

**AUDITED
BASIC FINANCIAL STATEMENTS**

COUNTY OF GENESEE, NEW YORK

DECEMBER 31, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, 2021, 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.

We did not audit the financial statements of the Genesee Tobacco Asset Securitization Corporation (TASC), which represents 4.35%, 219.02% and 3.45%, 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, and the Genesee County Economic Development Center, which represent 98.7%, 98.3% and 96.7% of the assets, net position, and operating revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Genesee Community College, Genesee County Economic Development Center and TASC are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during our audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of New York State Department of Transportation Assistance Expended, as required by Draft Part 43 of NYCRR, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The 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, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of New York State Department of Transportation Assistance Expended, as required by Draft Part 43 of NYCRR are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022 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 solely 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 the effectiveness of the County's 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 27, 2022

Management's Discussion and Analysis County of Genesee, New York Fiscal Year Ended December 31, 2021

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, 2021. 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 \$176,337 of which approximately \$125,105 was the net investment in capital assets.
- The County's total primary government governmental activities net position increased approximately \$26,800 from the prior year. The County had an overall revenue increase since 2020 and with conservative spending, the County maintained a strong net position overall.
- During the year ended December 31, 2021 the County's primary government invested \$12,248 in governmental activities capital assets, including \$6,742 in construction work in process, \$2,926 in buildings and improvements, \$1,500 in infrastructure, and \$1,080 in equipment, machinery, and other capital assets. In addition, \$7,178 of construction work in process was placed in service as infrastructure.
- The County tax rate was \$9.80 per thousand dollars of assessed value in 2021, which decreased approximately \$0.31 per thousand dollars of assessed value from the 2020 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 one type of proprietary fund. *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 TASC, Workers' Compensation, Self Insurance and Water Funds.
- 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 TASC, Workers' Compensation, Water and Self Insurance, which are considered to be major funds of the County.
- Fiduciary fund 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.

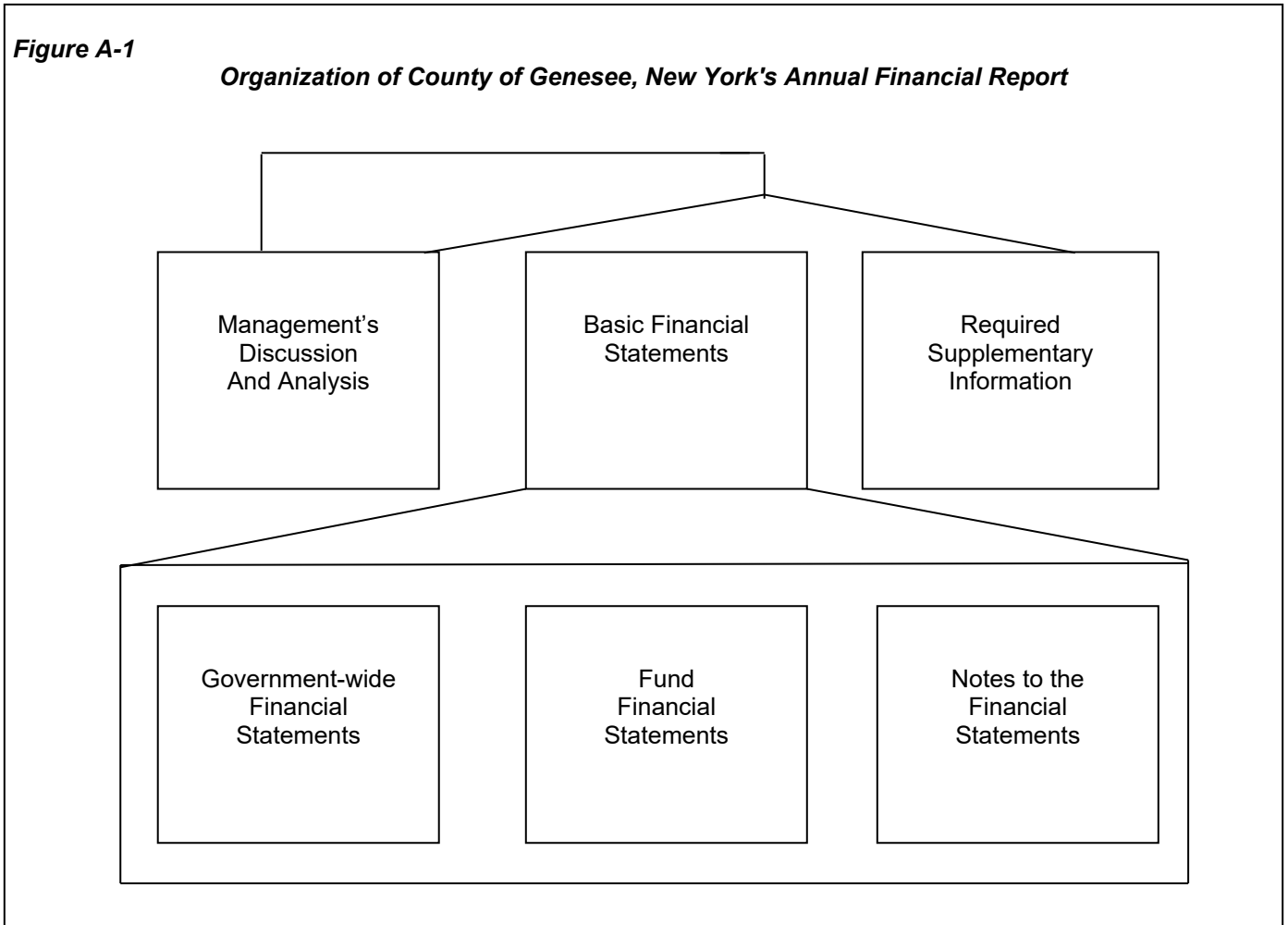


Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of 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	Fiduciary Funds
<i>Scope</i>	<i>Entire government (except Fiduciary funds)</i>	<i>The activities of the County that are not proprietary or fiduciary, such as public safety and transportation</i>	<i>The activities of the County in which the County charges for services</i>	<i>Instances in which the County administers resources on behalf of someone else</i>
<i>Required financial statements</i>	<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> 	<ul style="list-style-type: none"> • <i>Statement of Fiduciary Net Position - Fiduciary Fund</i> • <i>Statement Changes in Fiduciary Net Position - Fiduciary Fund</i>
<i>Accounting basis and measurement focus</i>	<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>	<i>Accrual accounting and economic resources focus</i>
<i>Type of asset/liability information</i>	<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 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>	<i>All assets and liabilities, both short-term and long-term; generally no capital assets or long-term liabilities included</i>
<i>Type of inflow/outflow information</i>	<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>	<i>All additions and deductions during the 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 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 - TASC, 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 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 17.92% to approximately \$176,337. The majority of the net position is invested in capital assets such as buildings, roads and equipment. Noncurrent liabilities of the County's primary government's governmental activities have decreased 64.05% primarily due to the net pension liability in the amount of \$120, which is a \$29,048 decrease from the prior year. The net pension liability decreased due to the upturn in the market that took place at the end of the State's fiscal year in March of 2021. The County's business-type activities had an increase in the net position of 15.88% primarily due to increases in the Water Fund to cover the cost of Phase 2 water improvements.

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
	2021	2020		2021	2020	
Current and other assets	\$ 88,171	\$ 62,349	41.42%	\$ 27,866	\$ 26,296	5.97%
Capital assets, net	132,268	125,442	5.44%	1,374	1,146	19.87%
Total assets	<u>220,439</u>	<u>187,791</u>	<u>17.39%</u>	<u>29,240</u>	<u>27,442</u>	<u>6.55%</u>
Deferred outflows of resources	27,896	20,823	33.97%	-	-	0.00%
Noncurrent liabilities	17,016	47,330	-64.05%	27,915	28,727	-2.83%
Other liabilities	18,765	9,974	88.14%	10,547	9,678	8.97%
Total liabilities	<u>35,781</u>	<u>57,304</u>	<u>-37.56%</u>	<u>38,462</u>	<u>38,405</u>	<u>0.15%</u>
Deferred inflows of resources	36,217	1,773	1942.67%	-	-	0.00%
Net investment in capital assets	125,105	118,014	6.01%	225	130	72.88%
Restricted	7,624	7,685	-0.80%	4,992	4,691	6.41%
Unrestricted (deficit)	43,609	23,838	82.94%	(14,438)	(15,784)	8.52%
Total net position (deficit)	<u>\$ 176,337</u>	<u>\$ 149,537</u>	<u>17.92%</u>	<u>\$ (9,222)</u>	<u>\$ (10,963)</u>	<u>15.88%</u>

Governmental activities. Governmental activities increased the County's net position by \$26,800. The County had an overall revenue increase since 2020 and with conservative spending, the County maintained a strong net position overall.

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
	2021	2020		2021	2020	
Program Revenues:						
Charges for services	\$ 11,800	\$ 10,503	12.35%	\$ 20,737	\$ 17,688	17.24%
Tobacco settlement revenues	-	-	0.00%	902	834	8.15%
Operating grants and contributions	26,518	22,462	18.06%	-	-	0.00%
Capital grants and contributions	9,291	5,386	72.51%	-	-	0.00%
General Revenues:						
Property taxes, special assessments and property tax items	32,685	32,089	1.86%	-	-	0.00%
Non-property taxes	49,982	41,964	19.11%	-	-	0.00%
Investment income	830	1,138	-27.10%	33	137	-75.95%
Miscellaneous	1,292	1,018	26.95%	4,500	2,539	77.25%
Capital contributions	-	-	0.00%	-	-	0.00%
Total revenues	<u>132,398</u>	<u>114,560</u>	<u>15.57%</u>	<u>26,172</u>	<u>21,198</u>	<u>23.47%</u>
Program Expenses:						
General government	30,277	32,485	-6.80%	-	-	0.00%
Education	5,687	5,079	11.98%	-	-	0.00%
Public safety	18,530	19,743	-6.14%	-	-	0.00%
Health	12,309	11,910	3.35%	-	-	0.00%
Transportation	10,513	10,256	2.50%	-	-	0.00%
Economic assistance and opportunity	25,270	27,419	-7.84%	-	-	0.00%
Culture and recreation	1,061	1,061	0.00%	-	-	0.00%
Home and community service	930	967	-3.82%	-	-	0.00%
TASC	-	-	0.00%	1,340	1,313	2.04%
Self insurance	-	-	0.00%	12,801	11,236	13.93%
Workers' compensation	-	-	0.00%	1,860	1,838	1.18%
Water	-	-	0.00%	9,039	4,842	86.69%
Interest on debt	411	442	-7.01%	-	-	0.00%
Total expenses	<u>104,989</u>	<u>109,362</u>	<u>-4.00%</u>	<u>25,040</u>	<u>19,229</u>	<u>30.22%</u>
Income before transfers	<u>27,409</u>	<u>5,198</u>	<u>427.30%</u>	<u>1,132</u>	<u>1,969</u>	<u>-42.50%</u>
Transfers	(609)	(958)	36.46%	609	959	-36.52%
Change in net position	26,800	4,240	532.09%	1,741	2,928	-40.55%
Net position (deficit) - beginning	<u>149,537</u>	<u>145,297</u>	<u>2.92%</u>	<u>(10,963)</u>	<u>(13,891)</u>	<u>-21.08%</u>
Net position (deficit) - ending	<u>\$ 176,337</u>	<u>\$ 149,537</u>	<u>17.92%</u>	<u>\$ (9,222)</u>	<u>\$ (10,963)</u>	<u>15.88%</u>

Governmental activities increased the County's net position by \$26,800 and business-type activities increased the County's net position by \$1,741. The County had an overall revenue increase since 2020 and with conservative spending, the County maintained a strong net position overall. The increase for business-type activities is primarily due to increases in the Water Fund to cover the cost of Phase 2 water improvements.

Governmental Activities

The following table presents the cost of nine major County activities: general government, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services, 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
	2021	2020		2021	2020	
General government	\$ 30,277	\$ 32,485	-6.80%	\$ 26,119	\$ 29,384	-11.11%
Education	5,687	5,079	11.98%	4,077	4,229	-3.60%
Public safety	18,530	19,743	-6.14%	14,283	16,567	-13.78%
Health	12,309	11,910	3.35%	1,288	1,600	-19.47%
Transportation	10,513	10,256	2.50%	308	3,567	91.38%
Economic assistance and opportunity	25,270	27,419	-7.84%	9,958	13,670	-27.15%
Culture and recreation	1,061	1,061	0.00%	133	886	-85.03%
Home and community services	930	967	-3.82%	802	666	20.44%
Interest on debt	411	442	-7.01%	411	442	-7.01%
Total	<u>\$ 104,989</u>	<u>\$ 109,362</u>	<u>-4.00%</u>	<u>\$ 57,379</u>	<u>\$ 71,011</u>	<u>-19.20%</u>

Fluctuations within the functions is primarily due to capitalization of assets and fluctuations in program specific revenues and expenses.

