

**AUDITED
BASIC FINANCIAL STATEMENTS**

COUNTY OF GENESEE, NEW YORK

DECEMBER 31, 2018

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Genesee, New York (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Genesee Tobacco Asset Securitization Corporation (TASC), which represents 5.64%, 160.39% and 4.69%, respectively, of the assets, deficit net position, and operating revenues of the business-type activities. We also did not audit the financial statements of Genesee Community College, Genesee County Economic Development Center and the Genesee County Soil and Water Conservation District, which represent 100% of the assets, net position, and operating revenues of the discretely presented component units. Those statements, with the exception of Genesee County Soil and Water Conservation District, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Genesee Community College, Genesee County Economic Development Center and TASC is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County, as of December 31, 2018, 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.

Emphasis of Matter

As stated in Note 1, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* for the year ended December 31, 2018.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards, 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019 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 28, 2019

Management's Discussion and Analysis County of Genesee, New York Fiscal Year Ended December 31, 2018

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, 2018. 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 \$123,580 of which approximately \$107,239 was the net investment in capital assets.
- The County's total primary government governmental activities net position increased approximately \$7,049 from the prior year less \$293 related to the restatement of the beginning net position due to the implementation of GASB Statement No. 75. This increase is due primarily to the increase in capital assets from the prior year.
- During the year ended December 31, 2018 the County's primary government invested \$13,619 in governmental activities capital assets, including \$7,743 in buildings and improvements, \$4,394 in infrastructure, and \$1,482 in equipment, machinery, and other capital assets.
- The County tax rate was \$10.07 per thousand dollars of assessed value in 2018, which was the same rate per thousand dollars of assessed value as the 2017 County tax rate.

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the County, reporting the County's operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services such as public safety and transportation were financed in the short term as well as what remains for future spending.
- The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its TASC, Workers' Compensation, Self-Insurance and Water funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles and for its management information systems however these services were turned over to an outside entity in 2018. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.
- Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the TASC, Workers' Compensation, Water and Self Insurance, which are considered to be major funds of the County. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.
- Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others.

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

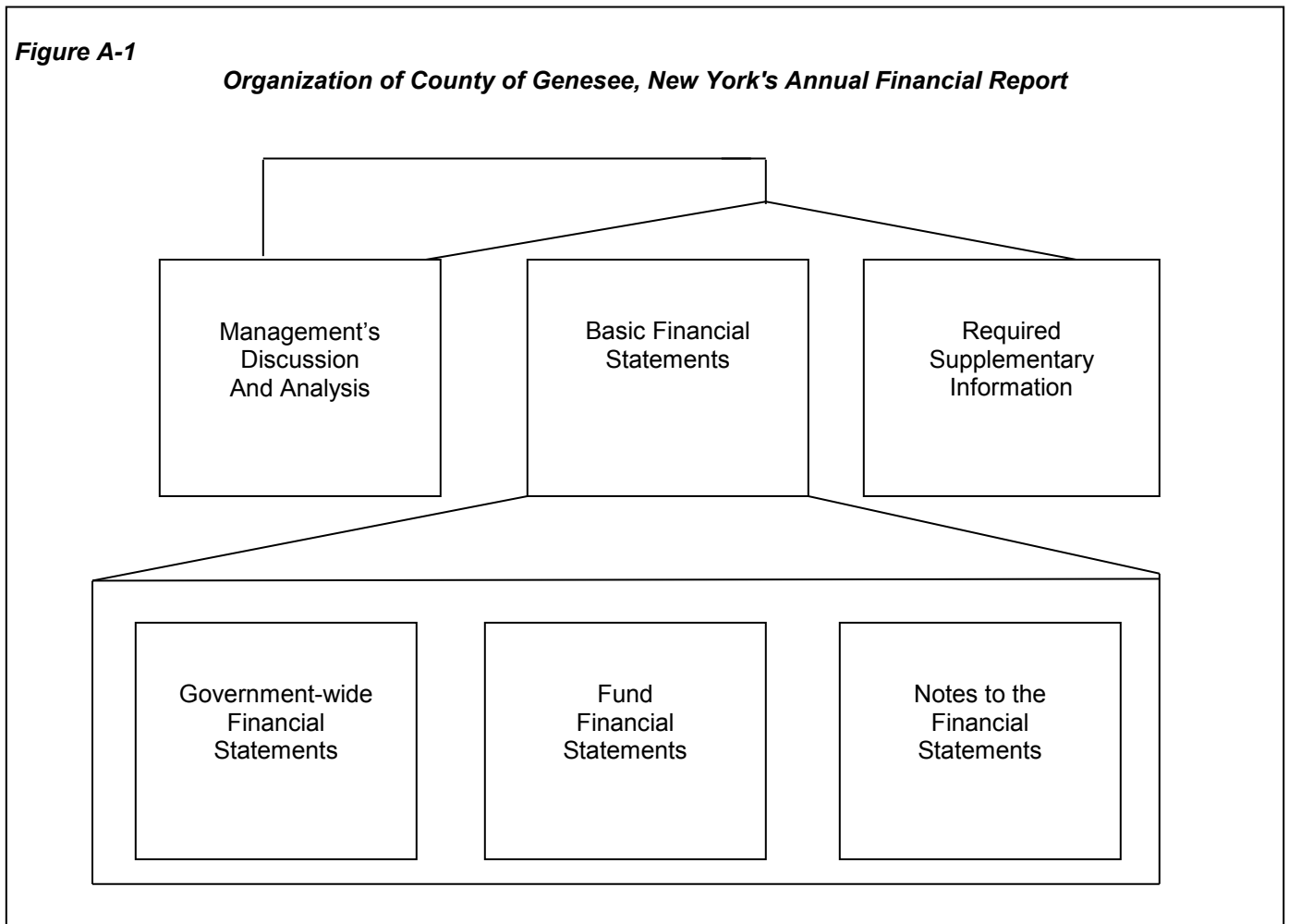


Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of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

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

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
<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>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>
<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>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 up and liabilities that come due during the year or soon thereafter; generally no capital assets or long-term liabilities included</i>	<i>All assets and liabilities, both financial and capital, short-term and long-term</i>
<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>

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 and one internal service fund. The County's enterprise funds are 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 5.26% to approximately \$135,272. 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 26.40% primarily due to the net pension liability in the amount of \$3,896, which is a \$7,811 decrease from the prior year. The unrestricted net deficit in the County's business-type activities changed slightly from the prior year with an increase of 1.11%.

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
	2018	2017		2018	2017	
Current and other assets	\$ 59,717	\$ 60,784	-1.76%	\$ 22,612	\$ 18,474	22.40%
Capital assets, net	115,555	108,644	6.36%	-	-	0.00%
Total assets	175,272	169,428	3.45%	22,612	18,474	22.40%
Deferred outflows of resources	12,883	9,715	32.61%	-	-	0.00%
Noncurrent liabilities	24,896	33,825	-26.40%	26,755	22,865	17.01%
Other liabilities	14,816	14,166	4.59%	7,550	6,601	14.38%
Total liabilities	39,712	47,991	-17.25%	34,305	29,466	16.42%
Deferred inflows of resources	13,171	2,636	399.66%	-	-	0.00%
Net investment in capital assets	107,239	99,588	7.68%	-	-	0.00%
Restricted	17,025	18,546	-8.20%	6,370	6,873	-7.32%
Unrestricted (deficit)	11,008	10,382	6.03%	(18,063)	(17,865)	-1.11%
Total net position (deficit)	\$ 135,272	\$ 128,516	5.26%	\$ (11,693)	\$ (10,992)	-6.38%

Governmental activities. Governmental activities increased the County's net position by \$7,049, primarily from the increased investment in capital assets.

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

	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2018	2017		2018	2017	
Program Revenues:						
Charges for services	\$ 12,612	\$ 27,000	-53.29%	\$ 14,414	\$ 14,410	0.03%
Tobacco settlement revenues	-	-	0.00%	767	709	8.18%
Operating grants and contributions	22,913	21,417	6.99%	-	-	0.00%
Capital grants and contributions	7,855	13,277	-40.84%	-	-	0.00%
General Revenues:						
Property taxes, special assessments and property tax items	30,446	29,818	2.11%	-	-	0.00%
Non-property taxes	43,277	39,707	8.99%	-	-	0.00%
Investment income	1,188	849	39.93%	250	98	155.10%
Miscellaneous	486	501	-2.99%	1,175	1,453	-19.13%
Gain on sale of capital assets	229	31	-638.71%	-	-	0.00%
Net change in fair value of investments	-	(80)	-100.00%	-	(11)	-100.00%
Total revenues	119,006	132,520	-10.20%	16,606	16,659	-0.32%
Program Expenses:						
General government	33,846	30,760	10.03%	-	-	0.00%
Education	5,800	17,668	-67.17%	-	-	0.00%
Public safety	17,849	19,739	-9.57%	-	-	0.00%
Health	11,707	12,982	-9.82%	-	-	0.00%
Transportation	10,696	10,209	4.77%	-	-	0.00%
Economic assistance and opportunity	28,493	34,446	-17.28%	-	-	0.00%
Culture and recreation	969	1,188	-18.43%	-	-	0.00%
Home and community service	955	957	-0.21%	-	-	0.00%
TASC	-	-	0.00%	1,238	1,232	0.49%
Self insurance	-	-	0.00%	10,804	9,374	15.25%
Workers' compensation	-	-	0.00%	1,926	2,759	-30.19%
Water	-	-	0.00%	4,455	3,727	19.53%
Interest on debt	526	593	-11.30%	-	-	0.00%
Total expenses	110,841	128,542	-13.77%	18,423	17,092	7.79%

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

	Governmental Activities		Total Percentage Change	Business-Type Activities		Total Percentage Change
	2018	2017		2018	2017	
Income (loss) before transfers and special items	8,165	3,978	-105.25%	(1,817)	(433)	-319.63%
Transfers	(1,116)	(1,083)	3.05%	1,116	1,083	3.05%
Special items	-	15,867	100.00%	-	(4,486)	100.00%
Total transfers and special items	(1,116)	14,784	107.55%	1,116	(3,403)	-132.79%
Change in net position	7,049	18,762	-62.43%	(701)	(3,836)	-81.73%
Net position (deficit) - beginning, as previously stated	128,516	109,754	17.09%	(10,992)	(7,156)	53.61%
Restatement - see Note 11	(293)	-	-100.00%	-	-	-100.00%
Net position (deficit) - beginning, as restated	128,223	109,754	16.83%	(10,992)	(7,156)	53.61%
Net position (deficit) - ending	<u>\$ 135,272</u>	<u>\$ 128,516</u>	<u>5.26%</u>	<u>\$ (11,693)</u>	<u>\$ (10,992)</u>	<u>-6.38%</u>

Governmental activities increased the County's net position by \$7,049 and business-type activities decreased the County's net position by \$701, the increase from governmental activities was primarily due to the increase in capital assets from the prior year.

