for reporting in this category. They relate to pensions reported in the government-wide Statement of Net Position. See details of deferred pension outflows in Note 2.D.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 three 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. See details of deferred pension inflows in Note 2.D.

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.

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 \$1,753,103 at December 31, 2015.

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2015, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*; Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*; and Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The primary objective of Statement No. 68 and No. 71 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

The GASB has issued the following new statements:

- Statement No. 72, *Fair Value Measurement and Application*, which will be effective for the year ending December 31, 2016;
- Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*, which will be effective for the year ending December 31, 2018;
- Statement No. 77, *Tax Abatement Disclosures*, which will be effective for the year ending December 31, 2017;
- Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; which will be effective for the year ending December 31, 2016;
- Statement No. 79, *Certain External Investment Pools and Pool Participants*; which will be effective for the year ending December 31, 2016;
- Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*; which will be effective for the year ending December 31, 2017;
- Statement No. 81, *Irrevocable Split-Interest Agreements*; which will be effective for the year ending December 31, 2017;
- Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and 73*, which will be effective for the year ending December 31, 2017.

The County is currently reviewing these statements and plans on adoption, as required.

17. SUBSEQUENT EVENTS

These financial statements have not been updated for subsequent events occurring after June 30, 2016 which is the date these financial statements were available to be issued.

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

The bank deposits, at one of the County's financial institutions, at December 31, 2015 amounted to \$50,838,777. These deposits were FDIC insured in the amount of \$500,000 and collateral held by pledging banks agent in the County's name in the amount of \$49,994,710. The County was uncollateralized in the amount of \$844,067 at December 31, 2015, however this uncollateralization was due to the timing of one transaction at the financial institution and sufficient collateral was provided to the County the next business day.

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, 2015, include the following:

1. Accounts Receivables:

General Fund:

Mental health fees	\$ 592,340
Sales tax	2,533,591
Miscellaneous receivables	<u>563,273</u>
Total accounts receivable	<u>\$ 3,689,204</u>

Non-Major Governmental Funds

Gasoline sales	\$ 61,049
Miscellaneous receivables	<u>253,516</u>
Total accounts receivable	<u>\$ 314,565</u>

2. State and Federal Receivables - represents amounts due primarily from New York State and the federal government at December 31, 2015:

General Fund:

RF2 and 2A	\$ 2,452,093
RF3 and RF4 State and Federal	405,733
Physically Handicapped Children Education	463,334
Programs for the Aging	305,020
Public Health	418,307
Miscellaneous state and federal receivables	<u>624,522</u>
Total state and federal receivables	<u>\$ 4,669,009</u>

Capital Fund:

NYS reimbursement - Airport	<u>\$ 1,195,970</u>
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Non-Major Governmental Funds

CHIPS Aid	\$ 137,004
Miscellaneous state and federal receivables	<u>55,808</u>
Total state and federal receivables	<u>\$ 192,812</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, 2015, is as follows:

	Balance <u>01/01/15</u>	Increases	Decreases	Balance <u>12/31/15</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	53,123,925	3,416,007	-	56,539,932
Other capital assets	9,477,310	8,793,497	1,518,721	16,752,086
Machinery and equipment	5,384,450	823,098	345,401	5,862,147
Infrastructure	62,942,575	3,643,505	-	66,586,080
Internal service – motor pool	932,976	417,977	45,850	1,305,103
Total capital assets, being depreciated	<u>131,861,236</u>	<u>17,094,084</u>	<u>1,909,972</u>	<u>147,045,348</u>
Less accumulated depreciation:				
Buildings and improvements	16,701,802	924,833	-	17,626,635
Other capital assets	6,419,884	1,368,633	1,412,969	6,375,548
Machinery and equipment	2,509,540	312,545	226,346	2,595,739
Infrastructure	22,986,491	1,386,486	-	24,372,977
Internal service - motor pool	591,700	184,131	29,600	746,231
Total accumulated depreciation	<u>49,209,417</u>	<u>4,176,628</u>	<u>1,668,915</u>	<u>51,717,130</u>
Total governmental activities capital assets, net	<u>\$ 85,224,611</u>	<u>\$ 12,917,456</u>	<u>\$ 241,057</u>	<u>\$ 97,901,010</u>
<u>Business-type activities</u>				
Capital assets, being depreciated:				
Land improvements	\$ 228,610	\$ -	\$ -	\$ 228,610
Buildings	19,277,980	177,039	-	19,455,019
Equipment	5,974,035	40,455	-	6,014,490
Total capital assets, being depreciated	<u>25,480,625</u>	<u>217,494</u>	<u>-</u>	<u>25,698,119</u>
Less accumulated depreciation:				
Land improvements	212,890	2,689	-	215,579
Buildings	11,496,029	527,006	-	12,023,035
Equipment	6,131,642	319,379	-	6,451,021
Total accumulated depreciation	<u>17,840,561</u>	<u>849,074</u>	<u>-</u>	<u>18,689,635</u>
Total business-type activities capital assets, net	<u>\$ 7,640,064</u>	<u>\$ (631,580)</u>	<u>\$ -</u>	<u>\$ 7,008,484</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	\$ 792,732
Public safety	1,089,337
Transportation	2,225,132
Health	7,984
Economic assistance	<u>61,443</u>
 Total	 <u>\$ 4,176,628</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

Genesee County - New York State and Local Employees' Retirement System (ERS)

PLAN DESCRIPTION

The County participates in the New York State and Local Employees' Retirement System (ERS). This is a cost sharing multiple public employer retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The County also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefit's provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

CONTRIBUTIONS

The System is noncontributory except for employees who joined the System after July 27, 1976 who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for the entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At December 31, 2015, the County reported a liability of \$4,238,955 for their proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2015, the County proportion of the net pension liability was 0.125478 percent.