Financial Analysis of The County's Funds

The fund balance of the General Fund increased approximately \$17,538 from 2020. In the 2022 budget, the County budgeted \$2,077 of fund balance to be used for the ensuing year. The unassigned portion of fund balance, formerly called undesignated fund balance, increased \$2,306 from 2020, with a December 31, 2021 balance of \$16,951.

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)			
Year Ended December 31, 2021			
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Fund Balance/ Net Position</u>
General Fund	\$ 120,476	\$ 102,938	\$ 61,914
Capital Projects	10,955	11,695	4,254
TASC	903	1,340	(20,198)
Self Insurance	13,390	12,871	3,643
Workers' Compensation	3,224	1,880	3,113
Water	9,354	9,039	4,219
Year Ended December 31, 2020			
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Fund Balance/ Net Position</u>
General Fund	\$ 160,786	\$ 105,470	\$ 44,376
TASC	843	1,313	(19,761)
Self Insurance	12,126	11,316	3,125
Workers' Compensation	3,025	1,854	1,769
Water	6,368	4,952	3,905

The revenues and expenditures above include other financing sources and 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.

The General Fund expended 93.3% of the original budgeted amount allowed. The majority of the difference between budgeted and actual expenses pertains to actual program expenses for some Social Services programs being less than original budgeted amounts.

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, 2021, amounts to \$125,330 (net of related debt). This investment in capital assets includes land, construction work in process, buildings, improvements, machinery and equipment and infrastructure. Additional information on the County's capital assets can be found in Note 3.D. to the financial statements.

County of Genesee, New York				
Capital Assets, Net of Accumulated Depreciation - Primary Government				
(in thousands of dollars)				
	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Land	\$ 2,594	\$ 2,593	\$ -	\$ -
Construction work in process	2,780	3,215	409	161
Buildings and improvements	54,629	53,081	-	-
Other capital assets	4,662	5,591	-	-
Machinery & equipment	3,685	3,670	-	-
Infrastructure	63,918	57,292	965	985
Total	<u>\$ 132,268</u>	<u>\$ 125,442</u>	<u>\$ 1,374</u>	<u>\$ 1,146</u>

Long-Term Obligations

At the end of the current year, the County's governmental activities had total bonded debt outstanding of \$13,545. This entire amount is backed by the full faith and credit of the County. Additional information on the County's long-term obligations can be found in Note 3.G. 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	
	2021	2020	2021	2020
General obligation bonds issued by the County of Genesee	\$ 13,545	\$ 15,130	\$ 6,640	\$ 7,075
Plus: unamortized premium	407	120	-	-
Turbo term bonds and subordinate turbo CABs issued by the Tobacco Asset Securitization Corporation	-	-	14,469	14,769
Compensated absences	2,011	1,975	-	-
OPEB liability	933	937	-	-
Workers' compensation	-	-	6,806	6,883
Net pension liability	120	29,168	-	-
Total	<u>\$ 17,016</u>	<u>\$ 47,330</u>	<u>\$ 27,915</u>	<u>\$ 28,727</u>

Factors Bearing on the County's Future

- The County continues to monitor and adjust to the operational and financial impacts of COVID-19. The County has developed policies to keep employees and the public safe while still being able to maintain operations. The County is also very involved with efforts to help address COVID-19, such as by providing vaccination clinics and test kits to residents. The County continues to monitor for and to utilize applicable State or Federal grant programs related to COVID-19.
- On June 1, 2021 the County received \$5,562,985 from the Federal government, half of the County's allocated funds from the American Rescue Plan Act (ARPA). Subsequent to yearend, on June 9, 2022, the County received the second half of the County's allocated ARPA funds, an additional \$5,562,985. The County has allocated a portion of the funds received to be utilized for cybersecurity, tourism, and water infrastructure. The County is still in the process of determining how the remaining ARPA funding will be utilized in accordance with the allowed uses for the funds.
- Contractual COLA adjustments as well as the continual increases in health coverage 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. Health insurance premiums increased by 4.5% in 2022 and it is very likely that further increases in the future will be necessary. The County's collective bargaining agreements with CSEA and Deputy Sheriff's Association (DSA) have been approved through 2023, the agreement with the Sheriff's Employee Association (SEA) has been approved through 2022, and the agreement with AFSCME has been approved through 2026. These agreements call for salary increases between 2% and 2.5% each year. Additional increases for CSEA were approved and paid in 2022 to keep wages competitive in the current job market. It is likely that larger annual increases will be necessary when these contracts are negotiated in the future.

Factors Bearing on the County's Future (continued)

- The 2022 County tax rate decreased \$0.62 per thousand compared to the 2021 tax rate. The County did not override the tax cap with the 2022 budget.
- The County's last bond rating with Standard & Poor's in 2022 maintained a favorable AA- bond rating with a stable outlook. This rating reflects well on the financial standing of the County.
- New York State employer retirement rates for the County decreased by an average of approximately 27% in 2022 largely due to the positive trends in the stock market that took place during the latter portion of 2020 and early 2021. The market conditions as of March 2022 were less favorable, which could have a slightly negative impact on the retirement rates for 2023.
- Sales tax revenue received from New York State increased by approximately 19% from 2020 to 2021. The County finalized a forty-year sales tax agreement with the City of Batavia which began in 2020. The City of Batavia is now receiving a capped minimum percentage of 14% of the sales tax revenue received. In 2021, the agreement was amended to include the towns and villages within the County. The towns and villages cumulatively received \$5 million in sales tax revenue in 2021 and will receive \$10 million each year for the remainder of the agreement. The towns and villages also cumulatively received \$5 million in voluntary revenue distributions in 2021.
- The County's ability to raise property tax revenues is limited by the State's 2% property tax cap. The County can override the tax cap if needed by adoption of a local law. The County has remained below the property tax cap in 2021 and 2022.
- The State has mandated that the County needs to replace its existing jail facilities. Pursuant to a bed needs analysis study, the County is in the process of building a new 184 bed facility in accordance with New York State Commission of Correction guidelines. Construction commenced in 2022 and it is anticipated that construction will continue through early to mid 2024. In 2022, the County issued \$70 million in bonds to pay for this project. The additional sales tax revenue retained by the County through the amended forty-year sales tax agreement with the City of Batavia will be provide funding for the debt payments for these bonds.

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, 2021**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 58,825,619	\$ 15,155,075	\$ 73,980,694	\$ 44,238,639
Cash and cash equivalents - restricted	7,623,648	6,746,050	14,369,698	1,304,378
Receivables:				
Accounts	1,923,300	394,810	2,318,110	8,588,508
Taxes, net	3,497,108	-	3,497,108	-
Intergovernmental receivables	15,042,295	2,145,866	17,188,161	37,973
Internal balances	2,406	(2,406)	-	-
Inventory	123,227	-	123,227	-
Prepays and other current assets	1,133,374	1,814	1,135,188	852,997
Other assets	-	-	-	9,069,778
Long-term receivables, net	-	-	-	60,834
Land held for investment	-	-	-	19,467,282
Due from component unit	-	3,425,000	3,425,000	-
Capital assets not being depreciated	5,373,756	408,511	5,782,267	-
Capital assets, net of accumulated depreciation	126,893,969	965,150	127,859,119	52,921,895
Aggregated net pension asset	-	-	-	3,755,598
Total assets	<u>220,438,702</u>	<u>29,239,870</u>	<u>249,678,572</u>	<u>140,297,882</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred OPEB outflows	370,304	-	370,304	1,277,659
Deferred pension outflows	27,525,753	-	27,525,753	9,332,437
Total deferred outflows of resources	<u>27,896,057</u>	<u>-</u>	<u>27,896,057</u>	<u>10,610,096</u>
LIABILITIES				
Accounts payable	9,192,749	1,504,005	10,696,754	4,139,709
Accrued liabilities	-	1,974,950	1,974,950	52,438
Accrued interest payable	122,181	116,831	239,012	-
Accretion payable	-	6,934,657	6,934,657	-
Due to other governments	2,454,943	-	2,454,943	-
Other liabilities	-	-	-	2,162,656
Agency liabilities	-	-	-	1,335,786
Unearned revenues	6,995,128	16,157	7,011,285	16,770,531
Restricted liabilities - customer deposits	-	-	-	70,000
Noncurrent liabilities:				
Due and payable within one year	1,646,398	1,250,185	2,896,583	942,954
Due and payable after one year	15,369,746	26,665,191	42,034,937	21,564,632
Total liabilities	<u>35,781,145</u>	<u>38,461,976</u>	<u>74,243,121</u>	<u>47,038,706</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB inflows	17,279	-	17,279	7,908
Deferred pension inflows	36,199,330	-	36,199,330	14,242,991
NYS Tuition Assistance	-	-	-	500,024
Total deferred inflows of resources	<u>36,216,609</u>	<u>-</u>	<u>36,216,609</u>	<u>14,750,923</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	125,104,803	224,742	125,329,545	41,421,229
Restricted for:				
Capital projects	7,219,518	-	7,219,518	-
Debt service	4,803	-	4,803	-
Miscellaneous	399,327	4,991,614	5,390,941	11,142,358
Unrestricted (deficit)	43,608,554	(14,438,462)	29,170,092	36,554,762
Total net position (deficit)	<u>\$ 176,337,005</u>	<u>\$ (9,222,106)</u>	<u>\$ 167,114,899</u>	<u>\$ 89,118,349</u>

See notes to basic financial statements.

**COUNTY OF GENESEE, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

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	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Governmental activities:								
General government	\$ 30,277,095	\$ 2,374,753	\$ 1,783,284	\$ -	\$ (26,119,058)	\$ -	\$ (26,119,058)	\$ -
Education	5,687,402	465,054	1,013,909	131,564	(4,076,875)	-	(4,076,875)	-
Public safety	18,529,816	917,502	2,397,552	931,488	(14,283,274)	-	(14,283,274)	-
Health	12,309,257	3,683,432	7,337,410	-	(1,288,415)	-	(1,288,415)	-
Transportation	10,512,765	2,723,627	11,734	7,469,812	(307,592)	-	(307,592)	-
Economic assistance and opportunity	25,270,224	1,545,443	13,759,396	6,981	(9,958,404)	-	(9,958,404)	-
Culture and recreation	1,061,050	90,338	86,523	751,573	(132,616)	-	(132,616)	-
Home and community services	930,090	-	127,963	-	(802,127)	-	(802,127)	-
Interest on debt	411,008	-	-	-	(411,008)	-	(411,008)	-
Total governmental activities	<u>104,988,707</u>	<u>11,800,149</u>	<u>26,517,771</u>	<u>9,291,418</u>	<u>(57,379,369)</u>	<u>-</u>	<u>(57,379,369)</u>	<u>-</u>
Business-type activities:								
TASC	1,339,838	902,008	-	-	-	(437,830)	(437,830)	-
Self Insurance	12,801,182	11,381,655	-	-	-	(1,419,527)	(1,419,527)	-
Workers' Compensation	1,859,655	3,122,553	-	-	-	1,262,898	1,262,898	-
Water	9,039,475	6,232,812	-	-	-	(2,806,663)	(2,806,663)	-
Total business-type activities	<u>25,040,150</u>	<u>21,639,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,401,122)</u>	<u>(3,401,122)</u>	<u>-</u>
Total primary government	<u>\$ 130,028,857</u>	<u>\$ 33,439,177</u>	<u>\$ 26,517,771</u>	<u>\$ 9,291,418</u>	<u>(57,379,369)</u>	<u>(3,401,122)</u>	<u>(60,780,491)</u>	<u>-</u>
Component units:								
Community College	\$ 43,887,010	\$ 48,034,807	\$ 3,314,907	\$ -	-	-	-	7,462,704
Economic Development Center	5,912,793	6,011,126	7,600,661	-	-	-	-	7,698,994
Soil and Water Conservation District	1,048,914	205,133	1,136,827	-	-	-	-	293,046
Total component units	<u>\$ 50,848,717</u>	<u>\$ 54,251,066</u>	<u>\$ 12,052,395</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,454,744</u>
General revenues:								
Real property taxes					31,451,727	-	31,451,727	-
Real property tax items					1,233,235	-	1,233,235	-
Non-property taxes					49,981,622	-	49,981,622	-
Investment income					829,647	32,944	862,591	1,144,364
Miscellaneous local sources					1,292,340	4,500,265	5,792,605	-
Capital contributions					-	-	-	373,000
Transfers					(608,738)	608,738	-	-
Total general revenues and transfers					<u>84,179,833</u>	<u>5,141,947</u>	<u>89,321,780</u>	<u>1,517,364</u>
Change in net position					26,800,464	1,740,825	28,541,289	16,972,108
Net position (deficit) - beginning					149,536,541	(10,962,931)	138,573,610	72,146,241
Net position (deficit) - ending					<u>\$ 176,337,005</u>	<u>\$ (9,222,106)</u>	<u>\$ 167,114,899</u>	<u>\$ 89,118,349</u>

See notes to basic financial statements.