Governmental Activities

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

County of Genesee, New York						
Net Cost of Governmental Activities - Primary Government						
(in thousands of dollars)						
	Total Cost of Services		Total Percentage Change	Net Cost of Services		Total Percentage Change
	2018	2017		2018	2017	
General government	\$ 33,846	\$ 30,760	10.03%	\$ 29,935	\$ 25,169	18.94%
Education	5,800	\$ 17,668	-67.17%	4,732	16,117	-70.64%
Public safety	17,849	\$ 19,739	-9.57%	14,167	8,176	73.28%
Health	11,707	\$ 12,982	-9.82%	1,275	(7,614)	-116.75%
Transportation	10,696	\$ 10,209	4.77%	647	2,491	74.03%
Economic assistance and opportunity	28,493	\$ 34,446	-17.28%	16,006	21,430	-25.31%
Culture and recreation	969	\$ 1,188	-18.43%	796	775	2.71%
Home and community service	955	\$ 957	-0.21%	(624)	(289)	-115.92%
Interest on debt	526	593	-11.30%	526	593	-11.30%
Total	<u>\$ 110,841</u>	<u>\$ 128,542</u>	<u>-13.77%</u>	<u>\$ 67,460</u>	<u>\$ 66,848</u>	<u>0.92%</u>

Fluctuations within the functions is primarily due to capitalization of assets and certain expenditures related to the Nursing Home that were incurred by the County under the Health function in the prior year.

Financial Analysis of The County's Funds

The fund balance of the General Fund decreased approximately \$3,450 from 2017. In the 2019 budget the County budgeted \$1,771 of fund balance to be used for the ensuing year. The unassigned portion of fund balance, formerly called undesignated fund balance, decreased \$807 in 2018, with a December 31, 2018 balance of \$16,031.

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)			
2018			
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Fund Balance/ Net Position</u>
General Fund	\$ 107,995	\$ 111,445	\$ 40,631
Capital Projects Fund	15,630	14,286	1,859
TASC	791	1,238	(18,753)
Self Insurance	10,380	10,920	5,163
Workers' Compensation	2,345	1,942	(186)
Water	4,353	4,470	2,083
2017			
	<u>Revenues</u>	<u>Expenditures/ Expenses</u>	<u>Fund Balance/ Net Position</u>
General Fund	\$ 131,301	\$ 109,855	\$ 44,081
Capital Projects Fund	15,444	21,488	515
Nursing Home	11,382	15,867	-
TASC	720	1,251	(18,306)
Self Insurance	10,752	9,462	5,703
Workers' Compensation	2,357	2,777	(589)

The revenues and expenditures above include other financing sources and uses, as well as, special items.

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 94.3% of the budgeted amount allowed.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to \$107,239 (net of related debt). This investment in capital assets includes land, 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	
	2018	2017	2018	2017
Land	\$ 2,573	\$ 2,573	\$ -	\$ -
Buildings and improvements	53,157	47,989	-	-
Machinery & equipment	3,791	3,491	-	-
Other capital assets	7,120	8,017	-	-
Infrastructure	48,914	46,165	-	-
Internal service - motor pool	-	409	-	-
Total	<u>\$ 115,555</u>	<u>\$ 108,644</u>	<u>\$ -</u>	<u>\$ -</u>

Long-Term Obligations

At the end of the current year, the County's governmental activities had total bonded debt outstanding of \$18,130. This entire amount is backed by the full faith and credit of the County of Genesee. Additional information on the County's long-term obligations can be found in Note 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	
	2018	2017	2018	2017
General obligation bonds issued by the County of Genesee	\$ 18,130	\$ 19,760	\$ 4,000	\$ -
Plus: unamortized premium	184	216	-	-
Turbo term bonds and subordinate turbo CABs issued by the Tobacco Asset Securitization Corporation	-	-	14,969	15,070
Compensated absences	1,886	1,867	-	-
Other post employment benefit obligations	799	275	-	-
Workers' compensation	-	-	7,786	7,795
Net pension liability	3,897	11,707	-	-
Total	\$ 24,896	\$ 33,825	\$ 26,755	\$ 22,865

Factors Bearing on the County's Future

- 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 3% in 2019 and it is likely that further increases in the future will be necessary. All of the County's collective bargaining agreements are set to expire at the end of 2019 so it is unknown at this time what the yearly wage increases will be beyond 2019.
- The 2019 County tax rate decreased \$0.03 per thousand compared to the 2018 tax rate. The County did not override the tax cap with the 2019 budget.
- The County has continued to maintain a favorable AA- bond rating with Standard & Poor's in 2018. This rating reflects well on the financial standing of the County.
- New York State employer retirement rates for the County are expected to be level over the next couple of years.
- Sales tax revenue increased by approximately 9% from 2017 to 2018. Sales tax revenue received in the beginning of 2019 is comparable to the amount received during this same time period in 2018. The State recently adopted legislation to enable the collection of more online sales tax revenue, however, the State is going to withhold a significant portion of the increase to pay for aid funding to local towns and villages. The net result of this is unknown at this point, but it is not estimated to be significant. The County is also working to finalize a new sales tax sharing agreement with local municipalities to replace the existing agreement that is set to expire at the end of 2019. The new agreement will hopefully allow the County to retain a larger portion of sales tax over time to be utilized for significant capital projects.

Factors Bearing on the County's Future (continued)

- The County's ability to handle ever increasing State mandates has been greatly limited due to the tax cap passed by the State Legislature, which was recently made permanent. This legislation caps the County's ability to raise the tax levy by 2% or the rate of inflation, whichever is lower. This legislation is a concern for future budgets as the State is beginning to determine eligibility for certain State aid based on whether the County stays within the tax cap.
- The State has mandated that the County needs to replace its existing jail facilities. The County is in the early stages of this project with the intention of beginning construction on a new facility in 2020. The preliminary estimated cost of this project prior to any design work being completed is approximately \$50 million. The County intends to pay for this project in the long term with increased sales tax revenues from a revised sharing agreement and the County also has reserve funds set aside to help cover future debt payments.

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, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 7,994,556	\$ 4,256,348	\$ 12,250,904	\$ 29,265,425
Investments	34,842,088	12,078,032	46,920,120	-
Accounts receivable	1,414,152	335,589	1,749,741	11,668,568
Taxes receivable, net	3,652,707	-	3,652,707	-
State and federal receivables	7,561,277	-	7,561,277	-
Due from other governments	2,935,017	922,968	3,857,985	151,891
Inventory	116,112	-	116,112	-
Prepays and other current assets	1,147,753	7,598	1,155,351	322,790
Other assets	-	-	-	7,609,790
Land held for investment	-	-	-	13,068,322
Cash and cash equivalents - restricted	53,772	1,012,163	1,065,935	-
Due from component unit	-	4,000,000	4,000,000	-
Capital assets not being depreciated	2,573,492	-	2,573,492	-
Capital assets, net of accumulated depreciation	112,980,999	-	112,980,999	51,145,518
Net pension asset	-	-	-	466,288
Total assets	<u>175,271,925</u>	<u>22,612,698</u>	<u>197,884,623</u>	<u>113,698,592</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred OPEB outflows	290,350	-	290,350	3,589
Deferred pension outflows	12,592,986	-	12,592,986	5,871,806
Total deferred outflows of resources	<u>12,883,336</u>	<u>-</u>	<u>12,883,336</u>	<u>5,875,395</u>
LIABILITIES				
Accounts payable	10,088,324	843,922	10,932,246	1,876,090
Accrued liabilities	-	1,591,993	1,591,993	48,475
Accrued interest payable	166,791	127,716	294,507	-
Accretion payable	-	4,979,699	4,979,699	-
Due to fiduciary fund	586,440	1,136	587,576	-
Due to other governments	2,082,971	-	2,082,971	1,365,767
Other liabilities	-	-	-	445,293
Agency liabilities	-	-	-	1,395,017
Unearned revenues	1,892,164	5,479	1,897,643	16,278,579
Restricted liabilities - customer deposits	-	-	-	76,000
Noncurrent liabilities:				
Due and payable within one year	1,900,535	637,366	2,537,901	1,053,165
Due and payable after one year	22,995,223	26,118,010	49,113,233	19,260,584
Total liabilities	<u>39,712,448</u>	<u>34,305,321</u>	<u>74,017,769</u>	<u>41,798,970</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB inflows	-	-	-	17,400
Deferred pension inflows	13,170,664	-	13,170,664	4,768,637
NYS tuition assistance	-	-	-	813,813
Total deferred inflows of resources	<u>13,170,664</u>	<u>-</u>	<u>13,170,664</u>	<u>5,599,850</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	107,239,322	-	107,239,322	45,308,621
Restricted for:				
Capital projects	16,770,176	-	16,770,176	-
Debt service	53,772	-	53,772	-
Miscellaneous	200,981	6,370,019	6,571,000	-
Nonexpendable	-	-	-	3,860,420
Expendable	-	-	-	3,529,934
Unrestricted (deficit)	11,007,898	(18,062,642)	(7,054,744)	19,476,192
Total net position (deficit)	<u>\$ 135,272,149</u>	<u>\$ (11,692,623)</u>	<u>\$ 123,579,526</u>	<u>\$ 72,175,167</u>

See notes to basic financial statements.