For the year ended December 31, 2015, the County recognized a pension expense of \$3,582,559. At December 31, 2015 the County's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 135,693	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	736,253	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	<u>-</u>	<u>500,065</u>
Total	<u>\$ 871,946</u>	<u>\$ 500,065</u>
County's contributions subsequent to the measurement date	<u>\$ 3,674,852</u>	<u>\$ -</u>

The amount of \$3,674,852 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2016	\$ 92,971
2017	92,971
2018	92,971
2019	92,968
2020	-
Thereafter	-

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

ACTUARIAL ASSUMPTIONS

The total pension liability as of the March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

	<u>ERS</u>
Interest rate	7.5%
Salary scale	4.9%
Decrement tables	April 1, 2005 – March 31, 2010 System's Experience
Inflation rate	2.7%

For ERS, annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2014.

For ERS, the actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below:

	<u>ERS</u>
<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	7.30%
International equity	8.55
Private equity	11.00
Real estate	8.25
Absolute return strategies	6.75
Opportunistic portfolio	8.60
Real assets	8.65
Bonds and mortgages	4.00
Cash/Short-term	2.25
Inflation-indexed bonds	4.00

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.5% (ERS). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION

The following tables presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Assumption (7.5%)</u>	<u>1% Increase (8.5%)</u>
County's proportionate share of the net pension liability (asset)	\$ 28,254,631	\$ 4,238,956	\$ (16,036,187)

PENSION PLAN FIDUCIARY NET POSITION

The components of the current-year net pension liability of the employers as of March 31, 2015 were as follows:

	<u>ERS</u> <u>(Dollars in Thousands)</u>
Employers' total pension liability	\$ 164,591,504
Plan fiduciary net position	161,213,259
Employers' net pension liability (asset)	<u>\$ 3,378,245</u>
Ratio of fiduciary net position to the Employers' total pension liability	97.9%

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).

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

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.

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 2015, contributions of \$840,528 were made by GCC.

A liability is accrued based on GCC's legally required contribution for employee services rendered. The amount outstanding and payable to TRS as of August 31, 2015 was \$828,070. The amount outstanding and payable to ERS as of August 31, 2015 was \$651,948.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At August 31, 2015, GCC reported pension assets of \$2,882,819 for its proportionate share of the TRS net pension asset and \$1,050,247 was recognized for its proportionate share of the ERS net pension liability.

The TRS net pension asset was measured as of June 30, 2015 and the total pension liability was determined by an actuarial valuation as of June 30, 2014 with update procedures applied to roll forward the net pension position to June 30, 2015. GCC's proportion of the net pension asset was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2015, GCC's proportion was 0.027755%, which was an increase of 0.000246%.

The ERS net pension liability was measured as of March 31, 2015, and the total pension liability was determined by an actuarial valuation as of April 1, 2014. GCC's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. Since GCC's required contributions are included with the County's, the County provided GCC its proportion of 0.0310877%, determined on the basis of total payroll of GCC, the County and the County's other reporting entities over the total payroll of all entities.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

For the year ended August 31, 2015, GCC recognized a net pension expense of \$747,323 (income from TRS of \$190,331 and expense from ERS of \$937,654). At August 31, 2015, GCC's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	<u>TRS</u>		<u>ERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 79,895	\$ 33,620	\$ -
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	911,274	182,415	-
Changes in proportion and differences between the GCC's contributions and proportionate share of contributions	-	13,045	-	123,897
Total	<u>\$ -</u>	<u>\$ 1,004,214</u>	<u>\$ 216,035</u>	<u>\$ 123,897</u>
GCC's contributions subsequent to the measurement date	<u>\$ 97,223</u>	<u>\$ -</u>	<u>\$ 651,948</u>	<u>\$ -</u>

GCC contributions subsequent to the measurement date will be recognized as an addition to (reduction of) the net pension asset (liability) in the year ended August 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Year ended August 31:		
2016	\$ 803,179	\$ 400,200
2017	54,009	400,200
2018	54,009	400,200
2019	54,009	(118,901)
2020	-	11,632
Thereafter	-	34,780

ACTUARIAL ASSUMPTIONS

For TRS, the actuarial assumptions used in the June 30, 2014 valuation, with update procedures used to roll forward the total pension asset (liability) to June 30, 2015, were based on the results of an actuarial experience study for the period of July 1, 2005 to June 30, 2010.

For ERS, the actuarial assumptions used in the April, 2014 valuation, with update procedures used to roll forward the total pension asset (liability) to March 31, 2015, were based on the results of an actuarial experience study for the period of April 1, 2005 to March 31, 2010.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

Significant actuarial assumptions used in the June 30, 2014 (TRS) and April 1, 2014 (ERS) valuations were as follows:

	<u>TRS</u>	<u>ERS</u>
Interest rate	8.0%	7.5%
Salary scale	4.01 - 10.91%	4.9%
Decrement tables	July 1, 2005 - June 30, 2010 System's Experience	April 1, 2005 - March 31, 2010 System's Experience
Inflation rate	3.0%	2.7%

For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA. For ERS, annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2014.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2015 (TRS) and March 31, 2015 (ERS) are summarized below:

<u>Asset Class</u>	<u>TRS</u>	<u>ERS</u>
	<u>Long Term Expected Real Rate of Return</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	6.5%	7.30%
International equity	7.7	8.55
Private equity	-	11.00
Real estate	4.6	8.25
Absolute return strategies	-	6.75
Opportunistic portfolio	-	8.60
Real assets	-	8.65
Bonds and mortgages	2.1	4.00
Cash/Short-term	1.2	2.25
Inflation-indexed bonds	3.4	4.00
Alternative investments	9.9	-
Global fixed income securities	1.9	-

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 8.0% (TRS) and 7.5% (ERS). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION

The following tables present GCC's proportionate share of the net pension asset and liability calculated using the discount rate of 8.0% (TRS) and 7.5% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	<u>1% Decrease (7.0%)</u>	<u>Current Assumption (8.0%)</u>	<u>1% Increase (9.0%)</u>
GCC's proportionate share of the TRS net pension asset (liability)	\$ (196,645)	\$ 2,882,819	\$ 5,508,956

	<u>1% Decrease (6.5%)</u>	<u>Current Assumption (7.5%)</u>	<u>1% Increase (8.5%)</u>
GCC's proportionate share of the ERS net pension (asset) liability	\$ 7,000,199	\$ 1,050,247	\$ (3,973,029)

PENSION PLAN FIDUCIARY NET POSITION

The components of the current-year net pension liability of the employers as of June 30, 2014 valuation (TRS) and March 31, 2015 valuation (ERS) were as follows:

	<u>TRS</u> (Dollars in Thousands)	<u>ERS</u> (Dollars in Thousands)
Employers' total pension liability	\$ 97,015,706	\$ 164,591,504
Plan fiduciary net position	108,155,083	161,213,259
Employers' net pension liability (asset)	<u>\$ (11,139,377)</u>	<u>\$ 3,378,245</u>
Ratio of fiduciary net position to the Employers' total pension liability	111.48%	97.9%

June 30, 2015 amounts were unavailable at the date of GCC's financial statements.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

COMPONENT UNIT - GCEDC

PLAN DESCRIPTION

The GCEDC participates in the New York State and Local Employees' Retirement System (ERS). This is a cost sharing multiple public employer retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The GCEDC also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefit's provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

CONTRIBUTIONS

The System is noncontributory except for employees who joined the System after July 27, 1976 who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for the entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At December 31, 2015, the GCEDC reported a liability of \$99,283 for their proportionate share of the net pension liabilities. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. GCEDC's proportion of the net pension liability was based on a projection of the GCEDC's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2015, the GCEDC proportion of the net pension liability was .0029389 percent for ERS.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

For the year ended December 31, 2015, the GCEDC recognized a pension expense of \$79,823. At December 31, 2015 the GCEDC's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,178	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	17,244	-
Changes in proportion and differences between the GCEDC's contributions and proportionate share of contributions	<u>-</u>	<u>40,119</u>
Total	<u>\$ 20,422</u>	<u>\$ 40,119</u>
GCEDC's contributions subsequent to the measurement date	<u>\$ 81,812</u>	<u>\$ -</u>

The amount of \$81,812 reported as deferred outflows of resources related to pensions resulting from the GCEDC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2016	\$ (4,924)
2017	(4,924)
2018	(4,924)
2019	(4,925)
2020	-
Thereafter	-

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

ACTUARIAL ASSUMPTIONS

The total pension liability as of the March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

	<u>ERS</u>
Interest rate	7.5%
Salary scale	4.9%
Decrement tables	April 1, 2005 – March 31, 2010 System's Experience
Inflation rate	2.7%

For ERS, annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2014.

For ERS, the actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below:

<u>Asset Class</u>	<u>ERS</u> <u>Long Term Expected</u> <u>Real Rate of Return</u>
Domestic equity	7.30%
International equity	8.55
Private equity	11.00
Real estate	8.25
Absolute return strategies	6.75
Opportunistic portfolio	8.60
Real assets	8.65
Bonds and mortgages	4.00
Cash/Short-term	2.25
Inflation-indexed bonds	4.00

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.5% (ERS). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION

The following tables presents the GCEDC's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the GCEDC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Assumption (7.5%)</u>	<u>1% Increase (8.5%)</u>
County's proportionate share of the net pension liability (asset)	\$ 661,767	\$ 99,283	\$ (375,592)

PENSION PLAN FIDUCIARY NET POSITION

The components of the current-year net pension liability of the employers as of March 31, 2015 were as follows:

	<u>ERS</u> <u>(Dollars in Thousands)</u>
Employers' total pension liability	\$ 164,591,504
Plan fiduciary net position	<u>161,213,259</u>
Employers' net pension liability (asset)	<u>\$ 3,378,245</u>
Ratio of fiduciary net position to the Employers' total pension liability	97.9%

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

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, 2015.

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>Fiscal Year Ending</u>
ARC	12/31/15
Interest on OPEB obligation	68,460
Adjustment to ARC	10,037
OPEB Expense	<u>(16,240)</u>
Contributions made	62,257
Increase net OPEB obligation	<u>(53,492)</u>
Net OPEB obligation- beginning of year	8,765
Net OPEB obligation- end of year	<u>250,930</u>
	<u>\$ 259,695*</u>
Percentage of expense contributed	85.90%

*Includes amount of \$52,444 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, 2015 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>
2015	\$ 62,257	\$ 53,492	85.90%	\$ 259,695
2014	60,976	55,538	91.08%	250,930
2013	80,120	60,719	75.78%	245,492