**COUNTY OF GENESEE, NEW YORK
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 55,387,241	\$ 2,208,434	\$ 1,229,944	\$ 58,825,619
Cash and cash equivalents - restricted	7,623,648	-	-	7,623,648
Receivables:				
Accounts	1,301,436	-	621,864	1,923,300
Taxes, net	3,497,108	-	-	3,497,108
Due from other funds	4,008,697	2,212,490	-	6,221,187
Intergovernmental receivables	9,167,250	5,731,675	143,370	15,042,295
Inventory	-	-	123,227	123,227
Prepays and other current assets	1,044,794	-	88,580	1,133,374
Total assets	<u>\$ 82,030,174</u>	<u>\$ 10,152,599</u>	<u>\$ 2,206,985</u>	<u>\$ 94,389,758</u>
LIABILITIES				
Accounts payable	\$ 6,918,768	\$ 1,925,751	\$ 348,230	\$ 9,192,749
Due to other funds	2,212,490	3,973,054	33,237	6,218,781
Due to other governments	2,454,943	-	-	2,454,943
Unearned revenues	6,989,040	-	6,088	6,995,128
Total liabilities	<u>18,575,241</u>	<u>5,898,805</u>	<u>387,555</u>	<u>24,861,601</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,540,969	-	-	1,540,969
Total deferred inflows of resources	<u>1,540,969</u>	<u>-</u>	<u>-</u>	<u>1,540,969</u>
FUND BALANCES				
Nonspendable	1,044,794	-	211,807	1,256,601
Restricted	7,623,648	-	-	7,623,648
Assigned	36,294,647	4,253,794	1,607,623	42,156,064
Unassigned	16,950,875	-	-	16,950,875
Total fund balances	<u>61,913,964</u>	<u>4,253,794</u>	<u>1,819,430</u>	<u>67,987,188</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 82,030,174</u>	<u>\$ 10,152,599</u>	<u>\$ 2,206,985</u>	

Amounts reported for governmental activities in the Statement of Net Position (page 16) 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	132,267,725
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Serial bonds payable	(13,545,000)
Unamortized premiums payable	(407,493)
Compensated absences liability	(2,011,322)
Other postemployment benefits liability	(932,780)
Net pension liability	(119,549)
Net accrued interest expense for bonds not reported in the funds	(122,181)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	1,540,969
Deferred outflow and inflows are not assets or liabilities of the current period and therefore are not reported in the funds:	
Deferred outflows related to other postemployment benefits	370,304
Deferred inflows related to other postemployment benefits	(17,279)
Deferred outflows related to pension	27,525,753
Deferred inflows related to pension	(36,199,330)
Net position of governmental activities	<u>\$ 176,337,005</u>

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, 2021**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes	\$ 31,639,313	\$ -	\$ -	\$ 31,639,313
Real property tax items	1,233,235	-	-	1,233,235
Non-property taxes	49,981,622	-	-	49,981,622
Departmental income	7,445,776	-	179,531	7,625,307
Intergovernmental charges	1,691,530	-	84,413	1,775,943
Use of money and property	828,572	-	1,075	829,647
Licenses and permits	28,569	-	8,685	37,254
Fines and forfeitures	154,627	-	-	154,627
Sale of property and compensation for loss	106,557	-	983,710	1,090,267
Miscellaneous local sources	184,287	46,493	662	231,442
Interfund revenues	1,053,881	-	1,247,242	2,301,123
State sources	17,580,873	5,271,338	111,554	22,963,765
Federal sources	8,390,298	3,975,080	480,046	12,845,424
Total revenues	<u>120,319,140</u>	<u>9,292,911</u>	<u>3,096,918</u>	<u>132,708,969</u>
EXPENDITURES				
Current:				
General government	29,833,375	-	-	29,833,375
Education	5,428,959	-	-	5,428,959
Public safety	17,854,716	-	131,391	17,986,107
Health	12,509,141	-	-	12,509,141
Transportation	800,119	-	7,358,373	8,158,492
Economic assistance and opportunity	24,752,700	-	762,500	25,515,200
Culture and recreation	1,081,740	-	-	1,081,740
Home and community services	938,392	-	-	938,392
Debt service:				
Principal	1,350,000	-	-	1,350,000
Interest	442,744	-	-	442,744
Issuance costs	-	-	87,720	87,720
Capital outlay:				
General government	-	601,970	-	601,970
Education	-	263,127	-	263,127
Public safety	-	1,756,845	-	1,756,845
Transportation	-	9,011,345	-	9,011,345
Total expenditures	<u>94,991,886</u>	<u>11,633,287</u>	<u>8,339,984</u>	<u>114,965,157</u>
Excess (deficit) of revenues over expenditures	<u>25,327,254</u>	<u>(2,340,376)</u>	<u>(5,243,066)</u>	<u>17,743,812</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	156,573	1,661,832	5,585,502	7,403,907
Interfund transfers out	(7,946,071)	(61,771)	(4,803)	(8,012,645)
Refunding bonds issued	-	-	3,620,000	3,620,000
Premium on refunding bonds issued	-	-	327,523	327,523
Payment to refunded bond escrow agent	-	-	(3,855,000)	(3,855,000)
Total other financing sources (uses)	<u>(7,789,498)</u>	<u>1,600,061</u>	<u>5,673,222</u>	<u>(516,215)</u>
Net change in fund balances	17,537,756	(740,315)	430,156	17,227,597
Fund balances - beginning	<u>44,376,208</u>	<u>4,994,109</u>	<u>1,389,274</u>	<u>50,759,591</u>
Fund balances - ending	<u>\$ 61,913,964</u>	<u>\$ 4,253,794</u>	<u>\$ 1,819,430</u>	<u>\$ 67,987,188</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, 2021**

Amounts reported for governmental activities in the Statement of Activities (page 17) are different because:

Net change in fund balances - total governmental funds (page 19)	\$	17,227,597	
<p>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 (\$19,425,557), less construction work in process placed in service (\$7,177,707) exceeded depreciation expense (\$5,284,143) in the current period.</p>			
			6,963,707
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales) is to decrease net position.</p>			
			(138,405)
<p>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.</p>			
			(187,586)
<p>Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.</p>			
Principal paid on bonds	\$	1,350,000	
Premium amortization		40,173	
Issuance of refunding bonds		(3,620,000)	
Payment to refunding escrow agent		3,855,000	
Premium on refunding bonds		<u>(327,523)</u>	
			1,297,650
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>			
Accrued interest on long-term debt	\$	(8,437)	
Change in compensated absences		(36,685)	
Changes in pension liabilities and related deferred outflows and inflows of resources		1,733,428	
Changes in OPEB liabilities and related deferred outflows and inflows of resources		<u>(50,805)</u>	
			<u>1,637,501</u>
Change in net position of governmental activities	\$		<u><u>26,800,464</u></u>

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds				
	TASC	Self Insurance	Workers' Compensation	Water	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 340,239	\$ 2,045,091	\$ 9,901,159	\$ 2,868,586	\$ 15,155,075
Accounts receivable	-	394,810	-	-	394,810
Intergovernmental receivables	-	-	-	2,145,866	2,145,866
Due from component unit	-	-	-	295,000	295,000
Prepays and other current assets	1,814	-	-	-	1,814
Total current assets	<u>342,053</u>	<u>2,439,901</u>	<u>9,901,159</u>	<u>5,309,452</u>	<u>17,992,565</u>
Noncurrent assets:					
Capital assets not being depreciated	-	-	-	408,511	408,511
Capital assets, net of accumulated depreciation	-	-	-	965,150	965,150
Total capital assets, net	-	-	-	1,373,661	1,373,661
Cash and cash equivalents - restricted	931,024	3,643,491	75,046	2,096,489	6,746,050
Due from component unit	-	-	-	3,130,000	3,130,000
Total noncurrent assets	<u>931,024</u>	<u>3,643,491</u>	<u>75,046</u>	<u>6,600,150</u>	<u>11,249,711</u>
Total assets	<u>1,273,077</u>	<u>6,083,392</u>	<u>9,976,205</u>	<u>11,909,602</u>	<u>29,242,276</u>
LIABILITIES					
Current liabilities:					
Accounts payable	1,528	448,794	54,459	999,224	1,504,005
Accrued liabilities	-	1,974,950	-	-	1,974,950
Accrued interest payable	65,367	-	-	51,464	116,831
Accretion payable	6,934,657	-	-	-	6,934,657
Due to other funds	-	-	2,406	-	2,406
Unearned revenues	-	16,157	-	-	16,157
Accrued and unpaid claim liabilities	-	-	95,185	-	95,185
Serial bonds payable	715,000	-	-	440,000	1,155,000
Total current liabilities	<u>7,716,552</u>	<u>2,439,901</u>	<u>152,050</u>	<u>1,490,688</u>	<u>11,799,191</u>
Noncurrent liabilities:					
Accrued and unpaid claim liabilities	-	-	6,710,815	-	6,710,815
Serial bonds payable	13,754,376	-	-	6,200,000	19,954,376
Total noncurrent liabilities	<u>13,754,376</u>	<u>-</u>	<u>6,710,815</u>	<u>6,200,000</u>	<u>26,665,191</u>
Total liabilities	<u>21,470,928</u>	<u>2,439,901</u>	<u>6,862,865</u>	<u>7,690,688</u>	<u>38,464,382</u>
NET POSITION (DEFICIT)					
Net investment in capital assets	-	-	-	224,742	224,742
Restricted	1,273,077	3,643,491	75,046	-	4,991,614
Unrestricted (deficit)	(21,470,928)	-	3,038,294	3,994,172	(14,438,462)
Total net position (deficit)	<u>\$ (20,197,851)</u>	<u>\$ 3,643,491</u>	<u>\$ 3,113,340</u>	<u>\$ 4,218,914</u>	<u>\$ (9,222,106)</u>

See notes to basic financial statements.

**COUNTY OF GENESEE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Business-Type Activities - Enterprise Funds				
	TASC	Self Insurance	Workers' Compensation	Water	Total
OPERATING REVENUES					
Charges for services	\$ -	\$ 11,381,655	\$ 3,122,553	\$ 6,232,812	\$ 20,737,020
Tobacco settlement revenues	902,008	-	-	-	902,008
Other operating revenues	-	1,818,662	84,446	2,597,157	4,500,265
Total operating revenues	<u>902,008</u>	<u>13,200,317</u>	<u>3,206,999</u>	<u>8,829,969</u>	<u>26,139,293</u>
OPERATING EXPENSES					
Salaries and employee benefits	-	-	26,365	-	26,365
Contractual expenses	24,294	12,801,182	1,833,290	8,848,193	23,506,959
Depreciation	-	-	-	19,900	19,900
Total operating expenses	<u>24,294</u>	<u>12,801,182</u>	<u>1,859,655</u>	<u>8,868,093</u>	<u>23,553,224</u>
Operating income (loss)	<u>877,714</u>	<u>399,135</u>	<u>1,347,344</u>	<u>(38,124)</u>	<u>2,586,069</u>
NONOPERATING REVENUES (EXPENSES)					
Accretion	(698,783)	-	-	-	(698,783)
Interest income	685	5,974	17,486	8,799	32,944
Interest expense	<u>(616,761)</u>	<u>-</u>	<u>-</u>	<u>(171,382)</u>	<u>(788,143)</u>
Total nonoperating revenues (expenses)	<u>(1,314,859)</u>	<u>5,974</u>	<u>17,486</u>	<u>(162,583)</u>	<u>(1,453,982)</u>
Income (loss) before transfers	(437,145)	405,109	1,364,830	(200,707)	1,132,087
Transfers in	-	183,738	-	515,000	698,738
Transfers out	<u>-</u>	<u>(70,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>(90,000)</u>
Change in net position	(437,145)	518,847	1,344,830	314,293	1,740,825
Net position (deficit) - beginning	<u>(19,760,706)</u>	<u>3,124,644</u>	<u>1,768,510</u>	<u>3,904,621</u>	<u>(10,962,931)</u>
Net position (deficit) - ending	<u>\$ (20,197,851)</u>	<u>\$ 3,643,491</u>	<u>\$ 3,113,340</u>	<u>\$ 4,218,914</u>	<u>\$ (9,222,106)</u>

See notes to basic financial statements.