**COUNTY OF GENESEE, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General government	\$ 33,845,798	\$ 3,325,541	\$ 464,998	\$ 119,872	\$ (29,935,387)	\$ -	\$ (29,935,387)	\$ -
Education	5,799,532	493,678	573,415	-	(4,732,439)	-	(4,732,439)	-
Public safety	17,848,980	676,325	2,385,481	619,800	(14,167,374)	-	(14,167,374)	-
Health	11,706,523	3,634,825	6,796,762	-	(1,274,936)	-	(1,274,936)	-
Transportation	10,695,981	2,901,259	32,920	7,115,193	(646,609)	-	(646,609)	-
Economic assistance and opportunity	28,492,621	1,031,368	11,455,734	-	(16,005,519)	-	(16,005,519)	-
Culture and recreation	969,316	98,702	74,797	-	(795,817)	-	(795,817)	-
Home and community services	954,650	450,000	1,128,420	-	623,770	-	623,770	-
Interest on debt	526,081	-	-	-	(526,081)	-	(526,081)	-
Total governmental activities	<u>110,839,482</u>	<u>12,611,698</u>	<u>22,912,527</u>	<u>7,854,865</u>	<u>(67,460,392)</u>	<u>-</u>	<u>(67,460,392)</u>	<u>-</u>
Business-type activities:								
TASC	1,238,445	767,363	-	-	-	(471,082)	(471,082)	-
Self Insurance	10,803,970	9,014,905	-	-	-	(1,789,065)	(1,789,065)	-
Workers' Compensation	1,926,751	1,607,979	-	-	-	(318,772)	(318,772)	-
Water	4,455,163	3,790,845	-	-	-	(664,318)	(664,318)	-
Total business-type activities	<u>18,424,329</u>	<u>15,181,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,243,237)</u>	<u>(3,243,237)</u>	<u>-</u>
Total primary government	<u>\$ 129,263,811</u>	<u>\$ 27,792,790</u>	<u>\$ 22,912,527</u>	<u>\$ 7,854,865</u>	<u>(67,460,392)</u>	<u>(3,243,237)</u>	<u>(70,703,629)</u>	<u>-</u>
Component units:								
Community College	\$ 49,719,335	\$ 49,300,619	\$ -	\$ -	-	-	-	(418,716)
Economic Development Center	4,759,079	3,896,153	-	-	-	-	-	(862,926)
Soil and Water Conservation District (unaudited)	914,543	721,394	-	-	-	-	-	(193,149)
Total component units	<u>\$ 55,392,957</u>	<u>\$ 53,918,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,474,791)</u>
General revenues:								
Real property taxes					29,295,272	-	29,295,272	-
Real property tax items					1,150,840	-	1,150,840	-
Non-property taxes					43,276,616	-	43,276,616	-
Investment income					1,188,194	250,433	1,438,627	324,782
Miscellaneous local sources					486,371	1,175,473	1,661,844	-
Gain on disposition of capital assets					228,623	-	228,623	-
Capital contributions					-	-	-	1,958,984
Transfers					(1,116,275)	1,116,275	-	-
Total general revenues and transfers					<u>74,509,641</u>	<u>2,542,181</u>	<u>77,051,822</u>	<u>2,283,766</u>
Change in net position					7,049,249	(701,056)	6,348,193	808,975
Net position (deficit) - beginning, as restated (see Note 11)					128,222,900	(10,991,567)	117,231,333	71,366,192
Net position (deficit) - ending					<u>\$ 135,272,149</u>	<u>\$ (11,692,623)</u>	<u>\$ 123,579,526</u>	<u>\$ 72,175,167</u>

See notes to basic financial statements.

**COUNTY OF GENESEE, NEW YORK
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 6,828,639	\$ 500,689	\$ 665,228	\$ 7,994,556
Investments	34,842,088	-	-	34,842,088
Accounts receivable	971,170	-	442,982	1,414,152
Taxes receivable, net	3,652,707	-	-	3,652,707
Due from other funds	2,631,318	3,153,675	116,845	5,901,838
Due from other governments	2,903,487	-	31,530	2,935,017
State and federal receivables	5,513,979	1,961,780	85,518	7,561,277
Inventory	-	-	116,112	116,112
Prepaid and other current assets	1,071,713	-	76,040	1,147,753
Cash and cash equivalents - restricted	53,772	-	-	53,772
Total assets	<u>\$ 58,468,873</u>	<u>\$ 5,616,144</u>	<u>\$ 1,534,255</u>	<u>\$ 65,619,272</u>
LIABILITIES				
Accounts payable	\$ 8,742,550	\$ 1,125,599	\$ 220,175	\$ 10,088,324
Due to other funds	3,693,758	2,631,319	163,201	6,488,278
Due to other governments	2,082,971	-	-	2,082,971
Unearned revenues	1,892,164	-	-	1,892,164
Total liabilities	<u>16,411,443</u>	<u>3,756,918</u>	<u>383,376</u>	<u>20,551,737</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,426,440	-	-	1,426,440
Total deferred inflows of resources	<u>1,426,440</u>	<u>-</u>	<u>-</u>	<u>1,426,440</u>
FUND BALANCES				
Nonspendable	1,071,713	-	192,152	1,263,865
Restricted	17,024,929	-	-	17,024,929
Assigned	6,503,571	1,859,226	958,727	9,321,524
Unassigned	16,030,777	-	-	16,030,777
Total fund balances	<u>40,630,990</u>	<u>1,859,226</u>	<u>1,150,879</u>	<u>43,641,095</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 58,468,873</u>	<u>\$ 5,616,144</u>	<u>\$ 1,534,255</u>	

Amounts reported for governmental activities in the Statement of Net Position (page 15) 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	115,554,491
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Serial bonds payable	(18,313,941)
Compensated absences	(1,886,357)
Other post employment benefits	(799,118)
Net pension liability	(3,896,342)
Net accrued interest expense for bonds not reported in the funds	(166,791)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	1,426,440
Deferred outflow and inflows are not assets or liabilities of the current period and therefore are not reported in the funds:	
Deferred OPEB outflows	290,350
Deferred pension outflows	12,592,986
Deferred pension inflows	(13,170,664)
Net position of governmental activities	<u>\$ 135,272,149</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, 2018**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes	\$ 29,058,506	\$ -	\$ -	\$ 29,058,506
Real property tax items	1,150,840	-	-	1,150,840
Non-property tax items	43,276,616	-	-	43,276,616
Departmental income	7,626,581	-	162,575	7,789,156
Intergovernmental charges	1,185,414	-	99,610	1,285,024
Use of money and property	1,188,194	-	-	1,188,194
Licenses and permits	30,217	-	14,584	44,801
Fines and forfeitures	135,707	-	-	135,707
Sale of property and compensation for loss	128,581	-	984,683	1,113,264
Miscellaneous local sources	471,454	450,000	14,917	936,371
Interfund revenues	832,696	-	1,023,575	1,856,271
State sources	13,356,564	3,432,918	93,873	16,883,355
Federal sources	9,169,879	4,302,075	412,083	13,884,037
Total revenues	<u>107,611,249</u>	<u>8,184,993</u>	<u>2,805,900</u>	<u>118,602,142</u>
EXPENDITURES				
Current:				
General government	31,320,009	-	-	31,320,009
Education	5,071,175	-	-	5,071,175
Public safety	16,956,641	-	119,593	17,076,234
Health	11,728,548	-	-	11,728,548
Transportation	829,580	-	6,935,621	7,765,201
Economic assistance and opportunity	27,733,289	-	741,954	28,475,243
Culture and recreation	973,903	-	-	973,903
Home and community services	953,278	-	-	953,278
Debt service:				
Principal	1,630,000	-	-	1,630,000
Interest	574,319	-	-	574,319
Capital outlay:				
General government	-	4,138,537	-	4,138,537
Education	-	728,496	-	728,496
Public safety	-	288,792	-	288,792
Transportation	-	9,113,068	-	9,113,068
Total expenditures	<u>97,770,742</u>	<u>14,268,893</u>	<u>7,797,168</u>	<u>119,836,803</u>
Excess (deficit) of revenues over expenditures	<u>9,840,507</u>	<u>(6,083,900)</u>	<u>(4,991,268)</u>	<u>(1,234,661)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	384,044	7,444,939	4,972,575	12,801,558
Interfund transfers out	(13,674,851)	(16,805)	-	(13,691,656)
Total other financing sources (uses)	<u>(13,290,807)</u>	<u>7,428,134</u>	<u>4,972,575</u>	<u>(890,098)</u>
Net change in fund balances	(3,450,300)	1,344,234	(18,693)	(2,124,759)
Fund balances - beginning	<u>44,081,290</u>	<u>514,992</u>	<u>1,169,572</u>	<u>45,765,854</u>
Fund balances - ending	<u>\$ 40,630,990</u>	<u>\$ 1,859,226</u>	<u>\$ 1,150,879</u>	<u>\$ 43,641,095</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, 2018**

Amounts reported for governmental activities in the Statement of Activities (page 16) are different because:

Net change in fund balances - total governmental funds (page 18)	\$	(2,124,759)
<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 (\$13,619,929) exceeded depreciation (\$4,850,348) less net transfers from motor pool (\$4,687) in the current period. Internal service fund capital asset activity is noted separately below.</p>		
		8,764,894
The net effect of various miscellaneous transactions involving capital assets (i.e. sales; capital contribution) is to increase net position.		(1,445,865)
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.		236,766
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Repayment of serial bonds	\$	1,630,000
Premium amortization		31,899
Change in compensated absences		(19,441)
Change in other postemployment benefits		(230,929)
Change in net pension liability		<u>7,810,708</u>
		9,222,237
Interest on debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the fund when it is due and payable, and thus require current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		16,339
<p>Change in OPEB and the proportionate share of the net pension deferred inflows and outflows reported in the Statement of Net Position during the measurement period between the County's contributions and its proportionate share to the total contributions to the pension system subsequent to the measurement date do not provide for or require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Other postemployment benefits		290,350
Net pension - proportionate share		(7,656,352)
Internal service fund is used by management to charge the costs of the motor pool. The change in the net position for such services is reported with governmental activities.		<u>(254,361)</u>
Change in net position of governmental activities	\$	<u><u>7,049,249</u></u>

**COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Business-Type Activities - Enterprise Funds					Governmental Activities
	TASC	Self Insurance	Workers' Compensation	Water Fund	Total	Internal Service Fund
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 255,236	\$ 1,788,870	\$ 1,486,848	\$ 725,394	\$ 4,256,348	\$ -
Investments	-	4,696,681	6,134,973	1,246,378	12,078,032	-
Accounts receivable	-	335,589	-	-	335,589	-
Due from other governments	-	-	-	922,968	922,968	-
Prepaid items	7,598	-	-	-	7,598	-
Total current assets	<u>262,834</u>	<u>6,821,140</u>	<u>7,621,821</u>	<u>2,894,740</u>	<u>17,600,535</u>	<u>-</u>
Noncurrent assets:						
Cash and cash equivalents - restricted	1,012,163	-	-	-	1,012,163	-
Due from component unit	-	-	-	4,000,000	4,000,000	-
Total noncurrent assets	<u>1,012,163</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>	<u>5,012,163</u>	<u>-</u>
Total assets	<u>1,274,997</u>	<u>6,821,140</u>	<u>7,621,821</u>	<u>6,894,740</u>	<u>22,612,698</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	2,972	60,789	20,252	759,909	843,922	-
Accrued liabilities	-	1,591,993	-	-	1,591,993	-
Accrued interest payable	76,389	-	-	51,327	127,716	-
Accretion payable	4,979,699	-	-	-	4,979,699	-
Due to other funds	-	-	1,136	-	1,136	-
Unearned revenues	-	5,479	-	-	5,479	-
Accrued and unpaid claim liabilities	-	-	177,366	-	177,366	-
Serial bonds payable	460,000	-	-	-	460,000	-
Total current liabilities	<u>5,519,060</u>	<u>1,658,261</u>	<u>198,754</u>	<u>811,236</u>	<u>8,187,311</u>	<u>-</u>
Noncurrent liabilities:						
Accrued and unpaid claim liabilities	-	-	7,608,634	-	7,608,634	-
Serial bonds payable	14,509,376	-	-	4,000,000	18,509,376	-
Total noncurrent liabilities	<u>14,509,376</u>	<u>-</u>	<u>7,608,634</u>	<u>4,000,000</u>	<u>26,118,010</u>	<u>-</u>
Total liabilities	<u>20,028,436</u>	<u>1,658,261</u>	<u>7,807,388</u>	<u>4,811,236</u>	<u>34,305,321</u>	<u>-</u>
NET POSITION (DEFICIT)						
Restricted	1,274,997	5,079,349	-	15,673	6,370,019	-
Unrestricted (deficit)	(20,028,436)	83,530	(185,567)	2,067,831	(18,062,642)	-
Total net position (deficit)	<u>\$ (18,753,439)</u>	<u>\$ 5,162,879</u>	<u>\$ (185,567)</u>	<u>\$ 2,083,504</u>	<u>\$ (11,692,623)</u>	<u>\$ -</u>

See notes to basic financial statements.