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

FUNDED STATUS AND FUNDING PROGRESS

The County obtained an interim actuarial valuation for the year ending December 31, 2015. As of the interim actuarial valuation for December 31, 2015, the actuarial accrued liability for benefits was \$602,004, all of which was unfunded. The covered payroll, as of the interim actuarial valuation for December 31, 2015 (annual payroll of active employees covered by the plan), was \$31,386,908, 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 A53, 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:

The December 31, 2015 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 represents 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>1/1/15</u>	<u>Issued</u>	<u>Redeemed</u>	Balance <u>12/31/15</u>
RAN maturing 12/31/16 at 1.5%	\$ -	\$ 6,000,000	\$ -	\$ 6,000,000
RAN maturing 12/18/15 at 1.75%	<u>3,500,000</u>	<u>-</u>	<u>3,500,000</u>	<u>6,000,000</u>
	<u>\$ 3,500,000</u>	<u>\$ 6,000,000</u>	<u>\$ 3,500,000</u>	<u>\$ 6,000,000</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

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, 2015, were as follows:

<u>Year ending December 31</u>	
2016	\$ 1,158,904
2017	1,158,152
2018	1,162,409
2019	1,166,265
2020	1,164,639
2021-2025	5,856,599
2026-2030	5,854,353
2031-2035	5,845,899
2036	<u>1,169,643</u>
Total minimum lease payments	24,536,863
Less: amount representing net interest and administration fees	<u>(9,315,198)</u>
Present value of minimum lease payments	<u>\$ 15,221,665</u>

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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

A summary of changes in the County's long-term liabilities for the year ended December 31, 2015 are presented as follows:

	<u>Balance</u> 01/01/15	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> 12/31/15	<u>Due within</u> <u>One year</u>
<u>Governmental activities:</u>					
General obligation debt:					
Serial bonds	\$ 16,290,827	\$9,326,464	\$ 2,005,827	\$23,611,464	\$2,246,464
Plus: unamortized premium	306,010	-	85,532	220,478	85,532
Other liabilities:					
Compensated absences	1,705,809	1,749,512	1,702,218	1,753,103	175,310
Other post employment benefits	<u>196,409</u>	<u>51,459</u>	<u>40,617</u>	<u>207,251</u>	<u>-</u>
Total governmental activities	<u>\$ 18,499,055</u>	<u>\$11,127,435</u>	<u>\$ 3,834,194</u>	<u>\$25,792,296</u>	<u>\$2,507,306</u>
<u>Business-type activities:</u>					
General obligation debt:					
Serial bonds	\$ 1,270,000	\$ -	\$ 625,000	\$ 645,000	\$ 645,000
Plus: unamortized premium	124,376	-	58,904	65,472	65,472
Turbo term bonds – TASC IV	12,635,000	-	50,000	12,585,000	295,000
Subordinate turbo CABs - TASC V	3,314,376	-	-	3,314,376	-
Other liabilities:					
Capital leases	766,867	-	514,368	252,499	252,499
Other post employment benefits	54,521	10,798	12,875	52,444	-
Workers' compensation	<u>7,562,670</u>	<u>711,239</u>	<u>1,360,632</u>	<u>6,913,277</u>	<u>407,384</u>
Total business-type activities	<u>\$ 25,727,810</u>	<u>\$ 722,037</u>	<u>\$ 2,621,779</u>	<u>\$23,828,068</u>	<u>\$1,665,355</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 12/31/2015</u>
<u>Governmental activities:</u>			
General Fund:			
Public Improvement Serial Bond	2016	5.3-5.35	\$ 385,000
Public Improvement Serial Bond	2027	3.7	2,470,000
Public Improvement Serial Bond	2024	3.25-4.0	1,370,000
Public Improvement Serial Bond	2019	2.0-5.0	2,000,000
Public Improvement Serial Bond	2023	2.0-3.0	3,500,000
Public Improvement Serial Bond	2034	2.25-3.125	4,560,000
Public Improvement Serial Bond	2039	2.25-3.25	9,326,464
 <u>Business-type activities:</u>			
Nursing Home:			
Nursing Home Improvement Bond	2019	2.0-5.0	645,000
 TASC:			
Various Bonds	2015-2042	5.0-6.625	12,585,000
Subordinate Turbo CABs	2060	7.85	1,855,936
Subordinate Turbo CABs	2045-2055	N/A	<u>1,458,440</u>
Total			<u>\$40,155,840</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>
2016	\$ 2,891,464	\$866,362	\$ 252,499	\$ 13,534
2017	1,575,000	651,406	-	-
2018	1,625,000	596,569	-	-
2019	1,680,000	544,044	-	-
2020	1,310,000	499,644	-	-
2021-2025	5,990,000	1,905,294	-	-
2026-2030	3,695,000	1,192,288	-	-
2031-2034	3,415,000	651,669	-	-
2035-2039	<u>2,075,000</u>	<u>171,273</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 24,256,464</u>	<u>\$ 7,078,549</u>	<u>\$ 252,499</u>	<u>\$ 13,534</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>
2016	\$ 295,000	\$ 730,900	\$ -	\$ 321,028
2017	130,000	723,250	-	345,723
2018	210,000	713,050	-	374,475
2019	220,000	700,150	-	404,448
2020	235,000	686,500	-	436,820
2021-2025	1,140,000	3,211,625	-	2,767,988
2026-2030	1,000,000	2,782,500	-	4,067,848
2031-2035	2,200,000	2,195,000	-	5,978,125
2036-2040	3,110,000	1,430,375	-	8,785,477
2041-2045	4,045,000	522,625	-	12,911,173
2046-2050	-	-	-	18,974,310
2051-2055	-	-	-	27,884,724
2056-2060	-	-	1,855,936	36,137,052
Total	<u>\$ 12,585,000</u>	<u>\$ 13,695,975</u>	<u>\$ 1,855,936</u>	<u>\$ 119,389,191</u>

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

	<u>2015</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 Corporation 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 Corporation 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 Corporation 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 \$158,069 for the year ending December 31, 2015. At December 31, 2015 accretion payable amounted to \$1,246,950.