**COUNTY OF GENESEE, NEW YORK
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Business-Type Activities - Enterprise Funds				
	TASC	Self Insurance	Workers' Compensation	Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ -	\$ 11,387,629	\$ 3,122,553	\$ 5,590,231	\$ 20,100,413
Payments to suppliers	(33,623)	(12,352,582)	(1,959,172)	(8,888,421)	(23,233,798)
Payments to employees	-	-	(26,365)	-	(26,365)
Proceeds from tobacco receipts	902,008	-	-	-	902,008
Other operating revenue	-	1,818,662	84,446	2,597,157	4,500,265
Net cash provided (used) by operating activities	<u>868,385</u>	<u>853,709</u>	<u>1,221,462</u>	<u>(701,033)</u>	<u>2,242,523</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies and transfers from (to) other funds	-	113,754	(17,610)	515,000	611,144
Repayment of component unit loans	-	-	-	290,000	290,000
Principal repayment of bonds payable	(300,000)	-	-	(290,000)	(590,000)
Interest payments on bonds payable	(616,761)	-	-	(95,207)	(711,968)
Net cash provided (used) by noncapital financing activities	<u>(916,761)</u>	<u>113,754</u>	<u>(17,610)</u>	<u>419,793</u>	<u>(400,824)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	-	-	(247,293)	(247,293)
Intergovernmental loan repayment	-	-	-	1,611,963	1,611,963
Principal repayment of bonds payable	-	-	-	(145,000)	(145,000)
Interest payments on bonds payable	-	-	-	(78,781)	(78,781)
Net cash provided by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,140,889</u>	<u>1,140,889</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	685	5,974	17,486	8,799	32,944
Net cash provided by investing activities	<u>685</u>	<u>5,974</u>	<u>17,486</u>	<u>8,799</u>	<u>32,944</u>
Net increase (decrease) in cash and cash equivalents	(47,691)	973,437	1,221,338	868,448	3,015,532
Cash and cash equivalents - beginning	<u>1,318,954</u>	<u>4,715,145</u>	<u>8,754,867</u>	<u>4,096,627</u>	<u>18,885,593</u>
Cash and cash equivalents - ending	<u>\$ 1,271,263</u>	<u>\$ 5,688,582</u>	<u>\$ 9,976,205</u>	<u>\$ 4,965,075</u>	<u>\$ 21,901,125</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position					
Cash and cash equivalents	\$ 340,239	\$ 2,045,091	\$ 9,901,159	\$ 2,868,586	\$ 15,155,075
Cash and cash equivalents - restricted	931,024	3,643,491	75,046	2,096,489	6,746,050
Total cash and cash equivalents	<u>\$ 1,271,263</u>	<u>\$ 5,688,582</u>	<u>\$ 9,976,205</u>	<u>\$ 4,965,075</u>	<u>\$ 21,901,125</u>

See notes to basic financial statements.

COUNTY OF GENESEE, NEW YORK
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)

	Business-Type Activities - Enterprise Funds				
	TASC	Self Insurance	Workers' Compensation	Water	Total
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>					
Operating income (loss)	\$ 877,714	\$ 399,135	\$ 1,347,344	\$ (38,124)	\$ 2,586,069
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	-	-	19,900	19,900
(Increase) in accounts receivable	-	(1,642)	-	-	(1,642)
(Increase) in due from other governments	-	-	-	(642,581)	(642,581)
(Increase) decrease in prepaids and other current assets	(101)	184,845	-	-	184,744
Increase (decrease) in accounts payable	(114)	55,407	(48,882)	(40,228)	(33,817)
Increase (decrease) in accrued liabilities	(9,114)	208,348	-	-	199,234
(Decrease) in accrued and unpaid claim liabilities	-	-	(77,000)	-	(77,000)
Increase in unearned revenues	-	7,616	-	-	7,616
Net cash provided (used) by operating activities	<u>\$ 868,385</u>	<u>\$ 853,709</u>	<u>\$ 1,221,462</u>	<u>\$ (701,033)</u>	<u>\$ 2,242,523</u>
<u>Supplemental disclosure of cash flow information:</u>					
Cash paid during the year for interest	<u>\$ 616,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 616,761</u>

See notes to basic financial statements.

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION – COMPONENT UNITS
DECEMBER 31, 2021

	<u>Community College</u>	<u>Economic Development Center</u>	<u>Soil and Water Conservation District</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 24,264,863	\$ 19,806,562	\$ 167,214	\$ 44,238,639
Cash and cash equivalents - restricted	-	-	1,304,378	1,304,378
Other receivables, net	7,698,377	651,157	238,974	8,588,508
Intergovernmental receivables	-	-	37,973	37,973
Prepays and current assets	798,187	45,483	9,327	852,997
Other assets	9,069,778	-	-	9,069,778
Long-term receivables, net	60,834	-	-	60,834
Land held for investment	-	19,467,282	-	19,467,282
Capital assets, net of accumulated depreciation	52,919,166	2,729	-	52,921,895
Aggregated net pension asset	3,755,598	-	-	3,755,598
Total assets	<u>98,566,803</u>	<u>39,973,213</u>	<u>1,757,866</u>	<u>140,297,882</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred OPEB outflows	1,261,900	-	15,759	1,277,659
Deferred pension outflows	8,734,601	597,836	-	9,332,437
Total deferred outflows of resources	<u>9,996,501</u>	<u>597,836</u>	<u>15,759</u>	<u>10,610,096</u>
LIABILITIES				
Current liabilities:				
Accounts payable	3,351,922	548,813	238,974	4,139,709
Accrued liabilities	22,893	29,545	-	52,438
Other liabilities	2,153,329	-	9,327	2,162,656
Agency liabilities	1,335,786	-	-	1,335,786
Unearned revenues	5,739,204	10,993,355	37,972	16,770,531
Loan payable	-	295,000	-	295,000
Mortgages payable	448,780	-	-	448,780
Paycheck Protection Program (PPP) loan payable	183,415	-	-	183,415
Restricted liabilities - customer deposits	70,000	-	-	70,000
Compensated absences	-	-	15,759	15,759
Noncurrent liabilities:				
Annuities payable	10,130	-	-	10,130
Capital lease payable	15,626	-	-	15,626
Loans payable	-	8,326,487	-	8,326,487
Mortgages payable	8,620,769	-	-	8,620,769
Other non-current liabilities	406,682	-	-	406,682
Total OPEB liability	4,151,728	-	-	4,151,728
Aggregated net pension liability	30,598	2,612	-	33,210
Total liabilities	<u>26,540,862</u>	<u>20,195,812</u>	<u>302,032</u>	<u>47,038,706</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB inflows	7,908	-	-	7,908
Deferred pension inflows	13,451,249	791,742	-	14,242,991
NYS Tuition Assistance	500,024	-	-	500,024
Total deferred inflows of resources	<u>13,959,181</u>	<u>791,742</u>	<u>-</u>	<u>14,750,923</u>
NET POSITION				
Net investment in capital assets	41,418,500	2,729	-	41,421,229
Restricted	9,412,143	425,837	1,304,378	11,142,358
Unrestricted	17,232,618	19,154,929	167,215	36,554,762
Total net position	<u>\$ 68,063,261</u>	<u>\$ 19,583,495</u>	<u>\$ 1,471,593</u>	<u>\$ 89,118,349</u>

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, 2021

	<u>Community College</u>	<u>Economic Development Center</u>	<u>Soil and Water Conservation District</u>	<u>Total</u>
OPERATING REVENUES				
Tuition and fees, net	\$ 8,880,103	\$ 3,707,404	\$ -	\$ 12,587,507
State grants and contracts	1,102,158	-	1,009,744	2,111,902
Federal grants and contracts	1,791,101	-	127,083	1,918,184
Nongovernmental grants and contracts	421,648	-	-	421,648
Auxiliary enterprises	1,168,854	-	-	1,168,854
County of Genesee	-	233,513	151,891	385,404
Economic development program support	-	300,000	-	300,000
Charges for services	-	-	41,851	41,851
Interest income on loans	-	3,313	-	3,313
Rent income	-	25,790	-	25,790
Grant income	-	7,600,661	-	7,600,661
Gain on sale of land held for development and sale	-	1,738,832	-	1,738,832
Other revenues	1,494,614	2,274	11,391	1,508,279
Total operating revenues	<u>14,858,478</u>	<u>13,611,787</u>	<u>1,341,960</u>	<u>29,812,225</u>
OPERATING EXPENSES				
Salaries and benefits	-	941,399	312,837	1,254,236
Site development	-	4,371,946	-	4,371,946
Educational and general expenditures	29,192,102	-	-	29,192,102
Financial aid and scholarships	4,143,464	-	-	4,143,464
Operation and maintenance	4,665,330	5,757	-	4,671,087
Depreciation	2,356,369	546	-	2,356,915
General and administrative	-	593,145	736,077	1,329,222
Auxiliary expenses	3,529,688	-	-	3,529,688
Total operating expenses	<u>43,886,953</u>	<u>5,912,793</u>	<u>1,048,914</u>	<u>50,848,660</u>
Operating income (loss)	<u>(29,028,475)</u>	<u>7,698,994</u>	<u>293,046</u>	<u>(21,036,435)</u>
NONOPERATING REVENUES (EXPENSES)				
County appropriations	2,636,374	-	-	2,636,374
Other counties' appropriations	11,797,481	-	-	11,797,481
Federal and State nonoperating grants	12,143,005	-	-	12,143,005
State appropriations	9,914,376	-	-	9,914,376
Investment income, net	1,135,211	8,746	407	1,144,364
Loss on sale of capital assets	(57)	-	-	(57)
Total nonoperating revenues (expenses)	<u>37,626,390</u>	<u>8,746</u>	<u>407</u>	<u>37,635,543</u>
Income before capital appropriations	8,597,915	7,707,740	293,453	16,599,108
Capital appropriations - state and county	363,000	-	-	363,000
Capital appropriations - private	10,000	-	-	10,000
Change in net position	8,970,915	7,707,740	293,453	16,972,108
Net position - beginning	<u>59,092,346</u>	<u>11,875,755</u>	<u>1,178,140</u>	<u>72,146,241</u>
Net position - ending	<u>\$ 68,063,261</u>	<u>\$ 19,583,495</u>	<u>\$ 1,471,593</u>	<u>\$ 89,118,349</u>

See notes to basic financial statements.

**COUNTY OF GENESEE, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUND
DECEMBER 31, 2021**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents - restricted	\$ <u>353,491</u>
Total assets	<u>353,491</u>
NET POSITION	
Restricted for:	
Bail deposits and court trust	36,719
Individuals	<u>316,772</u>
Total net position	\$ <u><u>353,491</u></u>

See notes to basic financial statements.

COUNTY OF GENESEE, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Bail deposits received	\$ 41,064
Interest earned	5
Social services receipts for individuals	<u>1,570,353</u>
Total additions	<u>1,611,422</u>
DEDUCTIONS	
Payments of bail deposits	11,501
Social services disbursements to individuals	<u>1,670,392</u>
Total deductions	<u>1,681,893</u>
Change in net position	(70,471)
Net position - beginning	<u>423,962</u>
Net position - ending	<u>\$ 353,491</u>

See notes to basic financial statements.

**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 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, 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 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

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 GAAP. During the year ended August 31, 2003, GCC implemented GASB Statement No. 34, No. 35 and No. 37. In accordance with those Statements, the financial statements of GCC are required to present a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows using the direct method. The statement of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses and the recognition of depreciation on capital assets. 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, 2021. 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 GAAP. The SWCD is discretely presented as a component unit in the accompanying financial statements. 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.

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 Genesee 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 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 are 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.

B. JOINT VENTURES

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

1. WATERSHED PROTECTION DISTRICT

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

Summary financial information from the Oak Orchard Small Watershed Protection District's unaudited financial statements for the year ended December 31, 2021 is as follows:

Assets	\$	114,413
Liabilities	\$	102
Fund balance	\$	114,311
Total revenues	\$	53,029
Total expenditures	\$	26,952

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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, 2021 is as follows:

Assets	\$	378,142
Liabilities	\$	22,600
Fund balance	\$	355,542
Total revenues	\$	122,034
Total expenditures	\$	124,006

C. BASIS OF PRESENTATION

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 major governmental fund types:

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.

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 governmental funds consolidated into the nonmajor governmental funds column:

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

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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.

Enterprise 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.

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.

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.

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.

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

Other Fund Types:

Fiduciary Funds are used to account for certain trust funds and other custodial funds. Custodial Funds report fiduciary activities not held in trust. 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.

Custodial Funds - This fund is used to account for activity related to mortgage tax for local governments, certain social services for individuals and bail deposits held on behalf of the court.

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities' column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

The governmental fund statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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.

E. 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-County 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, 2021, the taxes receivable amounted to \$3,591,602, which is net of an allowance for uncollected taxes of \$94,494. Current year returned village and school taxes of \$1,781,864 are offset by liabilities to the villages and school districts, which will be paid no later than April 15, 2022. The remaining portion of tax assets is partially offset by unavailable revenue of \$1,540,969, which represents the tax liens which will not be collected within the first sixty (60) days of the subsequent year.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

The New York State Constitution limits the amount of property taxes which may be raised for County purposes. The County had exhausted 65.35% of its constitutional tax limit as of December 31, 2021.

3. COMPENSATED ABSENCES

Vacation

The County's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from County 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 \$2,011,322 at December 31, 2021 for the governmental activities.

F. 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 investments with original maturities of three months or less from the date of acquisition.

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 and certain assets are considered restricted to support fund balance restrictions.

3. INVENTORY

All inventory is valued at cost using the first-in/first-out (FIFO) method for proprietary funds and include no realization reserve for the Road Machinery Fund. Inventory of the governmental fund are recorded as expenditures when purchased rather than when consumed.