COUNTY OF GENESEE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-Type Activities - Enterprise Funds					Governmental
	TASC	Self Insurance	Workers' Compensation	Water Fund	Total	Activities Internal Service Fund
OPERATING REVENUES						
Charges for services	\$ -	\$ 9,014,905	\$ 1,607,979	\$ 3,790,845	\$ 14,413,729	\$ -
Tobacco settlement revenues	767,363	-	-	-	767,363	-
Other operating revenues	-	1,143,723	16,077	15,673	1,175,473	-
Total operating revenues	<u>767,363</u>	<u>10,158,628</u>	<u>1,624,056</u>	<u>3,806,518</u>	<u>16,356,565</u>	<u>-</u>
OPERATING EXPENSES						
Salaries, wages and employee benefits	-	10,274,934	28,471	-	10,303,405	-
Contractual expenses	27,753	529,036	1,898,280	4,403,836	6,858,905	252,120
Total operating expenses	<u>27,753</u>	<u>10,803,970</u>	<u>1,926,751</u>	<u>4,403,836</u>	<u>17,162,310</u>	<u>252,120</u>
Operating income (loss)	<u>739,610</u>	<u>(645,342)</u>	<u>(302,695)</u>	<u>(597,318)</u>	<u>(805,745)</u>	<u>(252,120)</u>
NONOPERATING REVENUES (EXPENSES)						
Accretion	(563,895)	-	-	-	(563,895)	-
Interest income	24,015	74,465	120,117	31,836	250,433	-
Gain on disposition of capital assets	-	-	-	-	-	223,936
Interest expense	(646,797)	-	-	(51,327)	(698,124)	-
Total nonoperating revenues (expenses)	<u>(1,186,677)</u>	<u>74,465</u>	<u>120,117</u>	<u>(19,491)</u>	<u>(1,011,586)</u>	<u>223,936</u>
Loss before transfers	(447,067)	(570,877)	(182,578)	(616,809)	(1,817,331)	(28,184)
Transfers in	-	146,400	600,936	515,000	1,262,336	-
Transfers out	-	(116,061)	(15,000)	(15,000)	(146,061)	(226,177)
Change in net position	(447,067)	(540,538)	403,358	(116,809)	(701,056)	(254,361)
Net position (deficit) - beginning	<u>(18,306,372)</u>	<u>5,703,417</u>	<u>(588,925)</u>	<u>2,200,313</u>	<u>(10,991,567)</u>	<u>254,361</u>
Net position (deficit) - ending	<u>\$ (18,753,439)</u>	<u>\$ 5,162,879</u>	<u>\$ (185,567)</u>	<u>\$ 2,083,504</u>	<u>\$ (11,692,623)</u>	<u>\$ -</u>

See notes to basic financial statements.

**COUNTY OF GENESEE, NEW YORK
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Business-Type Activities - Enterprise Funds					Governmental
	TASC	Self Insurance	Workers' Compensation	Water Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ -	\$ 9,007,382	\$ 1,607,979	\$ 3,692,326	\$ 14,307,687	\$ 60,463
Payments to suppliers	(30,493)	(430,062)	(1,899,439)	(4,164,149)	(6,524,143)	(265,523)
Payments to employees	-	(10,274,934)	(28,471)	-	(10,303,405)	-
Proceeds from tobacco receipts	767,363	-	-	-	767,363	-
Other operating revenue	-	1,143,723	16,077	15,673	1,175,473	-
Net cash provided (used) by operating activities	<u>736,870</u>	<u>(553,891)</u>	<u>(303,854)</u>	<u>(456,150)</u>	<u>(577,025)</u>	<u>(205,060)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating subsidies and transfers from (to) other funds	-	30,339	586,005	500,000	1,116,344	(476,177)
Proceeds from issuance of debt	-	-	-	4,000,000	4,000,000	-
Transfer to component unit	-	-	-	(4,000,000)	(4,000,000)	-
Principal repayment of bonds payable	(100,000)	-	-	-	(100,000)	-
Interest payments on bonds payable	(646,797)	-	-	-	(646,797)	-
Net cash provided (used) by noncapital financing activities	<u>(746,797)</u>	<u>30,339</u>	<u>586,005</u>	<u>500,000</u>	<u>369,547</u>	<u>(476,177)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of capital assets	-	-	-	-	-	632,570
Net cash provided by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>632,570</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	-	(4,696,681)	(6,134,973)	(1,246,378)	(12,078,032)	-
Proceeds on sale of investments	-	3,064,976	1,002,371	-	4,067,347	-
Interest income	24,015	74,465	120,117	31,836	250,433	-
Net cash provided (used) by investing activities	<u>24,015</u>	<u>(1,557,240)</u>	<u>(5,012,485)</u>	<u>(1,214,542)</u>	<u>(7,760,252)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	14,088	(2,080,792)	(4,730,334)	(1,170,692)	(7,967,730)	(48,667)
Cash and cash equivalents - beginning	<u>1,253,311</u>	<u>3,869,662</u>	<u>6,217,182</u>	<u>1,896,086</u>	<u>13,236,241</u>	<u>48,667</u>
Cash and cash equivalents - ending	<u>\$ 1,267,399</u>	<u>\$ 1,788,870</u>	<u>\$ 1,486,848</u>	<u>\$ 725,394</u>	<u>\$ 5,268,511</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents to the statement of net position						
Cash and cash equivalents	\$ 255,236	\$ 1,788,870	\$ 1,486,848	\$ 725,394	\$ 4,256,348	\$ -
Cash and cash equivalents - restricted	1,012,163	-	-	-	1,012,163	-
Total cash and cash equivalents	<u>\$ 1,267,399</u>	<u>\$ 1,788,870</u>	<u>\$ 1,486,848</u>	<u>\$ 725,394</u>	<u>\$ 5,268,511</u>	<u>\$ -</u>

See notes to basic financial statements.

**COUNTY OF GENESEE, NEW YORK
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018 (CONTINUED)**

	Business-Type Activities - Enterprise Funds				Governmental	
	TASC	Self Insurance	Workers' Compensation	Water Fund	Internal Service Fund	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 739,610	\$ (645,342)	\$ (302,695)	\$ (597,318)	\$ (805,745)	(252,120)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Changes in assets and liabilities:						
Decrease (increase) in:						
Accounts receivable	-	3,384	-	-	3,384	60,463
Due from other governments	-	-	-	(98,519)	(98,519)	-
Prepaid items	13	-	-	-	13	-
Increase (decrease) in:						
Accounts payable	1,325	23,784	7,841	239,687	272,637	(13,403)
Accrued liabilities	(4,078)	75,190	-	-	71,112	-
Accrued and unpaid claim liabilities	-	-	(9,000)	-	(9,000)	-
Unearned revenues	-	(10,907)	-	-	(10,907)	-
Net cash provided (used) by operating activities	<u>\$ 736,870</u>	<u>\$ (553,891)</u>	<u>\$ (303,854)</u>	<u>\$ (456,150)</u>	<u>\$ (577,025)</u>	<u>(205,060)</u>
Supplemental disclosure of cash flow information:						
Cash paid during the year for interest	<u>\$ 646,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 646,797</u>	<u>\$ -</u>

See notes to basic financial statements.

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION – COMPONENT UNITS
DECEMBER 31, 2018

	<u>Community College</u>	<u>Economic Development Center</u>	<u>Soil and Water Conservation District (Unaudited)</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 14,266,843	\$ 14,443,974	\$ 554,608	\$ 29,265,425
Other receivables, net	9,563,989	2,088,706	15,873	11,668,568
Due from other governments	-	-	151,891	151,891
Prepays and current assets	285,236	32,907	4,647	322,790
Other assets	7,609,790	-	-	7,609,790
Land held for investment	-	13,068,322	-	13,068,322
Capital assets, net of accumulated depreciation	51,144,476	1,042	-	51,145,518
Net pension asset	466,288	-	-	466,288
Total assets	<u>83,336,622</u>	<u>29,634,951</u>	<u>727,019</u>	<u>113,698,592</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred OPEB outflows	3,589	-	-	3,589
Deferred pension outflows	5,572,650	299,156	-	5,871,806
Total deferred outflows of resources	<u>5,576,239</u>	<u>299,156</u>	<u>-</u>	<u>5,875,395</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,347,610	507,960	20,520	1,876,090
Accrued liabilities	39,629	8,846	-	48,475
Due to other governments	1,365,767	-	-	1,365,767
Other liabilities	445,293	-	-	445,293
Agency liabilities	1,395,017	-	-	1,395,017
Unearned revenues	7,061,610	9,065,078	151,891	16,278,579
Mortgages payable	453,165	-	-	453,165
Grant payable	600,000	-	-	600,000
Restricted liabilities - customer deposits	76,000	-	-	76,000
Noncurrent liabilities:				
Annuities payable	15,328	-	-	15,328
Grant payable	441,176	-	-	441,176
Loans payable	-	9,196,487	-	9,196,487
Compensated absences	511,247	-	-	511,247
Mortgages payable	5,383,732	-	-	5,383,732
Total OPEB liability	2,496,780	-	-	2,496,780
Aggregated net pension liability	1,123,623	92,211	-	1,215,834
Total liabilities	<u>22,755,977</u>	<u>18,870,582</u>	<u>172,411</u>	<u>41,798,970</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB inflows	17,400	-	-	17,400
Deferred pension inflows	4,420,873	347,764	-	4,768,637
NYS tuition assistance	813,813	-	-	813,813
Total deferred inflows of resources	<u>5,252,086</u>	<u>347,764</u>	<u>-</u>	<u>5,599,850</u>
NET POSITION				
Net investment in capital assets	45,307,579	1,042	-	45,308,621
Restricted for:				
Nonexpendable	3,860,420	-	-	3,860,420
Expendable	3,275,171	254,763	-	3,529,934
Unrestricted	8,461,628	10,459,956	554,608	19,476,192
Total net position	<u>\$ 60,904,798</u>	<u>\$ 10,715,761</u>	<u>\$ 554,608</u>	<u>\$ 72,175,167</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, 2018