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 Corporation 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.

I. DETAIL OF FUND BALANCES

As of December 31, 2015, 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	\$ -	\$ -	\$ 118,936	\$ 118,936
<u>Restricted:</u>				
Capital projects	525,854	-	-	525,854
Debt service	382,830	-	-	382,830
Miscellaneous	733,984	-	-	733,984
<u>Assigned:</u>				
Subsequent years' expenditures	4,649,981	-	190,000	4,839,981
Encumbrances –				
General government	10,868	-	-	10,868
Public safety	27,602	-	-	27,602
Health	820	-	-	820
Transportation	982	-	-	982
Inter-governmental transfer	4,617,300	-	-	4,617,300
Sales tax	5,912,607	-	-	5,912,607
Capital projects	-	12,935,102	-	12,935,102
County road	-	-	117,153	117,153
Road machinery	-	-	150,582	150,582
<u>Unassigned:</u>				
General fund	8,839,836	-	-	8,839,836
Total	<u>\$ 25,702,664</u>	<u>\$ 12,935,102</u>	<u>\$ 576,671</u>	<u>\$ 39,214,437</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, 2015, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 167,354	\$ 1,554,568	\$ 236,889	\$ 7,158,890
Capital Projects Fund	1,369,565	8,298	3,129,648	106,889
County Road Fund	-	184,236	4,650,878	1,860,858
Road Machinery Fund	457	10,994	1,339	-
Special Grant Fund	-	37,656	-	-
Self-Insurance Fund	-	-	213,700	105,000
Water Fund	-	-	515,000	15,000
Workers' Compensation Fund	489,726	1,053	514,183	15,000
Nursing Home Fund	-	723,255	-	-
Internal Service Fund	-	125,281	-	-
Agency Fund	<u>618,239</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,645,341</u>	<u>\$ 2,645,341</u>	<u>\$ 9,261,637</u>	<u>\$ 9,261,637</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, 2015 are as follows:

<u>Year Ending</u>	<u>Building</u>	<u>City Water</u>
2016	\$ 639,732	\$ 550,000
2017	<u>213,244</u>	<u>550,000</u>
Total	<u>\$ 852,976</u>	<u>\$ 1,100,000</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)

LEASES/AGREEMENT

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:

<u>Year ending</u> <u>August 31,</u>	
2016	\$ 1,470,918
2017	1,472,718
2018	1,292,101
2019	1,279,479
2020	876,162
2021-2025	<u>3,037,058</u>
	<u>\$ 9,428,436</u>

Total payments on all operating leases was \$1,472,000 for the year ended August 31, 2015.

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 annually and amounted to \$1,988,000 for the year ended August 31, 2015.

CAPITAL PROJECT

In 2016, Genesee Community college began construction on a \$24.6 million capital project. The project includes the construction of a Student Success Center and a College and Community Event Center. The GCC Foundation has committed \$3 million towards the project and New York State is contributing approximately \$12.3 million. The County issued serial bonds in the amount of \$9,326,464 during 2015 to fund the remaining expenses for this project.

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, 2013 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, 2013	\$ 7,116,915	\$ 1,545,006
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>
Claims incurred and adjustments during 2015	\$ 711,239	\$ 12,085,882
Payments made during 2015	<u>(1,360,632)</u>	<u>(10,370,526)</u>
Estimated claims as of December 31, 2015	<u>\$ 6,913,277</u>	<u>\$ 1,715,356</u>

NOTE 7 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

DEFICIT FUND BALANCE

The County reported deficit net position at December 31, 2015 in the Workers Compensation Fund in the amount of \$1,329,715. 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, 2015 in the amount of \$17,581,128. 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:

2016	\$ 600,000
2017	600,000
2018	600,000
2019	600,000
2020	<u>300,000</u>
Total	<u>\$ 2,700,000</u>

NOTE 9 – LABOR CONTRACTS

The County's employees operate under five collective bargaining units. The CSEA and the AFSCME contracts are settled through December 2019, the Sheriff's Employees and CSEA NH are settled through December 2015, and the Deputy Sheriff's is settled through December 2016.

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, 2015, 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 - RESTATEMENT OF FUND BALANCE/NET POSITION

Net Position

For the fiscal year ended December 31, 2015, the County implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of Statements No. 68 and No. 71 resulted in the reporting of a deferred outflow of resources, a pension liability and a deferred inflow of resources related to the County's participation in the New York State Employees' Retirement System (ERS). The County's net position has been restated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position beginning of year, as previously stated	\$ 99,081,888	\$ (9,208,062)
GASB Statement No. 68 and No. 71 implementation:		
Beginning System liability	(4,585,413)	(1,084,764)
Beginning deferred outflows of resources for		
contributions subsequent to the measurement date	<u>3,378,995</u>	<u>781,716</u>
Net position beginning of year, as restated	<u>\$ 97,875,470</u>	<u>\$ (9,511,110)</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 12 - RESTATEMENT OF FUND BALANCE/NET POSITION (Continued)

Net Position

Effective September 1, 2013, the College adopted GASB 68 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of Statements No. 68 and No. 71 resulted in the reporting of an asset, deferred outflow of resources, liability and deferred in inflow of resources related to the District's participation in the New York State Teachers' (TRS) and Employees' (ERS) Retirements Systems. As a result, net position has been restated as follows:

Net position previously reported, September 1, 2013	\$ 29,440,426
Net pension asset - TRS	174,290
Net pension liability - ERS	(1,404,848)
Deferred outflows of resources for contributions subsequent to the measurement date	<u>864,470</u>
Net position as restated, as of September 1, 2013	<u>\$ 29,074,338</u>

The financial statements as of and for the year ended August 31, 2014 have been restated to reflect the changes required by the change in accounting. The College's August 31, 2014 balance sheet includes net pension assets (\$3,064,334), deferred outflows of resources (\$875,825), pension liabilities (\$1,404,848) and deferred inflows of resources related to pensions (\$2,108,926). The 2014 statement of revenues, expenses, and changes in net position includes an increase in net pension expense of \$792,473 allocated to functional operating expenses.

Net Position

For the fiscal year ended December 31, 2015, the GCEDC implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of Statements No. 68 and No. 71 resulted in the reporting of deferred outflow of resources, a pension liability and deferred inflow of resources related to the GCEDC's participation in the New York State Employees' Retirement System (ERS). The GCEDC's net position has been restated as follows:

Net position beginning of year, as previously stated	\$ 6,494,992
GASB Statement No. 68 and No. 71 implementation:	
Beginning System liability	(132,805)
Beginning deferred outflows of resources for contributions subsequent to the measurement date	<u>70,236</u>
Net position beginning of year, as restated	<u>\$ 6,432,423</u>

COUNTY OF GENESEE, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES:				
Real property taxes	\$ 26,876,293	\$ 26,876,293	\$ 26,833,218	\$ (43,075)
Real property tax items	1,059,456	1,059,456	1,358,606	299,150
Non-property tax items	38,814,740	40,018,864	38,988,999	(1,029,865)
Departmental income	8,142,075	8,328,526	7,270,531	(1,057,995)
Intergovernmental charges	1,064,514	1,215,110	1,054,130	(160,980)
Use of money and property	614,205	620,705	659,882	39,177
Licenses and permits	35,000	35,000	29,522	(5,478)
Fines and forfeitures	184,945	192,813	207,637	14,824
Sale of property and compensation for loss	101,500	104,956	111,436	6,480
Miscellaneous local sources	1,117,122	844,337	570,609	(273,728)
Interfund revenues	1,436,044	1,516,141	1,437,870	(78,271)
State sources	12,249,415	13,021,881	11,539,455	(1,482,426)
Federal sources	8,727,345	9,209,253	8,779,755	(429,498)
Total revenues	100,422,654	103,043,335	98,841,650	(4,201,685)
EXPENDITURES:				
General government	31,036,496	31,063,916	28,477,761	2,586,155
Education	5,556,428	5,556,428	4,791,917	764,511
Public safety	15,628,853	15,925,224	14,691,777	1,233,447
Health	9,499,394	10,200,963	9,372,610	828,353
Transportation	854,339	857,978	808,342	49,636
Economic assistance and opportunity	32,026,055	32,345,880	27,685,515	4,660,365
Culture and recreation	1,345,457	1,352,692	1,129,491	223,201
Home and community services	962,973	980,760	944,734	36,026
Debt service:				
Principal	2,005,827	2,005,827	2,005,827	-
Interest	531,317	531,317	531,317	-
Total expenditures	99,447,139	100,820,985	90,439,291	10,381,694
Excess of revenues over expenditures	975,515	2,222,350	8,402,359	6,180,009
OTHER FINANCING SOURCES (USES):				
Appropriated fund balance	4,800,113	4,828,428	-	(4,828,428)
Interfund transfers in	125,000	130,000	236,889	106,889
Interfund transfers out	(5,900,628)	(7,180,778)	(7,158,890)	21,888
Total other financing sources (uses)	(975,515)	(2,222,350)	(6,922,001)	(4,699,651)
Net change in fund balance	-	-	1,480,358	1,480,358
Fund balance - beginning	-	-	24,222,306	24,222,306
Fund balance - ending	\$ -	\$ -	\$ 25,702,664	\$ 25,702,664

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
FOR THE YEAR ENDED DECEMBER 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/15	\$ -	\$ 602,004	\$ 602,004	0.00%	\$31,386,908	1.91%
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%

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Actual Contributions	Percentage Contributed
December 31, 2013	\$ 84,992	\$ 60,719	71.4%
December 31, 2014	66,638	55,538	83.3%
December 31, 2015	68,460	53,492	78.1%

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY - EMPLOYEES' RETIREMENT SYSTEM
DECEMBER 31, 2015

County's proportion of the net pension liability	0.125478%
County's proportionate share of the net pension liability	\$ 3,427,999
County's covered-employee payroll	27,048,403
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	13%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.9%

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF COUNTY'S CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
DECEMBER 31,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contractually required contribution	\$ 2,982,692	\$ 2,704,128	\$ 2,479,133	\$ 2,261,419	\$ 3,631,507	\$ 4,635,545	\$ 5,362,190	\$ 6,007,667	\$ 5,547,616	\$ 4,899,802
Contributions in relation to the contractually required contribution	\$ 2,982,692	\$ 2,704,128	\$ 2,479,133	\$ 2,261,419	\$ 3,631,507	\$ 4,635,545	\$ 5,362,190	\$ 6,007,667	\$ 5,547,616	\$ 4,899,802
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
County's covered-employee payroll	\$ 26,052,020	\$ 26,484,997	\$ 27,392,807	\$ 28,410,987	\$ 28,879,054	\$ 28,320,353	\$ 27,649,337	\$ 27,284,587	\$ 26,930,419	\$ 27,048,403
Contributions as a percentage of covered-employee payroll	11%	10%	9%	8%	13%	16%	19%	22%	21%	18%