4. PREPAID ITEMS

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

5. RECEIVABLES

Receivables are carried at their net realizable value. Accounts are written off as uncollectible after the likelihood of payment is considered remote by management. Generally accepted accounting principles require the establishment of an allowance for uncollectible accounts. The allowance for uncollectible accounts related to tax collections amounted to \$94,494 at December 31, 2021.

Management has deemed all other accounts receivable for the primary government 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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC 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 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. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

	Capitalization Threshold	Estimated Useful Life
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 Net Position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent 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 has two items that qualify for reporting in this category. They are deferred amounts related to pension and other postemployment benefits (OPEB) reported in the government-wide Statement of Net Position. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in assumptions and other pension and OPEB related changes.

In addition to liabilities, the Statement of Net Position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent 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. In the government-wide financial statements the County reports deferred amounts related to pension and OPEB. In the Balance Sheet – Governmental Funds, the County reports unavailable revenue related to property taxes.

See details of deferred pension outflows and inflows in Note 3.E. and deferred OPEB outflows and inflows in Note 3.F.

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. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types 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 unamortized bond premiums.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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.

10. 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.

11. 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. 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.

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.

G. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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 the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

H. ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2021, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* and Statement No. 98, *The Annual Comprehensive Financial Report*. The primary objectives of Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The primary objective of Statement No. 98 is to address references in authoritative literature to the term comprehensive annual financial report.

The County evaluated these statements and determined that there was no material impact on the financial statements.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the County, for their potential impact in future years.

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2022.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2022.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending December 31, 2021, except for paragraph 11b, which will be effective for the year ending December 31, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending December 31, 2022.
- Statement No. 99, *Omnibus 2022*, which will be effective based on individual applications. Earlier implementation is encouraged and permitted.
- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, which will be effective for the year ending December 31, 2024.
- Statement No. 101, *Compensated Absences*, which will be effective for the year ending December 31, 2024.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LEGAL COMPLIANCE - BUDGETS

Budgets and Budgetary Accounting - The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- No later than November 15th, the Budget Officer submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds except Capital Projects and the Fiduciary Funds.
- After public hearings are conducted to obtain taxpayer comments, no later than December 20th, the County Legislature adopts the budget. All modifications of the budget must be approved by the County Legislature, however, the Budget Officer/County Manager is authorized to transfer certain budgeted amounts within departments.
- Budgets are prepared for Proprietary Funds to establish the estimated contributions required from other funds and to control expenditures.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

B. DEFICIT FUND BALANCE AND NET POSITION

The TASC reported unrestricted deficit net position at December 31, 2021 in the amount of \$20,197,851. 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 3 - 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, obligations of the State and municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations

The County's aggregate bank balances were fully collateralized at December 31, 2021.

Restricted cash and cash equivalents are assets where their use is limited by legal requirements. The County's restricted cash and cash equivalents are required by statute to be reserved for various purposes. Restricted cash and cash equivalents consists of the following at year-end:

General Fund	\$	7,623,648
TASC Fund		931,024
Self Insurance Fund		3,643,491
Workers' Compensation Fund		75,046
Water Fund		2,096,489
Custodial Funds		353,491
Soil and Water Conservation District		1,304,378
Total restricted cash and cash equivalents	\$	<u>16,027,567</u>

Investment and Deposit Policy

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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, as provided in General Municipal Law, Section 10.

- 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.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

B. RECEIVABLES

Major revenues accrued by the County at December 31, 2021, include the following:

Accounts Receivable:

General Fund:

Mental Health	\$ 570,640
Miscellaneous	730,796
Total	<u>\$ 1,301,436</u>

Nonmajor Funds:

Interfund charges	\$ 432,700
Miscellaneous	189,164
Total	<u>\$ 621,864</u>

Self Insurance Fund:

GCC medical and dental	\$ 393,758
Miscellaneous	1,052
Total	<u>\$ 394,810</u>

Intergovernmental Receivables - represent the amounts due primarily from other local governments, municipalities, New York State and the federal government at December 31, 2021:

General Fund:

Sales tax	\$ 2,738,078
RF2 and 2A State and Federal	2,100,110
RF3 State	345,277
RF17 State and Federal	69,161
Indigent legal services	361,846
Unified court budget-security services	134,433
Community services/DSS - justice for children	151,005
Physically Handicapped Children - Education	1,110,185
Programs for the Aging	477,045
Public Health	746,914
Disaster assistance	110,110
Miscellaneous receivables	823,086
Total	<u>\$ 9,167,250</u>

**COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

Capital Projects Fund:

State and federal reimbursements - Airport	\$ 63,364
State and federal reimbursements - DOT	4,053,849
State and federal reimbursements - CHIPS/PAVE NY/EWR	1,373,027
State and federal reimbursements - GCC Emergency power	241,435
Total	<u>\$ 5,731,675</u>

Nonmajor Funds:

Special grant receivables	<u>\$ 143,370</u>
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Water Fund

Monroe County Water Authority	\$ 704,330
City of Batavia	535,880
Town of Batavia	732,643
Villages - Elba and Oakfield	173,013
Total	<u>\$ 2,145,866</u>

C. DUE FROM COMPONENT UNIT

During 2017 the County entered into a water supply agreement with the GCEDC whereas the GCEDC agreed to make twelve annual payments to the County commencing in January 2020 and ending after the final payment in January 2031 in the amount of \$4,000,000 with interest and principal payments beginning after January 1, 2018 and January 1, 2020, respectively. The allocation of principal and interest was determined based on the principal agreeing to the principal being paid by the County on the related general obligation serial bonds.

	<u>Balance</u> <u>01/01/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2021</u>	<u>Due Within</u> <u>One Year</u>
Business-Type Activities					
GCEDC - water improvements	\$ <u>3,715,000</u>	\$ <u>-</u>	\$ <u>290,000</u>	\$ <u>3,425,000</u>	\$ <u>295,000</u>

Year ending December 31,	<u>Due from component unit</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 295,000	\$ 89,359
2023	305,000	83,166
2024	315,000	76,381
2025	325,000	68,775
2026	335,000	60,106
2027-2031	<u>1,850,000</u>	<u>141,750</u>
Total	<u>\$ 3,425,000</u>	<u>\$ 519,537</u>

D. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2021, is as follows:

	<u>Balance</u> <u>01/01/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2021</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,593,013	\$ 1,000	\$ -	\$ 2,594,013
Construction work in process	<u>3,215,237</u>	<u>6,742,213</u>	<u>7,177,707</u>	<u>2,779,743</u>
Total capital assets not being depreciated	<u>\$ 5,808,250</u>	<u>\$ 6,743,213</u>	<u>\$ 7,177,707</u>	<u>\$ 5,373,756</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

	Balance 01/01/2021	Increases	Decreases	Balance 12/31/2021
Capital assets being depreciated:				
Buildings	75,268,772	2,925,835	-	78,194,607
Other capital assets	18,910,425	548,269	628,545	18,830,149
Machinery & equipment	7,257,996	530,499	322,273	7,466,222
Infrastructure	89,991,345	8,677,741	24,134	98,644,952
Total capital assets, being depreciated	191,428,538	12,682,344	974,952	203,135,930
Less accumulated depreciation:				
Buildings	22,187,644	1,378,373	-	23,566,017
Other capital assets	13,319,351	1,394,142	545,232	14,168,261
Machinery & equipment	3,588,036	475,205	282,111	3,781,130
Infrastructure	32,699,334	2,036,423	9,204	34,726,553
Total accumulated depreciation	71,794,365	5,284,143	836,547	76,241,961
Total capital assets being depreciated, net	119,634,173	7,398,201	138,405	126,893,969
Governmental activities capital assets, net	\$ 125,442,423	\$ 14,141,414	\$ 7,316,112	\$ 132,267,725

Depreciation expense was charged to the functions/programs of the governmental activities as follows:

General government	\$ 680,515
Public safety	1,435,313
Health	2,154
Transportation	3,102,727
Economic assistance and opportunity	63,434
Total depreciation expense - governmental activities	\$ 5,284,143

	Balance 01/01/2021	Increases	Decreases	Balance 12/31/2021
Business-Type Activities:				
Capital assets not being depreciated:				
Construction work in process	\$ 161,218	\$ 247,293	\$ -	\$ 408,511
Total capital assets not being depreciated	161,218	247,293	-	408,511
Capital assets being depreciated:				
Infrastructure	995,000	-	-	995,000
Total capital assets, being depreciated	995,000	-	-	995,000
Less accumulated depreciation:				
Infrastructure	9,950	19,900	-	29,850
Total accumulated depreciation	9,950	19,900	-	29,850
Total capital assets being depreciated, net	985,050	(19,900)	-	965,150
Business-type activities capital assets, net	\$ 1,146,268	\$ 227,393	\$ -	\$ 1,373,661

**COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

E. 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 (the System). 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.

The County's participation in the System includes GCC, however, the allocation for the GCC portion of the pension plan is excluded from the information in this section for the County's presentation purposes.

Funding Policy

The System is noncontributory, except for employees who joined after July 27, 1976, who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010, who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. Under the authority of 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, 2021, the County reported the following liability for their proportionate share of the net pension liability to the System. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020. 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. This information was made available by the System in a report provided to the County.

	<u>ERS</u>
Measurement date	March 31, 2021
Net pension liability	\$ 119,549
County's portion of the Plan's total net pension liability	0.1200606 %
Change in proportion since the prior measurement date	0.0099090
Pension expense at December 31, 2021	\$ 2,686,324

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

At December 31, 2021 the County's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	ERS	ERS
Differences between expected and actual experience	\$ 1,460,019	\$ -
Change of assumptions	21,981,231	414,572
Net difference between projected and actual earnings on pension plan investments	-	34,341,553
Changes in proportion and differences between the County's contributions and proportionate share of contributions	684,367	1,443,205
County's contributions subsequent to the measurement date	<u>3,400,136</u>	<u>-</u>
Total	<u>\$ 27,525,753</u>	<u>\$ 36,199,330</u>

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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS
<u>Year ended March 31:</u>	
2022	\$ (2,424,873)
2023	(1,051,215)
2024	(1,969,906)
2025	(6,627,719)
2026	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of the March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuation used the following actuarial assumptions.

	ERS
Inflation	2.7 %
Salary increases	4.4
Investment rate of return (net of investment expense, including inflation)	5.9
Cost of living adjustments	1.4

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2020. The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 are summarized below:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Asset Class:		
Domestic equity	32.0 %	4.1 %
International equity	15.0	6.3
Private equity	10.0	6.8
Real estate	9.0	5.0
Absolute return strategies	3.0	4.5
Opportunistic funds/portfolio	4.0	3.6
Real assets	3.0	6.0
Bonds and mortgages	23.0	-
Cash	1.0	0.5
Total	<u>100.0 %</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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 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 or 1-percentage point higher than the current rate:

	<u>1% Decrease (4.9%)</u>	<u>Current Assumption (5.9%)</u>	<u>1% Increase (6.9%)</u>
County's proportionate share of the net pension liability/(asset)	\$ 33,182,216	\$ 119,549	\$ (30,371,968)

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2021 were as follows:

	<u>Dollars in Thousands</u>	
	<u>ERS</u>	
Employers' total pension liability	\$	220,680,157
Plan net position		220,580,583
Employers' net pension liability	\$	<u>99,574</u>
Ratio of plan net position to the employers' total pension liability		99.95%

Prepays to the Pension Plan

Employer contributions are paid annually based on the ERS fiscal year which ends on March 31st. Prepaid retirement contributions as of December 31, 2021 represent the employer contribution for the period of January 1, 2022 through March 31, 2022 based on the retirement invoice for the Plan year April 1, 2021 through March 31, 2022. Prepaid retirement contributions as of December 31, 2021 amounted to \$1,133,374.

F. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

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

Funding Policy

The obligations of the plan members, employers and other entities are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. The County 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.

As of the January 1, 2020 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	33
Inactive employees entitled to but not receiving benefit payments	-
Active employees	505
Total	<u>538</u>

The County's total OPEB liability of \$932,780 was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the actuarial valuation for the fiscal year ended December 31, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20 %
Salary scale	3.00 %
Discount rate	2.12 %
Healthcare cost trend rates	6.75 %
Retirees' share of benefit-related costs:	
Retiree	20.00 %
Retiree's spouse	50.00 %

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

The discount rate was based on a 20-year tax-exempt general obligation municipal bond rated AA/Aa or higher as of the measurement date.

The mortality tables were updated to the RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward using scale MP-2019.

Retirement and termination assumptions reflect general published tables based on large-scale retirement plan population data. The plan's estimated termination and retirement experience is then analyzed, and the base table is adjusted accordingly as necessary. No formal experience study is prepared for this plan.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at January 1, 2020 - measurement date	\$ 936,762
Changes for the year:	
Service cost	35,552
Interest	25,219
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	39,038
Benefit payments	<u>(103,791)</u>
Net changes	<u>(3,982)</u>
Balance at January 1, 2021 - measurement date	<u>\$ 932,780</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.74 percent on January 1, 2020 to 2.12 percent on January 1, 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate.