	<u>Community College</u>	<u>Economic Development Center</u>	<u>Soil and Water Conservation District (Unaudited)</u>	<u>Total</u>
OPERATING REVENUES				
Tuition and fees, net	\$ 10,255,782	\$ 301,001	\$ 50,889	\$ 10,607,672
Federal grants and contracts	11,791,389	-	81,381	11,872,770
State grants and contracts	1,800,246	-	395,924	2,196,170
Nongovernmental grants and contracts	327,089	-	-	327,089
Auxiliary enterprises	740,000	-	-	740,000
County of Genesee	-	193,513	169,294	362,807
Economic development program support	-	320,000	-	320,000
Interest income on loans	-	4,828	-	4,828
Rent	-	24,580	-	24,580
Grant income	-	3,007,722	-	3,007,722
Other revenues	772,425	7,776	23,906	804,107
Gain on sale of land held for development and sale	-	36,733	-	36,733
Total operating revenues	<u>25,686,931</u>	<u>3,896,153</u>	<u>721,394</u>	<u>30,304,478</u>
OPERATING EXPENSES				
Salaries and benefits	-	928,933	240,888	1,169,821
Site development	-	3,158,222	-	3,158,222
Educational and general expenditures	34,362,156	-	-	34,362,156
Financial aid and scholarships	3,931,234	-	-	3,931,234
Operation and maintenance	5,236,358	-	-	5,236,358
Depreciation	2,329,155	1,233	-	2,330,388
General and administrative	-	670,691	673,655	1,344,346
Auxiliary expenses	3,845,456	-	-	3,845,456
Total operating expenses	<u>49,704,359</u>	<u>4,759,079</u>	<u>914,543</u>	<u>55,377,981</u>
Operating loss	<u>(24,017,428)</u>	<u>(862,926)</u>	<u>(193,149)</u>	<u>(25,073,503)</u>
NONOPERATING REVENUES (EXPENSES)				
County appropriations	2,586,374	-	-	2,586,374
Other counties' appropriations	9,685,594	-	-	9,685,594
State appropriations	11,341,720	-	-	11,341,720
Investment income, net	308,685	15,736	361	324,782
Loss on sale of capital assets	(14,976)	-	-	(14,976)
Total nonoperating revenues	<u>23,907,397</u>	<u>15,736</u>	<u>361</u>	<u>23,923,494</u>
Loss before capital appropriations	(110,031)	(847,190)	(192,788)	(1,150,009)
Capital appropriations - state and county	<u>1,958,984</u>	<u>-</u>	<u>-</u>	<u>1,958,984</u>
Change in net position	1,848,953	(847,190)	(192,788)	808,975
Net position - beginning, as restated (see Note 11)	<u>59,055,845</u>	<u>11,562,951</u>	<u>747,396</u>	<u>71,366,192</u>
Net position - ending	<u>\$ 60,904,798</u>	<u>\$ 10,715,761</u>	<u>\$ 554,608</u>	<u>\$ 72,175,167</u>

See notes to basic financial statements.

COUNTY OF GENESEE, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION – AGENCY FUND
DECEMBER 31, 2018

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	\$ 719,550
Due from other funds	<u>587,576</u>
Total assets	<u>\$ 1,307,126</u>
LIABILITIES	
Agency liabilities	<u>\$ 1,307,126</u>
Total liabilities	<u>\$ 1,307,126</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 the County Law, local law and other general laws of the State of New York. The County Legislature, which is the legislative body responsible for the overall operation of the County, consists of nine members. The Chairman of the Legislature serves as Chief Executive Officer and the County Treasurer serves as a Chief Fiscal Officer. The County provides the following principle services: general governmental support, education, public safety, public health, transportation, highway construction and maintenance, economic assistance and opportunity, culture and recreation, and home and community service. In addition, the County is the sole member of the Genesee County Funding Corporation.

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

COMPONENT UNITS

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

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

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

The Genesee Community College (GCC) was established under the sponsorship of the County pursuant to the New York State Education Law. The operations of GCC are funded by New York State, the County and the students of GCC. GCC uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). During the year ended August 31, 2003, GCC implemented GASB Statement No. 34, No. 35 and No. 37. In accordance 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, 2018. A copy of the financial statements for GCC may be obtained from the Office of the Vice President of Finance and Operations, R. Stephen Hawley Drive, Batavia, New York 14020.

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

B. RELATED ORGANIZATION

In January 1997, the State of New York filed a lawsuit against the tobacco industry, seeking to recover the costs that the State and Local governments had incurred in treating smoking related illnesses. Under an agreement reached with the tobacco industry referred to as the Master Settlement Agreement (MSA), the State and Counties are entitled to receive annual payments. During 2000, the County sold its right to receive payments under the MSA to the 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 Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and Statement No. 61, *The Financial Reporting Entity: Omnibus*. This criteria includes legal standing, fiscal dependency, and financial accountability. Although the County appoints the governing board of the TASC, they are not responsible for the operations of the TASC.

The financial statements of the TASC 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.

C. JOINT VENTURES

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

1. WATERSHED PROTECTION DISTRICT

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Summary financial information from the Oak Orchard Small Watershed Protection District's unaudited financial statements for the year ended December 31, 2018 is as follows:

Assets	\$	125,173
Liabilities		62
Fund balance		125,111
Total revenues		52,948
Total expenditures		24,807

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, 2018 is as follows:

Assets	\$	312,927
Liabilities		18,417
Fund balance		294,510
Total revenues		131,439
Total expenditures		118,203

D. 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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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.

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:

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

Motor Pool - The Motor Pool provides vehicles to County departments and other governments at the related costs. Effective January 1, 2018, the County entered into a lease and management agreement to privatize their motor pool fleet currently reported in the County's Internal Service Fund. This agreement includes the ownership and operation of the fleet.

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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.

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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.

The Agency Fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. REVENUES AND EXPENDITURES/EXPENSES

1. PROGRAM REVENUES

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

2. PROPERTY TAXES

County real property taxes are levied annually no later than December 31 and become a lien on January 1. Taxes are collected during the period January 1 to April 1 by Town collectors. Taxes for County purposes apportioned to the area of the County outside the City of Batavia are levied together with taxes for town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the towns. The collection of County taxes levied on properties within the City of Batavia is enforced by the City; the County receives the full amount of such taxes within the year of levy.

Unpaid village and non-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, 2018, the taxes receivable amounted to \$3,751,434 which is offset by an allowance for uncollected taxes of \$98,727. Current year returned village and school taxes of \$1,922,126 are offset by liabilities to the villages and school districts which will be paid no later than April 15, 2019. The remaining portion of tax assets is partially offset by unavailable revenue of \$1,426,440, which represents the tax liens which will not be collected within the first sixty (60) days of the subsequent year.

The New York State Constitution limits the amount of property taxes which may be raised for County purposes. The County had exhausted 64.78% of its constitutional tax limit as of December 31, 2018.

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 \$1,886,357 at December 31, 2018 for the governmental activities.

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

1. CASH, CASH EQUIVALENTS AND INVESTMENTS

The County's cash, cash equivalents and short-term investments consists of cash on hand, demand deposits, and investments with original maturities of three months or less from the date of acquisition. Additional investments that exceed three months are separated in the financial statements and are further disclosed in Note 3.A.

2. RESTRICTED ASSETS

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

3. INVENTORY

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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 \$98,727 at December 31, 2018.

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

6. CAPITAL ASSETS

Government-wide statements:

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

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

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

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

Fund Financial Statements:

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

7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category and they relate to pensions and OPEB reported in the government-wide Statement of Net Position. They represent the effect of the net change in the County's proportion of the collective net pension and OPEB liabilities and the difference during the measurement period between the County's contributions and its proportional share of total contributions to the pension system and OPEB plan not included in pension and OPEB expense. See details of deferred pension outflows in Note 3.E and deferred OPEB outflows in Note 3.F.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has four types of items that qualify for reporting in this category. Two items are related to pension and OPEB activity reported in the government-wide Statement of Net Position. They represent the effect of the net change in the County's proportion of the collective net pension and OPEB liabilities and difference during the measurement period between the County's contributions and its proportional share of total contributions to the pension system and OPEB plan not included in pension and OPEB expense. See details of deferred pension inflows in Note 3.E. The deferred OPEB inflows relate to GCC. The third item that qualifies arises under the modified accrual basis of accounting and is the unavailable revenues from property taxes. This deferred inflow is only reported in the governmental funds Balance Sheet and is the amount that is deferred and recognized as an inflow of resources in the period that the amounts become available. The final item is the tuition assistance payments received by GCC on behalf of eligible students prior to the GCC's fiscal year end. These payments have a time restriction as they are applicable to the following semester and are recorded as deferred inflows of resources on the Statement of Net Position – Component Units along with the deferred OPEB inflows.

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

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

10. POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the County provides health insurance coverage for certain retired employees as discussed in Note 3.E.

11. 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.

12. 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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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.

13. 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.

14. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

15. ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2018, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployments benefits other than pensions (OPEB).

In addition, the County evaluated the provisions of GASB Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues*, which became effective for the year ended December 31, 2018. The County determined that these Statements have no significant impact on the County's financial statements in the current year.

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. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending December 31, 2019.
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending December 31, 2019.
- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2020.
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, which will be effective for the year ending December 31, 2019.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2020.
- Statement No. 90, *Majority Equity Interests—an Amendment of GASB Statements No. 14 and 61*, which will be effective for the year ending December 31, 2019.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2021.

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

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 Fund.
- 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.