SECTION B
FEDERAL FINANCIAL ASSISTANCE

**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Pass Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed through New York State Department of Agriculture:				
Supplemental Nutrition Assistance Program Cluster		99-OCFS-LCM-15, OTDA 15- LCM-21, OTDA 15-LCM-08, NYSFRM, Vol. 1-3, OTDA 02- LCM-13		\$ 524,399 524,399
State Administrative Matching Grant for the Supplemental Nutrition Assistance Program Total Supplemental Nutrition Assistance Program Cluster	10.561			
Passed through New York State Education Department:				
Child Nutrition Cluster		803714		4,251
School Breakfast Program	10.553	803714		5,494
National School Lunch Program	10.555			9,745
Total Child Nutrition Cluster				534,144
Total U.S. Department of Agriculture				
U.S. Department of Housing and Urban Development				
Passed through New York State Department of Housing:				
CDBG: Buffalo East Tech Park	14.228	444ED795-13	193,498	193,498 193,498
Total U.S. Department of Housing and Urban Development				
U.S. Department of Justice				
Passed through Bureau of Justice Assistance:				
State Criminal Alien Assistance Program	16.606	2015-AP-BX-0706		1,383
Passed through New York State Children's Alliance, Inc.	16.758	2-BATA-NY-SA15		9,000 10,383
National Children's Alliance - Missing Children's Assistance				
Total U.S. Department of Justice				
U.S. Department of Labor				
Passed through Livingston County:				
Trade Adjustment Assistance	17.245	550863		4,000
H-1B Job Training Grants	17.268	550863		19,816
Workforce Investment Act Cluster				
Workforce Investment Act - Adult Program	17.258	550863		118,463
Workforce Investment Act - Youth Activities	17.259	PY2014-GLOW7, PY2015-2		97,232
Workforce Investment Act - Dislocated Workers Supplemental	17.278	550863		292,969
Total Workforce Investment Act Cluster				508,665
Passed through New York State Office for the Aging:				
Senior Community Services Employment Program - Title V	17.235	07 14, 07 15	36,934	35,869 568,350
Total U.S. Department of Labor				

(continued)

**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Pass Through to Subrecipients	Federal Expenditures
U.S. Department of Transportation				
Direct Program through Federal Aviation Administration:				
Airport Improvement Program	20.106	3-36-0006; 28-12, 29-13, 30-13, 31-13, 32-14, 33-14, 34-14, 35-15		682,488
Highway Planning and Construction	20.205	D033711/ D033652/ D034169		546,163
Highway Safety Cluster				
State and Community Highway Safety - NYS STOP DWI Program	20.600	HS1-2015		12,057
State and Community Highway Safety - NYS STOP DWI Program	20.600	HS1-2016		4,461
Passed through New York State Governor's Traffic Safety Committee:				
Governor's Traffic Safety Committee - Child Passenger Safety Program - 2014/15	20.602	00281-(019)		100
State and Community Highway Safety - Rural Traffic Enforcement Initiative - 2014/15	20.600	C002184		25,528
Total Highway Safety Cluster				42,145
HMEP Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	T151046, T970756		5,746
Total U.S. Department of Transportation				<u>1,276,542</u>
U.S. Department of Education				
Passed through New York State Department of Health:				
Early Intervention Administration	84.181	C-027481		28,306
Total U.S. Department of Education and Total Early Intervention Services Cluster				<u>28,306</u>
Corporation for National and Community Service				
Direct Program:				
Retired and Senior Volunteer Program	94.002	-		39,173
Passed through New York State Office of Children and Family Services:				
Program Development and Innovation Grants - AmeriCorps 14/15, 15/16	94.006	C027353		193,344
Total Corporation for National and Community Service				<u>232,517</u>
U.S. Department of Health and Human Services				
Passed through New York State Department of Health:				
Public Health Emergency Preparedness	93.069	1607-10		47,147
Public Health Emergency Preparedness - Ebola	93.069	4977-01		18,080
Immunization Grants - 2015	93.268	C028293		23,599
Maternal and Child Health Services Block Grant to the States - Lead 2014-2015	93.994	C-026510		21,078
Maternal and Child Health Services Block Grant to the States - Lead 2015-2016	93.994	C-30894GG		8,991
Maternal and Child Health Services Block Grant to the States - CSHCN 2014 - 2017	93.994	C-029717		7,692
Medical Assistance Program - Mental Health Federal Medicaid Salary Sharing	93.778	A4490		175,697
Medical Assistance Program	93.778	NYSFRM, Vol.3; 94-LCM-23	43,206	960,992
				(continued)