	<u>1% Decrease (1.12%)</u>	<u>Discount Rate (2.12%)</u>	<u>1% Increase (3.12%)</u>
Total OPEB liability	\$ <u>999,400</u>	\$ <u>932,780</u>	\$ <u>870,684</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease (5.75% decreasing to 2.94%)</u>	<u>Healthcare Cost Trend Rates (6.75% decreasing to 3.94%)</u>	<u>1% Increase (7.75% decreasing to 4.94%)</u>
Total OPEB liability	\$ <u>839,504</u>	\$ <u>932,780</u>	\$ <u>1,043,427</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the County recognized OPEB expense of \$142,418. At December 31, 2021, the County reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 164,772	\$ -
Changes of assumptions or other inputs	113,919	17,279
Contributions subsequent to the measurement date	91,613	-
Total	<u>\$ 370,304</u>	<u>\$ 17,279</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:

2022	\$ 81,647
2023	81,647
2023	50,871
2025	41,404
2026	5,843

G. 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 principal of general long-term debt, not yet matured, 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 postemployment benefits, and net pension liability. A summary of changes in the County's long-term liabilities for the year ended December 31, 2021 are presented as follows:

	<u>Balance 01/01/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2021</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 15,130,000	\$ 3,620,000	\$ 5,205,000	\$ 13,545,000	\$ 1,385,000
Plus: unamortized premium	120,143	327,523	40,173	407,493	60,266
Compensated absences	1,974,637	121,828	85,143	2,011,322	201,132
Total OPEB liability	936,762	99,809	103,791	932,780	-
Net pension liability *	<u>29,168,790</u>	<u>-</u>	<u>29,049,241</u>	<u>119,549</u>	<u>-</u>
Total governmental activities	<u>\$ 47,330,332</u>	<u>\$ 4,169,160</u>	<u>\$ 34,483,348</u>	<u>\$ 17,016,144</u>	<u>\$ 1,646,398</u>

* Additions/reductions to the net pension liability are presented net.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

	Balance 01/01/2021	Additions	Reductions	Balance 12/31/2021	Due Within One Year
Business-Type Activities					
Bonds payable:					
General obligation bonds	\$ 7,075,000	\$ -	\$ 435,000	\$ 6,640,000	\$ 440,000
TASC IV	11,455,000	-	300,000	11,155,000	715,000
Subordinate turbo CABs					
TASC IV Series 2005	1,458,440	-	-	1,458,440	-
TASC V	1,855,936	-	-	1,855,936	-
Workers' compensation	6,883,000	1,257,392	1,334,392	6,806,000	95,185
Total business-type activities	\$ 28,727,376	\$ 1,257,392	\$ 2,069,392	\$ 27,915,376	\$ 1,250,185
Total primary government	\$ 76,057,708	\$ 5,426,552	\$ 36,552,740	\$ 44,931,520	\$ 2,896,583

Current Refunding of Debt

The County issued \$3,620,000 in public improvement bonds with a variable interest rate of 1.00% to 4.00%. The proceeds were used to current refund \$3,855,000 of outstanding 2009 and 2014 public improvement bonds which had an interest rate of 2.25-4.00%. The net proceeds of \$3,855,000 (including a \$327,523 premium and after payment of \$92,523 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2009 and 2014 public improvement bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The County refunded the 2009 and 2014 public improvement bonds to reduce its total debt service payments over 12 years by \$390,208 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$355,542.

Long-term debt maturity schedule:

Purpose	Original Issue Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding Balance 12/31/2021
Governmental activities					
<i>Bonds issued by the County:</i>					
County Public Facility Building - Ref 2007	03/2017	\$ 2,315,000	3.00%	10/2027	\$ 1,340,000
Radio System	06/2013	4,200,000	3.00%	06/2023	955,000
Airport - Ref 2014	09/2021	3,105,000	1.00%	12/2034	3,105,000
					5,400,000
Add: Unamortized Premium					407,493
Total bonds issued by the County					5,807,493
<i>Bonds issued by the County for GCC:</i>					
GCC Athletic Fields - Ref 2009	09/2021	515,000	1.00%	09/2024	515,000
Community College Project	02/2015	9,326,464	2.50%	08/2039	7,630,000
Total bonds issued by the County for GCC					8,145,000
Total governmental activities					\$ 13,952,493

**COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

Purpose	Original Issue Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding Balance 12/31/2021
Business-type activities:					
<i>Bonds issued by the County:</i>					
Water supply extension - STAMP	04/2018	4,000,000	2.00%	04/2031	\$ 3,425,000
Water supply extension - Phase II	08/2019	3,500,000	2.125%	08/2039	3,215,000
Total bonds issued by the County					<u>6,640,000</u>
<i>Bonds issued by TASC:</i>					
TASC IV Bonds - Turbo Term Bonds	-	-	6.25%	06/2041	4,700,000
TASC IV Bonds - Turbo Term Bonds	-	-	5.00%	06/2042	3,925,000
TASC IV Bonds - Turbo Term Bonds	-	-	5.00%	06/2045	2,530,000
Subordinate Turbo CAB - TASC IV Bonds - Series 2005	-	-	0.00%	06/2050	784,054
Subordinate Turbo CAB - TASC IV Bonds - Series 2005	-	-	0.00%	06/2055	674,386
Subordinate Turbo CAB - TASC V Bonds	-	-	7.85%	06/2060	1,855,936
Total bonds issued by TASC					<u>14,469,376</u>
Total business-type activities					<u>\$ 21,109,376</u>
Total primary government					<u>\$ 35,061,869</u>

Summary schedule of maturing debt - The following is a summary of maturing debt service requirements for the County's serial bonds, TASC term bonds and capital appreciation bond:

Year ending December 31,	Governmental Activities		
	Serial Bonds		
	Principal	Interest	Premium
2022	\$ 1,385,000	\$ 377,485	\$ 60,266
2023	1,415,000	345,350	48,948
2024	950,000	319,475	38,168
2025	795,000	296,725	35,247
2026	820,000	272,575	35,247
2027-2031	3,455,000	1,011,600	123,963
2032-2036	3,145,000	522,075	65,656
2037-2039	1,580,000	103,837	-
Total	<u>\$ 13,545,000</u>	<u>\$ 3,249,122</u>	<u>\$ 407,493</u>

Year ending December 31,	Business-Type Activities	
	Serial Bonds	
	Principal	Interest
2022	\$ 440,000	\$ 165,056
2023	455,000	155,784
2024	470,000	145,813
2025	480,000	134,913
2026	495,000	122,950
2027-2031	2,710,000	400,056
2032-2036	960,000	156,094
2037-2039	630,000	34,669
Total	<u>\$ 6,640,000</u>	<u>\$ 1,315,335</u>

**COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

Year ending December 31,	Business-Type Activities (con't)			
	Tobacco Asset Securitization Corp			
	Term Bonds		Capital Appreciation Bond	
	Principal	Interest	Principal	Accretion
2022	\$ 715,000	\$ 655,950	\$ -	\$ 509,545
2023	85,000	641,500	-	550,329
2024	-	629,000	-	594,378
2025	-	613,375	-	641,953
2026	-	594,625	-	693,335
2027-2031	1,400,000	2,679,375	-	4,393,441
2032-2036	2,300,000	2,054,375	-	6,456,617
2037-2041	3,350,000	1,263,250	-	9,488,672
2042-2046	3,305,000	338,875	-	13,944,590
2047-2051	-	-	-	20,493,025
2052-2056	-	-	-	30,116,632
2057-2060	-	-	1,855,936	29,151,395
Total	\$ <u>11,155,000</u>	\$ <u>9,470,325</u>	\$ <u>1,855,936</u>	\$ <u>117,033,912</u>

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

Subordinate Turbo CABs - Redeemable in annual installments of various amounts beginning June 1, 2045 through June 1, 2050. This is a noninterest 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 noninterest bearing bond.	<u>674,386</u>
Total	<u>\$ 1,458,440</u>

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

In conjunction with the advanced refunding, TASC completed the sale of Series 2005D and 2005E capital appreciation bonds carrying varying yields and were sold discounted (zero coupon). As required by accounting principles generally accepted in the United States of America, 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 TASC are redeemed. Funds expected to be used for redemption of these bonds will come from the tobacco settlement revenue (TSR) and payments are not anticipated until 2026. Increase to the bond values was \$227,000 for the year ending December 31, 2021. At December 31, 2021 accretion payable for TASC IV Series 2005 amounted to \$2,424,505.

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

Accretion expense for TASC V bond payable amounts to \$471,783 and accretion payable amounted to \$4,510,152 for the year ended December 31, 2021.

**COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

H. NET POSITION AND FUND BALANCE

Net Position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net capital assets. Accumulated depreciation and debt used to fund capital asset purchases reduce the balance in this category. The following presents a reconciliation of capital assets (net of accumulated depreciation), to net investment in capital assets:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 132,267,725	\$ 1,373,661
Bonds payable used for capital assets	(5,400,000)	(3,215,000)
Unamortized premiums related to bonds payable used for capital assets	(396,323)	-
Other capital-related liabilities	(1,366,599)	(30,408)
Unspent debt proceeds	-	2,096,489
Net investment in capital assets	<u>\$ 125,104,803</u>	<u>\$ 224,742</u>

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted net position are consistent with restricted fund balance amounts at December 31, 2021.

Unrestricted net position – This category represents net position of the County not restricted for any project or other purpose.

Fund Balance

In the governmental fund financial statements there are five classifications of fund balance:

Nonspendable – represents amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balances maintained by the County at December 31, 2021 include:

- *Prepaid items* – represents amounts prepaid to the retirement system and other miscellaneous items that are applicable to future accounting periods. This balance is nonspendable as the asset does not represent an available resource.
- *Inventory* – represents nonspendable inventory in the Road Machinery Fund.

Restricted – represents amounts with constraints placed on the use of resources and are either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

- *Restricted for capital projects* – represents funds to be used for construction, reconstruction and or acquisition of capital improvements and equipment.
- *Restricted for debt service* – represents unspent debt proceed funds to be used towards future debt service requirements.
- *Restricted for miscellaneous purposes* – represents funds required to be used for the following purposes:

Sheriff (State and Federal) programs	\$ 26,891
STOP DWI program	156,940
District attorney	11,357
Bed tax	160,481
Other	43,658
Total restricted for miscellaneous purposes	<u>\$ 399,327</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Committed – represents amounts that are subject to a purpose constraint imposed by a formal action of the County’s highest level of decision-making authority. As of December 31, 2021, the County had no committed fund balance.

Assigned – represents amounts that are constrained by the County’s intent to be used for the specified purposes noted below but are neither restricted nor committed.

- *Assigned for subsequent years’ expenditures* – represents available fund balance being appropriated to meet expenditure requirements in the 2022 fiscal year.
- *Assigned for encumbrances* – represent amounts related to unperformed contracts for goods and services.
- *Assigned for specific use* – represents fund balances within the General Fund and special revenue funds that are assigned for a specific purpose. The purpose of the special revenue fund’s assignments relates to each fund’s operations and represents amounts within funds that are not committed or restricted.

Unassigned – represents the residual classification of the General Fund’s surplus. Residual deficit amounts of other governmental funds would also be reported as unassigned.

Detail of Fund Balances

As of December 31, 2021, governmental fund balances were classified as follows:

	General	Capital Projects	Nonmajor Funds	Total
<u>Nonspendable:</u>				
Inventory	\$ -	\$ -	\$ 123,227	\$ 123,227
Prepaid items	1,044,794	-	88,580	1,133,374
<u>Restricted:</u>				
Capital	7,219,518	-	-	7,219,518
Debt service	4,803	-	-	4,803
Miscellaneous	399,327	-	-	399,327
<u>Assigned:</u>				
Subsequent years' expenditures	2,077,484	-	563,442	2,640,926
Encumbrances -				
General government	340,724	-	-	340,724
Public safety	58,875	-	-	58,875
Health	20,306	-	-	20,306
Economic assistance and opportunity	2,350	-	-	2,350
Sales tax	15,845,949	-	-	15,845,949
State training school	17,436	-	-	17,436
Medicaid	2,109,592	-	-	2,109,592
Mental health	753,778	-	-	753,778
Jail debt service	10,502,595	-	-	10,502,595
Animal shelter	36,870	-	-	36,870
K-9 donations	8,175	-	-	8,175
Medical insurance	1,000,000	-	-	1,000,000
Roads and bridges	520,513	-	-	520,513
Broadband Infrastructure	3,000,000	-	-	3,000,000
County road	-	-	385,371	385,371
Road machinery	-	-	574,851	574,851
Special grant - job development	-	-	83,959	83,959
Capital projects	-	4,253,794	-	4,253,794
<u>Unassigned:</u>				
General Fund	16,950,875	-	-	16,950,875
Total	<u>\$ 61,913,964</u>	<u>\$ 4,253,794</u>	<u>\$ 1,819,430</u>	<u>\$ 67,987,188</u>

**COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. INTERFUND ACTIVITY

Interfund receivables, payables and transfers as of and for the year ended December 31, 2021, are as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General	\$ 4,008,697	\$ 2,212,490	\$ 156,573	\$ 7,946,071
Capital projects	2,212,490	3,973,054	1,661,832	61,771
Nonmajor governmental funds	-	33,237	5,585,502	4,803
Self insurance	-	-	183,738	70,000
Workers' compensation	-	2,406	-	20,000
Water	-	-	515,000	-
Total	\$ 6,221,187	\$ 6,221,187	\$ 8,102,645	\$ 8,102,645

To improve cash management, all County accounts are pooled into a consolidated bank account. The interfund receivables and payables arise due to a reclassification of negative pooled cash and are short term in nature and are typically repaid in less than one year.