B. DEFICIT NET POSITION

The County reported deficit net position at December 31, 2018 in the Workers' Compensation Fund in the amount of \$185,567. The deficit was created in a previous year due to the County obtaining an actuarial valuation of the accrued and unpaid claim liabilities. This will be eliminated in future years as the County bills participants for their share of the liability.

The TASC reported deficit net position at December 31, 2018 in the amount of \$18,753,439. 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 and obligations of the State and municipalities and school districts.

The County's aggregate bank balances were fully collateralized at December 31, 2018.

As of December 31, 2018, investments consist of U.S Treasury bills totaling \$46,920,120 measured at amortized cost with maturity dates of less than one year.

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Credit Risk

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the County’s investment and deposit policy, all deposits of the County including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities, as provided in General Municipal Law, Section 10.

B. RECEIVABLES

Major revenues accrued by the County at December 31, 2018, include the following:

Accounts Receivable:

General Fund

Mental Health	\$	474,445
Miscellaneous		496,725
Total	\$	971,170

Nonmajor Governmental Funds

Gasoline sales	\$	125,569
Sales, other		34,762
Machine and equipment rental		189,470
Miscellaneous receivables		93,181
Total	\$	442,982

Self Insurance Fund

Medical and dental payments	\$	335,589
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Due From Other Governments:

General Fund

Sales tax	\$	2,758,168
Miscellaneous		145,319
Total	\$	2,903,487

Nonmajor Governmental Funds:

Departmental income	\$	31,530
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Water Fund

City of Batavia	\$	472,516
Town of Batavia		349,998
Villages - Elba and Oakfield		100,454
Total	\$	922,968

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

State and Federal Receivables - represent the amounts due primarily from New York State and the Federal government at December 31, 2018:

General Fund:

RF2 and 2A State and Federal	\$ 2,402,523
RF17 State and Federal	245,265
State aid - court facilities	90,278
Unified court budget-security services	102,192
Community services/DSS - justice for children	107,748
Physically Handicapped Children - Education	226,403
Programs for the Aging	98,941
Public Health	275,243
Indigent legal services	150,340
EMS	143,968
State and federal reimbursements - CDBG	1,000,000
Miscellaneous state and federal receivables	671,078
Total	<u>\$ 5,513,979</u>

Capital Projects Fund:

State and federal reimbursements - Airport	\$ 348,297
State and federal reimbursements - DOT	208,620
State and federal reimbursements - CHIPS/PAVE NY/EWR	1,353,468
State and federal reimbursements - GCC Wellness and Event Ctr	50,395
Miscellaneous state and federal receivables	1,000
Total	<u>\$ 1,961,780</u>

Nonmajor Governmental Funds:

Miscellaneous state and federal receivables	<u>\$ 85,518</u>
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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 payments beginning after January 1, 2018. The allocation of principal and interest was determined based on the principal agreeing to the principal being expended by the County on the related general obligation serial bonds.

	<u>Balance</u> <u>01/01/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/18</u>	<u>Due Within</u> <u>One Year</u>
Business-Type Activities					
GCEDC - water improvements	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000	\$ -

<u>Year ending</u> <u>December 31,</u>	<u>Due from component unit</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ -	\$ -
2020	285,000	163,500
2021	290,000	158,500
2022	295,000	153,500
2023	305,000	143,500
2024-2028	1,685,000	557,500
2029-2031	1,140,000	205,500
Total	<u>\$ 4,000,000</u>	<u>\$ 1,382,000</u>

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

D. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31, 2018, is as follows:

	Balance 01/01/18	Increases	Decreases	Balance 12/31/18
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,572,792	\$ 700	\$ -	\$ 2,573,492
Total capital assets not being depreciated	<u>2,572,792</u>	<u>700</u>	<u>-</u>	<u>2,573,492</u>
Capital assets being depreciated:				
Buildings	67,764,925	7,742,943	2,940,261	72,567,607
Other capital assets	17,403,657	659,747	-	18,063,404
Machinery & equipment	6,341,357	822,847	275,393	6,888,811
Infrastructure	73,544,488	4,393,692	-	77,938,180
Internal service - motor pool	1,169,924	-	1,169,924	-
Total capital assets, being depreciated	<u>166,224,351</u>	<u>13,619,229</u>	<u>4,385,578</u>	<u>175,458,002</u>
Less accumulated depreciation:				
Buildings	19,775,578	1,193,762	1,558,653	19,410,687
Other capital assets	9,386,638	1,557,219	-	10,943,857
Machinery & equipment	2,850,649	453,606	206,449	3,097,806
Infrastructure	27,378,892	1,645,761	-	29,024,653
Internal service - motor pool	761,290	-	761,290	-
Total accumulated depreciation	<u>60,153,047</u>	<u>4,850,348</u>	<u>2,526,392</u>	<u>62,477,003</u>
Total capital assets being depreciated, net	<u>106,071,304</u>	<u>8,768,881</u>	<u>1,859,186</u>	<u>112,980,999</u>
Governmental activities capital assets, net	<u>\$ 108,644,096</u>	<u>\$ 8,769,581</u>	<u>\$ 1,859,186</u>	<u>\$ 115,554,491</u>

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

General government	\$ 760,615
Public safety	1,410,116
Transportation	8,695
Culture and recreation	2,528,865
Home and community services	74,557
Total depreciation expense - governmental activities	<u>\$ 4,782,848</u> *

* This information excludes a portion of the Motor Pool capital assets that were transferred to the other governmental activities in the current year.

**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, 2018, 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2017. 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 provided by the ERS in a report provided to the County.

	<u>ERS</u>
Measurement date	03/31/18
Net pension liability	\$ 3,896,342
County's portion of the Plan's total net pension liability	0.1207253 %
Change in proportion since the prior measurement date	0.0038679

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended December 31, 2018, the County recognized a pension expense of \$3,785,385. At December 31, 2018 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	\$ 1,389,699	\$ 1,148,395
Change of assumptions	2,583,597	-
Net difference between projected and actual earnings on pension plan investments	5,659,129	11,170,552
Changes in proportion and differences between the County's contributions and proportionate share of contributions	48,858	851,717
County's contributions subsequent to the measurement date	<u>2,911,703</u>	<u>-</u>
Total	<u>\$ 12,592,986</u>	<u>\$ 13,170,664</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, 2019. 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>	
2019	\$ 472,404
2020	383,750
2021	(2,966,418)
2022	(1,379,117)
2023	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of the March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions.

	ERS
Inflation	2.5 %
Salary increases	3.8
Investment rate of return (net of investment expense, including inflation)	7.0
Cost of living adjustments	1.3

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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, 2018 are summarized below:

Asset Class:	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	36.0 %	4.6 %
International equity	14.0	6.4
Private equity	10.0	7.5
Real estate	10.0	5.6
Absolute return strategies	2.0	3.8
Opportunistic funds/portfolio	3.0	5.7
Real assets	3.0	5.3
Bonds and mortgages	17.0	1.3
Cash	1.0	-0.3
Inflation-indexed bonds	4.0	1.3
Total	<u>100.0 %</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following tables presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
County's proportionate share of the net pension liability/(asset)	\$ 29,480,775	\$ 3,896,342	\$ (17,747,065)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2018 were as follows:

	<u>Dollars in Thousands</u>
	<u>ERS</u>
Employer' total pension liability	\$ 183,400,590
Plan net position	180,173,145
Employers' net pension liability	<u>\$ 3,227,445</u>
Ratio of plan net position to the employers' total pension liability	98.2%

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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, 2018 represent the employer contribution for the period of January 1, 2019 through March 31, 2019 based on the retirement invoice for the Plan year April 1, 2018 through March 31, 2019. Prepaid retirement contributions as of December 31, 2018 amounted to \$970,428.

F. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (OPEB)

Plan Description

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

Funding Policy

The obligations of the plan members, employers and other entities are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. The 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, 2018 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	32
Inactive employees entitled to but not receiving benefit payments	-
Active employees	<u>493</u>
Total	<u><u>525</u></u>

The County's total OPEB liability of \$799,118 was measured as of January 1, 2018, and was determined by an actuarial valuation as of January 1, 2018 for the fiscal year ended December 31, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2018 actuarial valuation 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	3.44 %	
Healthcare cost trend rates	6.75 %	decreasing to an ultimate healthcare cost trend rate of 4.03%
Retirees' share of benefit-related costs:		
Retiree	20.00 %	
Retiree's spouse	50.00 %	

The discount rate was based on a 20-year high-quality tax-exempt municipal bond index as of the measurement date.

The mortality tables were updated to the RPH-2014 SOA Mortality tables adjusted back to 2006 using MP-2014 and projected forward using scale MP-2017.

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at January 1, 2017 - measurement date	\$ 568,189
Changes for the year:	
Service cost	20,231
Interest	21,186
Changes of benefit terms	-
Differences between expected and actual experience	192,090
Changes in assumptions or other inputs	53,326
Benefit payments	<u>(55,904)</u>
Net changes	<u>230,929</u>
Balance at January 1, 2018 - measurement date	<u>\$ 799,118</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.78 percent on January 1, 2017 to 3.44 percent on January 1, 2018.

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 (2.44%) or 1 percentage point higher (4.44%) than the current discount rate.