**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Pass Through to Subrecipients	Federal Expenditures
Passed through New York State Office for the Aging:				
Medical Assistance Program - BIP	93.778	10000004328		90,839
Passed through New York State Department of Social Services:				
Temporary Assistance for Needy Families	93.558	NYSFRM, Vol.3, OTDA 15- ADM-03		2,332,308
Temporary Assistance for Needy Families	93.558	OTDA 12-LCM-11		15,352
Temporary Assistance for Needy Families	93.558	NYSFRM, Vol 1-3		1,074,305
Temporary Assistance for Needy Families	93.558	14-OCFS-LCM-14, 15-OCFS- LCM-06		23,989
Child Care and Development Block Grant	93.575	14-OCFS-LCM-02, 15-OCFS- LCM-02		10,854
Child Care and Development Block Grant	93.575	15-OCFS-LCM-15		37,325
Child Care and Development Block Grant	93.575	14-OCFS-LCM-02, 15-OCFS- LCM-02		977,178
Child Support Enforcement	93.563	NYSFRM, Vol 1-3		223,149
Low-Income Home Energy Assistance	93.568	OTDA 13-LCM-16, OTDA 15- LCM-14		61,882
Foster Care-Title IV-E	93.658	NYSFRM, Vol.3		480,303
Adoption Assistance	93.659	NYSFRM, Vol.3		126,927
Social Services Block Grant	93.667	13-OCFS-LCM-07, 14-OCFS- LCM-09		501,301
Chafee Foster Care Independence Program	93.674	14-OCFS-LCM-05, 15-OCFS- LCM-09		47,217
Passed through New York State Office of Mental Health and the Office of Alcoholism and Substance Abuse Services:			929,583	929,583
Passed through New York State Office for the Aging:				
Aging Cluster	93.959	A4488		
Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	93.043	10000004328		3,820
National Family Caregiver Support, Title III, Part E	93.052	10000004328		28,754
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	10000004328		69,318
Special Programs for the Aging-Title III, Part C-1 -Nutrition Services	93.045	10000004328		55,923
Special Programs for the Aging-Title III, Part C-2 Nutrition Services	93.045	10000004328		43,894
Nutrition Services Incentive Program	93.053	10000004328		21,886
Total Aging Cluster				<u>223,696</u>
Medicare Improvements for Patients and Providers Act - Aging and Disability Resource Center	93.071	10000004328		10,254
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations - 14/15	93.779	10000004328		8,294
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations - 15/16	93.779	10000004328		29,144
Total U.S. Department of Health and Human Services				<u>8,467,177</u> (continued)

**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Pass Through to Subrecipients	Federal Expenditures
U.S. Department of Homeland Security				
Passed through New York State Division of Homeland Security and Emergency				
Management Services:				
Hazardous Material Grant Program - 2013	97.067	C151039		39,758
Hazardous Material Grant Program - 2014	97.067	C151049		67,043
Homeland Security Grant Program - 2012	97.067	C970720		29,434
Homeland Security Grant Program - 2013	97.067	C970730		13,516
Homeland Security Grant Program - 2014	97.067	C970740		37,870
Homeland Security Grant Program - SLETPP 2013	97.067	T970732		1,047
Emergency Management Performance Grant - 2014	97.042	T151045		19,862
Emergency Protective Measures	97.036	037-99037-00		52,937
Total U.S. Department of Homeland Security				<u>261,467</u>
Total Expenditures of Federal Awards				<u>\$ 1,572,383</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal financial assistance programs administered by the County of Genesee, New York (the County), an entity as defined in Note 1 to the County's 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. 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>
Community Development		
Block Grant-Buffalo East Tech Park	14.228	\$ 193,498
Medical Assistance Program -		
Early Intervention Program	93.778	43,206
Block Grants for Prevention and		
Treatment of Substance Abuse	93.959	929,583

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 \$750,000 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 25% of the Type A determination or \$187,500 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 \$61,882 and is included on the schedule of expenditures of federal awards.

NOTE 6 – INDIRECT COST

The County has elected not to use the 10% de minimis indirect cost rate.

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 30, 2016. 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
June 30, 2016



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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 *OMB 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, 2015. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance 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, 2015.

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 Uniform Guidance, 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
June 30, 2016

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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 X No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X 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 2 CFR 200.516(a)? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u> 93.558	<u>Name of Federal Program or Cluster</u> Temporary Assistance for Needy Families
---------------------------------	--

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes No

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)

II. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the audit noted in the current year.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

There were 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, 2015

I. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit noted for the year ended December 31, 2014.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

There were no findings or questioned costs related to federal awards noted for the year ended December 31, 2014.

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SECTION D
NEW YORK STATE DEPARTMENT OF TRANSPORTATION FINANCIAL ASSISTANCE



**REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE OVER STATE TRANSPORTATION ASSISTANCE EXPENDED
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

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

Report On Compliance For Each Major State Assistance Transportation 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 could have a direct and material effect on the state transportation assistance programs tested for the year ended December 31, 2015. The program tested is identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs for State Transportation Assistance Expended.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state transportation assistance program 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 the preliminary Draft Part 43 of NYCRR. Those standards and the preliminary 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 program 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 its major state transportation assistance program for the year ended December 31, 2015.

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 the preliminary 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 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 the preliminary Draft Part 43 of NYCRR. Accordingly, this report is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
June 30, 2016

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF NEW YORK STATE DEPARTMENT OF
TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Grantor/Program Title</u>	<u>NYSDOT 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	\$ 1,955,050
Airport Rehabilitation	K550772	829,124
Marchisalli Aid- Bridges	D032748/D033651/D033711/ D033652/D033651	<u>7,724</u>
Total New York State Department Transportation of Assistance Expended		<u>\$ 2,791,898</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, 2015

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.

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR
NEW YORK STATE DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2015

I. SUMMARY OF AUDITOR'S RESULTS

Internal control over New York State Department of Transportation Assistance major programs:

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

Type of auditor's report issued on compliance for program tested: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Draft Part 43 of NYCRR? Yes No

Identification of New York State Department of Transportation Assistance Expended Programs tested:

Name of State Program

Consolidated Local Street and Highway Improvement Program (CHIPs)

II. FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the New York State Department of Transportation Assistance Expended noted in the current year.