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 4 – OPERATING LEASE AGREEMENTS

The County has entered into various operating leases in excess of \$100,000. The future minimum operating lease payments as of December 31, 2021 are as follows:

<u>Year Ending December 31:</u>	Mental Health Building	County Water	County Career Center	Total
	2022	\$ 698,028	\$ 550,000	\$ 126,000
2023	708,498	550,000	126,000	1,384,498
2024	719,125	550,000	126,000	1,395,125
2025	729,912	550,000	126,000	1,405,912
2026	740,861	550,000	-	1,290,861
2027-2029	751,974	1,650,000	-	2,401,974
Total	\$ 4,348,398	\$ 4,400,000	\$ 504,000	\$ 9,252,398

NOTE 5 - CONTINGENCIES

A. COUNTY 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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

B. GENESEE TOBACCO ASSET SECURITIZATION CORPORATION (TASC) CONTINGENCIES

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 6 - COMMITMENTS

County - MCWA Agreement:

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. During the year ended December 31, 2021, the County began paying on the debt issued for phase II of the project.

The future obligations and the net present value of these payments as of December 31, 2021, were as follows:

<u>Year Ending December 31:</u>	<u>Phase I</u>	<u>Phase II</u>	<u>Total</u>
2022	\$ 1,085,633	\$ 1,002,850	\$ 2,088,483
2023	1,087,698	1,002,475	2,090,173
2024	1,090,856	1,001,350	2,092,206
2025	1,086,063	999,475	2,085,538
2026	1,081,372	1,001,725	2,083,097
2027-2031	5,416,155	4,990,375	10,406,530
2032-2036	5,393,784	4,983,725	10,377,509
2037-2041	-	4,976,650	4,976,650
2042-2046	-	4,967,925	4,967,925
2047-2050	-	3,954,700	3,954,700
Total payments	<u>16,241,561</u>	<u>28,881,250</u>	<u>45,122,811</u>
Less: amount representing net interest and admin fees	3,916,561	9,267,766	13,184,327
Present value of payments	<u>\$ 12,325,000</u>	<u>\$ 19,613,484</u>	<u>\$ 31,938,484</u>

County – Construction Commitments:

The County has entered into agreements with vendors for various projects. Significant projects and the remaining commitments are presented below:

<u>Project Name:</u>	<u>Remaining Commitments as of 12/31/2021</u>
Jail construction	\$ 1,813,033
Airport projects	1,510,534
Bridge projects	893,509
Water projects	4,497,997
Total significant construction commitments	<u>\$ 8,715,073</u>

NOTE 7 - 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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

The schedule below presents the changes in the County’s estimated claims since December 31, 2019 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.

	<u>Workers'</u> <u>Compensation</u>	<u>Major</u> <u>Medical</u>
Estimated claims as of December 31, 2019	\$ 7,632,000	\$ 2,052,856
Claims incurred and adjustments during 2020	(2,136,438)	10,427,641
Payments made during 2020	<u>1,387,438</u>	<u>(10,713,895)</u>
Estimated claims as of December 31, 2020	6,883,000	1,766,602
Claims incurred and adjustments during 2021	1,257,392	12,186,340
Payments made during 2021	<u>(1,334,392)</u>	<u>(11,977,992)</u>
Estimated claims as of December 31, 2021	<u>\$ 6,806,000</u>	<u>\$ 1,974,950</u>

NOTE 8 – LABOR CONTRACTS

The County’s employees operate under four collective bargaining units and all of the contracts are settled through either December 31, 2022 or December 31, 2023, dependent upon the respective bargaining unit.

NOTE 9 – TAX ABATEMENTS

The Genesee Industrial Economic Development Agency d/b/a Genesee County Economic Development Corporation (the Agency), created by Chapter 565 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively “the Act”), has sixty-one real property tax abatement agreements with various businesses in the County under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act for the purpose of economic development in the County.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in said individual agreements. Should the property owner not comply with the policies and laws as set forth in each agreement, the PILOT will discontinue as outlined in each agreement.

As a result of these tax abatement agreements, for the year ended December 31, 2021, the County’s total tax revenues were reduced by \$1,073,221. Copies of the agreements may be obtained from the County Treasurer, County Building #1, 15 Main Street, Batavia, NY 14020.

NOTE 10 – SUBSEQUENT EVENTS

On January 5, 2022, the County Legislature approved a resolution to authorize the issuance of up to \$70,000,000 in public improvement serial bonds for construction of a new jail. These bonds were issued March 15, 2022.

On June 1, 2021 the County received \$5,562,985 from the Federal government, half of the County’s allocated funds from the American Rescue Plan Act (ARPA). Subsequent to yearend, on June 9, 2022, the County received the second half of their allocation of ARPA funding, an additional \$5,562,985.

Management has evaluated subsequent events through June 27, 2022, which is the date the financial statements are available for issuance, and have determined, with exception to the events noted in the above paragraph, that there are no subsequent events that require disclosure under generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS *

Total OPEB Liability	Year Ended December 31,			
	2018	2019	2020	2021
Service cost	\$ 20,231	\$ 25,688	\$ 22,238	\$ 35,552
Interest	21,186	26,922	29,178	25,219
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	192,090	-	145,808	-
Changes of assumptions or other inputs	53,326	(33,329)	94,696	39,038
Benefit payments	<u>(55,904)</u>	<u>(84,390)</u>	<u>(89,167)</u>	<u>(103,791)</u>
Net change in total OPEB liability	230,929	(65,109)	202,753	(3,982)
Total OPEB liability - beginning	<u>568,189</u>	<u>799,118</u>	<u>734,009</u>	<u>936,762</u>
Total OPEB liability - ending	\$ <u>799,118</u>	\$ <u>734,009</u>	\$ <u>936,762</u>	\$ <u>932,780</u>
Covered-employee payroll	\$ 26,432,017	\$ 26,686,029	\$ 28,991,540	\$ 27,806,015
Total OPEB liability as a percentage of covered-employee payroll	3.0%	2.8%	3.2%	3.4%

* This Schedule is intended to show information for ten years. Additional years will be included as they become available.

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Year Ended December 31,							
	2014	2015	2016	2017	2018	2019	2020	2021
<i>Employees' Retirement System</i>								
Measurement date	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
County's proportion of the net pension liability	0.1254780%	0.1254780%	0.1248693%	0.1245932%	0.1207253%	0.1084528%	0.1101516%	0.1200606%
County's proportionate share of the net pension liability	\$ <u>5,670,178</u>	\$ <u>4,238,956</u>	\$ <u>20,041,862</u>	\$ <u>11,707,050</u>	\$ <u>3,896,342</u>	\$ <u>7,684,207</u>	\$ <u>29,168,790</u>	\$ <u>119,549</u>
County's covered payroll	\$ 26,930,419	\$ 27,048,403	\$ 28,343,915	\$ 28,759,832	\$ 24,712,163	\$ 25,352,736	\$ 26,478,733	\$ 26,528,909
County's proportionate share of the net pension liability as a percentage of its covered payroll	21.1%	15.7%	70.7%	40.7%	15.8%	30.3%	110.2%	0.5%
Plan fiduciary net position as a percentage of the total pension liability	97.2%	97.9%	90.7%	94.7%	98.2%	96.3%	86.4%	99.95%

* This Schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF THE COUNTY'S PENSION CONTRIBUTIONS – EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	Year Ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Employees' Retirement System</u>										
Contractually required contribution	\$ 5,362,190	\$ 6,007,667	\$ 5,547,616	\$ 4,899,802	\$ 4,663,488	\$ 4,080,538	\$ 3,940,249	\$ 4,519,878	\$ 4,036,448	\$ 4,419,752
Contributions in relation to the contractually required contribution	<u>5,362,190</u>	<u>6,007,667</u>	<u>5,547,616</u>	<u>4,899,802</u>	<u>4,663,488</u>	<u>4,080,538</u>	<u>3,940,249</u>	<u>4,519,878</u>	<u>4,036,448</u>	<u>4,419,752</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
County's covered payroll	**	**	**	**	**	\$ 24,633,222	\$ 25,214,633	\$ 26,171,323	\$ 27,293,173	\$ 27,636,270
Contributions as a percentage of covered payroll	**	**	**	**	**	16.6%	15.6%	17.3%	14.8%	16.0%

** Information was not available.

The notes to the required supplementary information are an integral part of this schedule.

**COUNTY OF GENESEE, NEW YORK
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 31,451,727	31,451,727	\$ 31,639,313	\$ 187,586
Real property tax items	986,053	986,053	1,233,235	247,182
Non-property taxes	38,672,354	44,619,378	49,981,622	5,362,244
Departmental income	8,858,855	8,883,890	7,445,776	(1,438,114)
Intergovernmental charges	1,612,037	1,612,037	1,691,530	79,493
Use of money and property	679,208	679,208	828,572	149,364
Licenses and permits	33,000	33,000	28,569	(4,431)
Fines and forfeitures	144,500	145,799	154,627	8,828
Sale of property and compensation for loss	102,525	102,525	106,557	4,032
Miscellaneous local sources	329,399	201,831	184,287	(17,544)
Interfund revenues	857,059	979,979	1,053,881	73,902
State sources	14,641,292	16,518,542	17,580,873	1,062,331
Federal sources	9,307,525	10,900,390	8,390,298	(2,510,092)
	<u>107,675,534</u>	<u>117,114,359</u>	<u>120,319,140</u>	<u>3,204,781</u>
EXPENDITURES				
Current:				
General government	30,764,179	36,615,432	29,833,375	6,782,057
Education	5,820,676	5,820,676	5,428,959	391,717
Public safety	18,951,279	19,484,380	17,854,716	1,629,664
Health	11,907,368	14,714,127	12,509,141	2,204,986
Transportation	1,018,025	1,018,025	800,119	217,906
Economic assistance and opportunity	30,310,339	30,307,982	24,752,700	5,555,282
Culture and recreation	1,216,235	1,251,128	1,081,740	169,388
Home and community services	968,729	968,729	938,392	30,337
Debt service:				
Principal	1,350,000	1,350,000	1,350,000	-
Interest	423,929	442,744	442,744	-
	<u>102,730,759</u>	<u>111,973,223</u>	<u>94,991,886</u>	<u>16,981,337</u>
Excess of revenues over expenditures	4,944,775	5,141,136	25,327,254	20,186,118
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	160,303	160,303	156,573	(3,730)
Interfund transfers out	<u>(7,545,378)</u>	<u>(7,946,072)</u>	<u>(7,946,071)</u>	<u>1</u>
Total other financing sources (uses)	<u>(7,385,075)</u>	<u>(7,785,769)</u>	<u>(7,789,498)</u>	<u>(3,729)</u>
Net change in fund balance **	(2,440,300)	(2,644,633)	17,537,756	20,182,389
Fund balance - beginning	<u>44,376,208</u>	<u>44,376,208</u>	<u>44,376,208</u>	<u>-</u>
Fund balance - ending	<u>\$ 41,935,908</u>	<u>\$ 41,731,575</u>	<u>\$ 61,913,964</u>	<u>\$ 20,182,389</u>

** The net change in fund balance is included in the budget as an appropriation (i.e. spenddown) of fund balance and re-appropriation of prior year encumbrances.

**COUNTY OF GENESEE, NEW YORK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

NOTE 1 - BUDGETARY INFORMATION

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.

NOTE 2 – RETIREMENT SYSTEM PENSION

The Schedule of the County's Proportionate Share of the Net Pension Liability and the Schedule of the County's Pension Contributions are both presented with the County's allocation of the New York State Local Retirement System information, excluding the portion attributed to GCC.