	<u>1% Decrease (2.44%)</u>	<u>Discount Rate (3.44%)</u>	<u>1% Increase (4.44%)</u>
Total OPEB liability	\$ <u>854,154</u>	\$ <u>799,118</u>	\$ <u>748,157</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 (5.75%) or 1 percentage point higher (7.75%) than the current healthcare cost trend rate:

	<u>1% Decrease (5.75% decreasing to 3.03%)</u>	<u>Healthcare Cost Trend Rates (6.75% decreasing to 4.03%)</u>	<u>1% Increase (7.75% decreasing to 5.03%)</u>
Total OPEB liability	\$ <u>626,451</u>	\$ <u>799,118</u>	\$ <u>1,000,389</u>

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

For the year ended December 31, 2018, the County recognized OPEB expense of \$80,873. At December 31, 2018, 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	\$ 161,207	\$ -
Changes of assumptions or other inputs	44,753	-
Contributions subsequent to the measurement date	84,390	-
Total	<u>\$ 290,350</u>	<u>\$ -</u>

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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:

2019	\$	39,456
2020		39,456
2021		39,456
2022		39,456
2023 and thereafter		48,136

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, 2018 are presented as follows:

	<u>Balance 01/01/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/18</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 19,760,000	\$ -	\$ 1,630,000	\$ 18,130,000	\$ 1,680,000
Plus: unamortized premium	215,840	-	31,899	183,941	31,899
Compensated absences	1,866,916	60,654	41,213	1,886,357	188,636
Other postemployment benefit obligations	568,189	286,833	55,904	799,118	-
Net pension liability *	<u>11,707,050</u>	<u>-</u>	<u>7,810,708</u>	<u>3,896,342</u>	<u>-</u>
Total governmental activities	<u>\$ 34,117,995</u>	<u>\$ 347,487</u>	<u>\$ 9,569,724</u>	<u>\$ 24,895,758</u>	<u>\$ 1,900,535</u>
Business-Type Activities					
Bonds payable:					
General obligation bonds	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000	\$ -
TASC IV	11,755,000	-	100,000	11,655,000	460,000
Subordinate turbo CABs					
TASC IV Series 2005	1,458,440	-	-	1,458,440	-
TASC V	1,855,936	-	-	1,855,936	-
Workers' compensation	<u>7,795,000</u>	<u>1,352,361</u>	<u>1,361,361</u>	<u>7,786,000</u>	<u>177,366</u>
Total business-type activities	<u>\$ 22,864,376</u>	<u>\$ 5,352,361</u>	<u>\$ 1,461,361</u>	<u>\$ 26,755,376</u>	<u>\$ 637,366</u>
Total primary government	<u>\$ 56,982,371</u>	<u>\$ 5,699,848</u>	<u>\$ 11,031,085</u>	<u>\$ 51,651,134</u>	<u>\$ 2,537,901</u>

* Reductions to net pension liability are shown net of additions.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

In November 2018, the County Legislature authorized a request for the Monroe County Water Authority to issue bonds not to exceed \$20,000,000 for phase two of the countywide water program. As of December 31, 2018 this debt has not yet been issued.

Long-term debt maturity schedule:

Purpose	Original Issue Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding Balance 12/31/18
Governmental activities					
<i>Bonds issued by the County:</i>					
County Public Facility Building - Ref 2007	03/2017	\$ 2,315,000	3.00%	10/2027	\$ 1,925,000
Radio System	06/2013	4,200,000	3.00%	06/2023	2,285,000
Airport	12/2014	4,370,000	2.25%	12/2034	3,975,000
					8,185,000
Add: Unamortized Premium					183,941
Total bonds issued by the County					8,368,941
<i>Bonds issued by the County for GCC:</i>					
GCC Athletic Fields	07/2009	1,845,000	3.50%	09/2024	965,000
GCC Technology	03/2010	3,375,000	5.00%	04/2019	405,000
Community College Project	02/2015	9,326,464	2.50%	08/2039	8,575,000
Total bonds issued by the County for GCC					9,945,000
Total governmental activities					\$ 18,313,941

Business-type activities:

<i>Bonds issued by the County:</i>					
Water supply extension - STAMP	04/2018	4,000,000	2.00%	04/2031	\$ 4,000,000
<i>Bonds issued by TASC:</i>					
TASC IV Bonds - Turbo Term Bonds	-	-	6.65%	06/2041	5,200,000
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%	06/2045	784,054
Subordinate Turbo CAB - TASC IV Bonds - Series 2005	-	-	0.00%	06/2050	674,386
Subordinate Turbo CAB - TASC V Bonds	-	-	7.85%	06/2060	1,855,936
Total bonds issued by TASC					14,969,376
Total business-type activities					\$ 18,969,376

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		Business-Type Activities	
	Serial Bonds		Serial Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 1,680,000	\$ 523,394	\$ -	\$ 154,556
2020	1,320,000	480,844	285,000	100,956
2021	1,350,000	442,644	290,000	95,206
2022	1,395,000	403,631	295,000	89,356
2023	1,430,000	363,206	305,000	83,166
2024-2028	4,135,000	1,477,894	1,685,000	295,113
2029-2033	3,495,000	1,033,413	1,140,000	51,900
2034-2038	2,780,000	429,550	-	-
2039	545,000	17,713	-	-
Total	\$ 18,130,000	\$ 5,172,289	\$ 4,000,000	\$ 870,253

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

Business-Type Activities (con't)

Year ending December 31,	Tobacco Asset Securitization Corp			
	Term Bonds		Capital Appreciation Bond	
	Principal	Interest	Principal	Interest
2019	\$ 460,000	\$ 700,150	\$ -	\$ 404,448
2020	235,000	686,500	-	436,820
2021	255,000	671,800	-	471,783
2022	265,000	655,950	-	509,545
2023	85,000	641,500	-	550,329
2024-2028	300,000	2,970,000	-	3,487,262
2029-2033	1,900,000	2,454,375	-	5,124,894
2034-2038	2,740,000	1,752,125	-	7,531,564
2039-2043	3,695,000	909,625	-	11,068,419
2044-2048	1,720,000	86,750	-	16,266,191
2049-2053	-	-	-	23,904,860
2054-2058	-	-	-	35,130,678
2059-2060	-	-	1,855,936	13,460,170
Total	\$ <u>11,655,000</u>	\$ <u>11,528,775</u>	\$ <u>1,855,936</u>	\$ <u>118,346,963</u>

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

Subordinate Turno 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 Turno CABs - Redeemable in annual installments of various amounts beginning June 1, 2050 through June 1, 2055. This is a noninterest bearing bond.

674,386

Total

\$ 1,458,440

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 \$189,420 for the year ending December 31, 2018. At December 31, 2018 accretion payable for TASC IV Series 2005 amounted to \$1,782,598.

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 \$374,475 and accretion payable amounted to \$3,197,101 for the year ended December 31, 2018.

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

H. NET POSITION AND FUND BALANCE

NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as 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:

Capital assets, net of accumulated depreciation	\$ 115,554,491
Bonds payable used for capital assets, net of unamortized premiums	(8,368,941)
Unspent debt proceeds	53,772
Net investment in capital assets	<u>\$ 107,239,322</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 balances at December 31, 2018.

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, 2018 include prepaid items related to payments to the retirement system and 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	\$ 21,612
STOP DWI program	97,161
District attorney	13,877
Bed tax	66,708
Other	1,623
	<u>\$ 200,981</u>

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, 2018, 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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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, 2018, governmental fund balances were classified as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Nonspendable:</u>				
Inventory	\$ -	\$ -	\$ 116,112	\$ 116,112
Prepaid items	1,071,713	-	76,040	1,147,753
<u>Restricted:</u>				
Capital projects	16,770,176	-	-	16,770,176
Debt service	53,772	-	-	53,772
Miscellaneous	200,981	-	-	200,981
<u>Assigned:</u>				
Subsequent years' expenditures	1,770,648	-	212,553	1,983,201
Encumbrances -				
General government	13,690	-	-	13,690
Public safety	42,356	-	-	42,356
Sales tax	4,610,770	-	-	4,610,770
Animal shelter	28,250	-	-	28,250
K-9 donations	37,857	-	-	37,857
Capital projects	-	1,859,226	-	1,859,226
County road	-	-	356,524	356,524
Road machinery	-	-	358,981	358,981
Special grant - job development	-	-	30,669	30,669
<u>Unassigned:</u>				
General Fund	16,030,777	-	-	16,030,777
Total	\$ <u>40,630,990</u>	\$ <u>1,859,226</u>	\$ <u>1,150,879</u>	\$ <u>43,641,095</u>

I. INTERFUND ACTIVITY

Interfund receivables, payables and transfers as of and for the year ended December 31, 2018, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General	\$ 2,631,318	\$ 3,693,758	\$ 384,044	\$ 13,674,851
Capital projects	3,153,675	2,631,319	7,444,939	16,805
Nonmajor special revenue	116,845	163,201	4,972,575	-
Self insurance	-	-	146,400	116,061
Workers' compensation	-	1,136	600,936	15,000
Nonmajor water	-	-	515,000	15,000
Internal service	-	-	-	226,177
Agency	587,576	-	-	-
Total	\$ <u>6,489,414</u>	\$ <u>6,489,414</u>	\$ <u>14,063,894</u>	\$ <u>14,063,894</u>

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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, 2018 are as follows:

Year Ending December 31:	Mental Health Building	County Water	County Career Center	Total
2019	\$ 639,734	\$ 550,000	\$ 103,908	\$ 1,293,642
2020	671,720	-	116,892	788,612
2021	687,712	-	116,892	804,604
2022	698,028	-	-	698,028
2023	708,498	-	-	708,498
2024-2027	2,941,872	-	-	2,941,872
Total	\$ 6,347,564	\$ 550,000	\$ 337,692	\$ 7,235,256

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.

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

The future obligations and the net present value of these payments as of December 31, 2018, were as follows:

<u>Year Ending December 31:</u>	
2019	\$ 1,082,616
2020	1,079,922
2021	1,083,461
2022	1,085,633
2023	1,087,698
2024-2028	5,457,416
2029-2033	5,365,299
2034-2036	<u>3,245,515</u>
Total payments	19,487,560
Less: amount representing net interest and admin fees	<u>5,357,560</u>
Present value of payments	<u>\$ 14,130,000</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.

The schedule below presents the changes in the County's estimated claims since December 31, 2016 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, 2016	\$ 6,948,000	\$ 1,673,460
Claims incurred and adjustments during 2017	2,118,557	8,688,559
Payments made during 2017	<u>(1,271,557)</u>	<u>(8,845,216)</u>
Estimated claims as of December 31, 2017	7,795,000	1,516,803
Claims incurred and adjustments during 2018	1,352,361	9,613,662
Payments made during 2018	<u>(1,361,361)</u>	<u>(9,538,472)</u>
Estimated claims as of December 31, 2018	<u>\$ 7,786,000</u>	<u>\$ 1,591,993</u>

NOTE 8 – RELATED PARTY TRANSACTIONS

In August 2014, the Board of Directors of the Genesee Community College Foundation, Inc. (the Foundation) approved a \$3,000,000 commitment in support of the college's capital initiative plans. This commitment is being paid over twenty quarterly payments of \$150,000. The following is the agreed payments from the Foundation to the County:

<u>Year Ending December 31:</u>	
2019	\$ 600,000
2020	<u>150,000</u>
Total payments	<u>\$ 750,000</u>

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

NOTE 9 – LABOR CONTRACTS

The County’s employees operate under four collective bargaining units and all of the contracts are settled through December 2019.

NOTE 10 – 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-nine 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, 2018, the County’s total tax revenues were reduced by \$939,283.

Copies of the agreements may be obtained from the County Treasurer, County Building #1, 15 Main Street, Batavia, NY 14020.

NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2018, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The implementation of Statement No. 75 resulted in the reporting of deferred OPEB outflows of resources, total OPEB liability and deferred OPEB inflows of resources related to the County’s single-employer defined benefit OPEB plan.