The County's proportionate share of the net pension liability of the pension system is significantly dependent on the performance of the stock market and the funds that the retirement system invests in. The discount rate in effect at each measurement date is as follows

	<u>ERS</u>
<u>Year ended March 31:</u>	
2021	5.90%
2020	6.80%
2019	7.00%
2018	7.00%
2017	7.00%
2016	7.00%
2015	7.50%

NOTE 3 – FACTORS AFFECTING TRENDS IN RETIREE HEALTH PLAN (OPEB)

The County's retiree health plans most significant factors and assumptions affecting the total OPEB liability are as follows:

	<u>Inflation Rate</u>	<u>Salary Scale</u>	<u>Single Discount Rate</u>	<u>Healthcare Cost Trend Rate</u>
<u>Year Ended December 31:</u>				
2021	2.20%	3.00%	2.12%	6.75%
2020	2.20%	3.00%	2.74%	7.00%
2019	2.20%	3.00%	4.10%	6.75%
2018	2.20%	3.00%	3.44%	6.75%

FEDERAL FINANCIAL ASSISTANCE

**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
<i>Passed through New York State Health and Human Services</i>				
<i>SNAP Cluster</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	OTDA 21-LCM-02/OTDA 20-LCM-01; NYSFRM, Vol. 1-3	\$ -	\$ 628,200
<i>Total SNAP Cluster</i>			-	628,200
<i>Total U.S. Department of Agriculture</i>			-	628,200
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed through Office of Lead Hazard Control and Healthy Homes</i>				
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	NYLHB0730-19	97,068	249,026
<i>Total U.S. Department of Housing and Urban Development</i>			97,068	249,026
<u>U.S. Department of Justice</u>				
<i>Passed through Division of Criminal Justice Services:</i>				
National Criminal History Improvement Program	16.554	T662349	-	6,627
<i>Total U.S. Department of Justice</i>			-	6,627
<u>U.S. Department of Labor</u>				
<i>Passed through Livingston County:</i>				
Trade Adjustment Assistance	17.245	PY2021-2	-	8,258
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	TET PY18-1	-	2,312
<i>WIOA Cluster</i>				
WIOA Adult Program	17.258	PY2021-2	-	186,557
WIOA Youth Activities	17.259	PY2021-2	-	187,168
WIOA Dislocated Worker Formula Grants	17.278	PY2021-2	-	137,374
<i>Total WIOA Cluster</i>			-	511,099
<i>Total U.S. Department of Labor</i>			-	521,669
<u>U.S. Department of Transportation</u>				
<i>Direct Program:</i>				
Airport Improvement Program	20.106	---	-	32,910
COVID-19 - Airport Improvement Program	20.106	---	-	45,000
<i>Total Airport Improvement Program</i>			-	77,910
<i>Passed through New York State Department of Transportation:</i>				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	D040234; D040014; D036224; D036147; D040102; D036148; D036145; D036150	-	3,825,562
<i>Total Highway Planning and Construction Cluster</i>			-	3,825,562

See notes to schedule of expenditures of federal awards.

**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
<i>Passed through New York State Governor's Traffic Safety Committee:</i>				
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	T006672; T006851	-	11,169
National Priority Safety Programs	20.616	00206-(019); HS1-2021; HS1-2022	-	17,722
<i>Total Highway Safety Cluster</i>			-	28,891
<i>Total U.S. Department of Transportation</i>			-	3,932,363
<u>U.S. Department of Treasury</u>				
<i>Direct Program:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	---	-	157,927
<i>Total U.S. Department of Treasury</i>			-	157,927
<u>U.S. Department of Education</u>				
<i>Passed through New York State Department of Health:</i>				
Special Education - Grants for Infants and Families	84.181	C-31634GG; C-36406GG	-	35,544
<i>Total U.S. Department of Education</i>			-	35,544
<u>U.S. Department of Health and Human Services</u>				
<i>Direct Program:</i>				
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	---	-	40,680
<i>Passed through New York State Department of Health:</i>				
Public Health Emergency Preparedness	93.069	1607-14; 1607-15	16,643	50,551
Guardianship Assistance	93.090	NYSFRM, Vol 1-3	-	830
Immunization Cooperative Agreements	93.268	C32518GG; T36099GG	-	46,785
COVID-19 - Immunization Cooperative Agreements	93.268	C36932GG	-	16,225
<i>Total Immunization Cooperative Agreements</i>			-	63,010
Drug Abuse and Addiction Research Programs	93.279	GG015428	-	70,147
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	6795-01	-	228,479
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	6450-01	-	241,398
<i>Total Epidemiology and Laboratory Capacity for Infectious Diseases</i>			-	469,877
Child Abuse and Neglect State Grants	93.669	20-OCFS-LCM-19; 18-OCFS-LCM-19	1,500	7,905
Children's Health Insurance Program	93.767	NYSFRM, Vol. 1-3	-	62,940
<i>Medicaid Cluster</i>				
Medical Assistance Program	93.778	NYSFRM, Vol. 1-3; A4490; A4491	24,358	1,112,225
<i>Total Medicaid Cluster</i>			24,358	1,112,225
Maternal and Child Health Services Block Grant to the States	93.994	C30894GG; C32662GG; C36989GG; C35717GG	-	44,685

See notes to schedule of expenditures of federal awards.

**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
<i>Passed through New York State Department of Social Services:</i>				
Temporary Assistance for Needy Families	93.558	NYSFRM, Vol. 1-3	-	7,497
Temporary Assistance for Needy Families	93.558	OTDA 12-LCM-11	-	15,040
Temporary Assistance for Needy Families	93.558	NYSFRM, Vol. 1-3;	-	475,555
		NYSFRM, Vol. 1-3; OTDA 20-ADM-11;		
Temporary Assistance for Needy Families	93.558	OTDA 21-ADM-03	-	1,748,386
Temporary Assistance for Needy Families	93.558	18-OCFS-LCM-13; 19-OCFS-LCM-22	25,000	25,000
<i>Total Temporary Assistance for Needy Families</i>			<u>25,000</u>	<u>2,271,478</u>
<u>CCDF Cluster</u>				
Child Care and Development Block Grant	93.575	21-OCFS-LCM-19; 20-OCFS-LCM-12	-	523,474
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	21-OCFS-LCM-19	-	52,866
<i>Total CCDF Cluster</i>			<u>-</u>	<u>576,340</u>
Child Support Enforcement Research	93.563	NYSFRM, Vol. 1-3	-	274,827
Low-Income Home Energy Assistance	93.568	OTDA 21-LCM-04; OTDA 21-LCM-23	-	142,116
Foster Care Title IV-E	93.658	NYSFRM, Vol. 1-3	-	798,774
Adoption Assistance	93.659	NYSFRM, Vol. 1-3	-	370,371
		21-OCFS-LCM-23; 20-OCFS-LCM-10;		
Social Services Block Grant	93.667	NYSFRM, Vol. 1-3	-	539,090
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	21-OCFS-LCM-07; 19-OCFS-LCM-08	-	22,773
<i>Passed through New York State Office for the Aging:</i>				
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	1000004328	-	2,003
COVID-19 - Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	1000004328	-	28,689
National Family Caregiver Support, Title III, Part E	93.052	1000004328	-	29,920
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	1000004328	-	10,029
<i>Total National Family Caregiver Support, Title III, Part E</i>			<u>-</u>	<u>39,949</u>
<u>Aging Cluster</u>				
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	1000004328	-	66,666
COVID-19 - Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	1000004328	-	28,049
Special Programs for the Aging-Title III, Part C -Nutrition Services	93.045	1000004328	-	75,143
COVID-19 - Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	1000004328; H19974089.3	-	47,566
Nutrition Services Incentive Program	93.053	1000004328	-	23,837
<i>Total Aging Cluster</i>			<u>-</u>	<u>241,261</u>
Medicare Enrollment Assistance Program	93.071	1000004328	-	13,144
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	1000004328	-	28,139

See notes to schedule of expenditures of federal awards.

**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021 (CONTINUED)**

<u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Federal Expenditures</u>
<i>Passed through Health Research, Inc:</i>				
Injury Prevention and Control Research and State and Community Based Programs	93.136	6161-02; 6161-03	31,937	54,454
<i>Passed through National Association of County and City Health Officials:</i>				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	2021-061001	-	35,000
<i>Total U.S. Department of Health and Human Services</i>			<u>99,438</u>	<u>7,361,258</u>
<u>Corporation for National and Community Service</u>				
<i>Direct Program:</i>				
Retired and Senior Volunteer Program	94.002	---	-	53,992
<i>Total Corporation for National and Community Service</i>			<u>-</u>	<u>53,992</u>
<u>Department of Homeland Security</u>				
<i>Passed through New York State Division of Homeland Security and Management Services:</i>				
Homeland Security Grant Program	97.067	C837789	-	138,631
Homeland Security Grant Program	97.067	C837798	-	14,154
Homeland Security Grant Program	97.067	C970780	-	28,222
Homeland Security Grant Program	97.067	C970790	-	60,912
Homeland Security Grant Program	97.067	C970700	-	10,805
Homeland Security Grant Program	97.067	T180176	-	2,766
Homeland Security Grant Program	97.067	T970782	-	21,734
Homeland Security Grant Program	97.067	T970792	-	16,045
<i>Total Homeland Security Grant Program</i>			<u>-</u>	<u>293,269</u>
Emergency Management Performance Grant	97.042	T897705	-	16,540
COVID-19 - Emergency Management Performance Grant	97.042	T970704	-	8,409
<i>Total Emergency Management Performance Grant Program</i>			<u>-</u>	<u>24,949</u>
<i>Total U.S. Department of Homeland Security</i>			<u>-</u>	<u>318,218</u>
Total Expenditures of Federal Awards			\$ <u>196,506</u>	\$ <u>13,264,824</u>

See notes to schedule of expenditures of federal awards.

**COUNTY OF GENESEE, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) 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 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

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. 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 – INDIRECT COST

The County has elected not to use the 10-percent de minimis indirect cost rate allowable under the Uniform Guidance.

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, 2021, 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 27, 2022. 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 includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Report on 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) as a basis for designing 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 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 or significant deficiencies may exist that have not been identified.

Report on 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 financial statements. 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 27, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Genesee, New York's (the County) compliance with the types of compliance requirements identified as subject to audit 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, 2021. 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.

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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance

requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Freed Maxick CPAs, P.C.

Batavia, New York
June 27, 2022

**COUNTY OF GENESEE, NEW YORK
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

	Yes	<u>X</u>	No
	Yes	<u>X</u>	None reported

Noncompliance material to the financial statements noted?

	Yes	<u>X</u>	No
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Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

	Yes	<u>X</u>	No
	Yes	<u>X</u>	None reported

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

Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	Yes	<u>X</u>	No
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Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

	<u>X</u>	Yes	No
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II. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings noted for the year ended December 31, 2021.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings or questioned costs noted for the year ended December 31, 2021.

**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

I. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings noted for the year ended December 31, 2020.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings or questioned costs noted for the year ended December 31, 2020.

**NEW YORK STATE TRANSPORTATION
ASSISTANCE EXPENDED**

REPORT ON COMPLIANCE FOR EACH MAJOR NEW YORK STATE TRANSPORTATION ASSISTANCE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH DRAFT PART 43 OF NYCRR

INDEPENDENT AUDITOR'S REPORT

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

Report On Compliance For Each Major New York State Transportation Assistance Program

Opinion on Each Major New York State Transportation Assistance 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 each major New York State transportation assistance program for the year ended December 31, 2021. The County's major New York State transportation assistance program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for New York State Transportation Assistance Expended.

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 New York State transportation assistance programs for the year ended December 31, 2021.

Basis for Opinion on Each Major New York State Transportation Assistance Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of preliminary Draft Part 43 of the NYCRR. Our responsibilities under those standards and the preliminary Draft Part 43 of the NYCRR are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major New York State transportation assistance program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's major New York State transportation assistance program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the preliminary Draft Part 43 of the NYCRR will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major New York State transportation assistance program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the preliminary Draft Part 43 of the NYCRR, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the preliminary Draft Part 43 of the NYCRR, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 New York State transportation assistance program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a New York 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 New York 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 internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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 the NYCRR. Accordingly, this report is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
June 27, 2022

**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF NEW YORK STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Grantor/Program Title</u>	<u>NYS DOT Contract/ Reference Number</u>	<u>NYS DOT Expenditures</u>
Consolidated Local Street and Highway Improvement Program (CHIPS) Aid	410000	\$ 2,147,668
PAVE-NY	410000	617,042
Extreme Winter Recovery (EWR)	410000	418,097
Marchiselli Aid – Bridge Projects	D036224; D040014	159,466
Airport Improvement Program	3-36-0006-42-19; 4902.05; 4902.06	580,921
NYS Companion Animal Grant	AGM01-C00254GG-3000000	<u>200,000</u>
Total New York State Transportation Assistance Expended		\$ <u><u>4,123,193</u></u>

See notes to the schedule of New York State transportation assistance expended.

**COUNTY OF GENESEE, NEW YORK
NOTES TO THE SCHEDULE OF NEW YORK STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

**COUNTY OF GENESEE, NEW YORK
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR
 THE NEW YORK STATE TRANSPORTATION ASSISTANCE EXPENDED
 FOR THE YEAR ENDED DECEMBER 31, 2021**

I. SUMMARY OF AUDITOR’S RESULTS

Internal control over major New York State transportation assistance 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 New York State transportation assistance programs:

Unmodified

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

Identification of major New York State transportation assistance program(s):

Name of State Program or Cluster:

Consolidated Local Street and Highway Improvement Program (CHIPs) Aid

II. NEW YORK STATE TRANSPORTATION ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no New York State Transportation Assistance findings or questioned costs noted for the year ended December 31, 2021.