	<u>Governmental Activities</u>	<u>Component Units</u>
Net position - beginning, as previously stated	\$ 128,515,920	\$ 72,718,219
GASB Statement No. 75 implementation:		
Beginning plan liability under GASB Statement No. 75	(568,189)	(2,485,365)
Beginning plan liability under GASB Statement No. 45	275,169	1,133,338
Net position - beginning, as restated	<u>\$ 128,222,900</u>	<u>\$ 71,366,192</u>

NOTE 12 – SUBSEQUENT EVENTS

In February 2019, the County Legislature authorized and directed to execute a proposed “Amended and Restated Sales Tax Allocation Agreement between the County and the City of Batavia” for a term of forty years commencing January 1, 2020 and ending on December 31, 2059 for the sharing of sales tax revenue.

In March 2019 the County authorized the establishment of a capital project for the countywide water system-phase 2 in the amount of \$5,000,000 with funding from the County infrastructure reserve until such time as financing is obtained with MCWA. In addition, in April 2019 the County entered into intermunicipal agreements with the Town of Alexander and the Town of Elba to reimburse them for certain portions of water improvements related to the countywide water system-phase 2 project.

In May 2019, the County authorized the issuance of bonds in an amount not to exceed \$3,500,000 related to the countywide water system-phase 2 project.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Management has evaluated subsequent events through June 28, 2019 which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles other than the authorization of execution of sales tax allocation agreement, authorization of issuance of bonds and capital project for the countywide water system-phase 2 project.

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REQUIRED SUPPLEMENTARY INFORMATION

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**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2018 ***

Total OPEB Liability

Service cost	\$	20,231
Interest		21,186
Changes of benefit terms		-
Differences between expected and actual experience		192,090
Changes of assumptions or other inputs		53,326
Benefit payments		<u>(55,904)</u>
Net change in total OPEB liability		230,929
Total OPEB liability - beginning		<u>568,189</u>
Total OPEB liability - ending	\$	<u><u>799,118</u></u>
Covered-employee payroll	\$	26,432,017
Total OPEB liability as a percentage of covered-employee payroll		3.0%

* 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 FIVE FISCAL YEARS*

	Year Ended December 31,				
	2014	2015	2016	2017	2018
<u>Employees' Retirement System</u>					
Measurement date	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
County's proportion of the net pension liability	0.1254780%	0.1254780%	0.1248693%	0.1245932%	0.1207253%
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>
County's covered payroll	\$ 26,930,419	\$ 27,048,403	\$ 28,343,915	\$ 28,759,832	\$ 31,838,629
County's proportionate share of the net pension liability as a percentage of its covered payroll	21.1%	15.7%	70.7%	40.7%	12.2%
Plan fiduciary net position as a percentage of the total pension liability	97.2%	97.9%	90.7%	94.7%	98.2%

* Pension schedules in the Required Supplementary Information are 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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Employees' Retirement System</u>										
Contractually required contribution	\$ 2,261,419	\$ 3,631,507	\$ 4,635,545	\$ 5,362,190	\$ 6,007,667	\$ 5,547,616	\$ 4,899,802	\$ 4,663,488	\$ 4,080,538	\$ 3,940,249
Contributions in relation to the contractually required contribution	<u>2,261,419</u>	<u>3,631,507</u>	<u>4,635,545</u>	<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>
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
Contributions as a percentage of covered payroll	**	**	**	**	**	**	**	**	16.6%	15.6%

** 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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 29,295,272	29,295,272	\$ 29,058,506	\$ (236,766)
Real property tax items	844,977	846,977	1,150,840	303,863
Non-property tax items	38,581,337	42,970,234	43,276,616	306,382
Departmental income	8,356,539	8,414,705	7,626,581	(788,124)
Intergovernmental charges	1,224,711	1,326,865	1,185,414	(141,451)
Use of money and property	716,347	747,312	1,188,194	440,882
Licenses and permits	36,000	36,000	30,217	(5,783)
Fines and forfeitures	166,500	170,883	135,707	(35,176)
Sale of property and compensation for loss	109,000	118,000	128,581	10,581
Miscellaneous local sources	438,401	468,920	471,454	2,534
Interfund revenues	814,425	882,817	832,696	(50,121)
State sources	13,568,588	15,607,476	13,356,564	(2,250,912)
Federal sources	9,086,974	10,299,843	9,169,879	(1,129,964)
	<u>103,239,071</u>	<u>111,185,304</u>	<u>107,611,249</u>	<u>(3,574,055)</u>
EXPENDITURES				
Current:				
General government	31,003,257	32,228,596	31,320,009	908,587
Education	5,663,515	5,663,515	5,071,175	592,340
Public safety	17,432,224	17,880,386	16,956,641	923,745
Health	10,489,862	12,600,047	11,728,548	871,499
Transportation	1,028,490	1,028,490	829,580	198,910
Economic assistance and opportunity	28,905,240	30,053,567	27,733,289	2,320,278
Culture and recreation	1,020,824	1,044,952	973,903	71,049
Home and community services	950,092	988,474	953,278	35,196
Debt service:				
Principal	1,630,000	1,630,000	1,630,000	-
Interest	574,319	574,319	574,319	-
	<u>98,697,823</u>	<u>103,692,346</u>	<u>97,770,742</u>	<u>5,921,604</u>
Excess of revenues over expenditures	4,541,248	7,492,958	9,840,507	2,347,549
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	107,500	143,561	384,044	240,483
Interfund transfers out	(6,226,405)	(13,674,851)	(13,674,851)	-
	<u>(6,118,905)</u>	<u>(13,531,290)</u>	<u>(13,290,807)</u>	<u>240,483</u>
Net change in fund balance **	(1,577,657)	(6,038,332)	(3,450,300)	2,588,032
Fund balance - beginning	44,081,290	44,081,290	44,081,290	-
Fund balance - ending	<u>\$ 42,503,633</u>	<u>\$ 38,042,958</u>	<u>\$ 40,630,990</u>	<u>\$ 2,588,032</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

A. BASIS OF PRESENTATION

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.

B. FACTORS AFFECTING TRENDS IN THE RETIREMENT SYSTEM PENSION

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. In addition to this factor, the discount factor as of the measurement date has varied from 7.5% to 7.0% over the past four years.

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

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period which is used in the calculation of the OPEB liability. The discount rate in effect at the measurement date is as follows:

<u>Year ending December 31:</u>	
2018	3.44 %
2017	3.78

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FEDERAL FINANCIAL ASSISTANCE

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**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Agriculture</u>				
<i>Passed through New York State Office of Temporary Disability Assistance:</i>				
<i>SNAP Cluster</i>				
Administrative Matching Grant for the Supplemental Nutrition Assistance Program	10.561	OTDA 17-LCM-06; OTDA 18-LCM-05; NYSFRM, Vol. 1-3	\$ -	\$ 632,828
<i>Total SNAP Cluster</i>			-	632,828
<i>Total U.S. Department of Agriculture</i>			-	632,828
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed through New York State Office of Community Renewal:</i>				
Community Development Block Grants	14.228	444CP124-16	-	24,533
Community Development Block Grants	14.228	444ED893-17	1,000,000	1,000,000
<i>Total Community Development Block Grants</i>			1,000,000	1,024,533
<i>Total U.S. Department of Housing and Urban Development</i>			1,000,000	1,024,533
<u>U.S. Department of Justice</u>				
<i>Passed through Bureau of Justice Assistance:</i>				
State Criminal Alien Assistance Program	16.606	2019-AP-BX-0382	-	4,183
<i>Passed through Federal Department of Justice:</i>				
Bulletproof Vest Partnership Program	16.607	2016BUBX16084784	-	11,100
<i>Passed through New York State Children's Alliance, Inc.</i>				
Missing Children's Assistance	16.758	BATA-NY-SA18	-	6,883
<i>Passed through Division of Criminal Justice Services</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	T632837	-	21,858
<i>Total U.S. Department of Justice</i>			-	44,024
<u>U.S. Department of Labor</u>				
<i>Passed through New York State Office for the Aging:</i>				
Senior Community Services Employment Program	17.235	07-16; 07-17	-	9,872
<i>Passed through Livingston County:</i>				
Trade Adjustment Assistance	17.245	550863	-	15,324
<i>WIOA Cluster</i>				
WIA/WIOA - Adult Program	17.258	550863	-	122,978
WIA/WIOA - Youth Activities	17.259	PY2017-2018-1; 550863	-	156,535
WIA/WIOA - Dislocated Worker Formula Grants	17.278	550863	-	150,868
<i>Total WIOA Cluster</i>			-	430,381
<i>Total U.S. Department of Labor</i>			-	455,577

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, 2018 (CONTINUED)**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Transportation</u>				
<i>Direct Program:</i>				
Airport Improvement Program	20.106	3-36-006-; 36-16; 37-16; 38-16; 39-17; 40-17	-	3,186,666
<i>Passed through New York State Department of Transportation:</i>				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	D034838; D035540; D035860; D034838; D035988; 3315500; 3315810	-	238,857
<i>Total Highway Planning and Construction Cluster</i>			-	238,857
<i>Highway Safety Cluster</i>				
National Priority Safety Programs - NYS STOP DWI Program 10/1/18-9/30/19	20.616	HS1-2018; HS1-2019	-	9,925
<i>Passed through New York State Governor's Traffic Safety Committee:</i>				
State and Community Highway Safety - Rural Traffic Enforcement Initiative-10/1/17-9/30/18	20.600	T006081	-	17,176
State and Community Highway Safety - Rural Traffic Enforcement Initiative-10/1/18-9/30/19	20.600	T006221; T006342	-	3,102
National Priority Safety Programs - Child Passenger Safety Program 10/1/17-9/30/18	20.616	00206-(019)	-	1,542
<i>Total Highway Safety Cluster</i>			-	31,745
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	T970776	-	5,172
<i>Total U.S. Department of Transportation</i>			-	3,462,440
<u>Environmental Protection Agency</u>				
<i>Passed through New York State Department of Health:</i>				
State Indoor Radon Grants	66.032	DOH-01T30728GG345	-	1,789
<i>Total Environmental Protection Agency</i>			-	1,789
<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	-	26,213
<i>Total U.S. Department of Education</i>			-	26,213
<u>U.S. Department of Health and Human Services</u>				
<i>Passed through New York State Department of Health:</i>				
Immunization Cooperative Agreements	93.268	C028293	-	26,632
Maternal and Child Health Services Block Grant	93.994	C30894GG	-	40,825
Maternal and Child Health Services Block Grant	93.994	C32662GG	-	9,032
<i>Total Maternal and Child Health Services Block Grant</i>			-	49,857
Children's Health Insurance Program	93.767	NYSFRM, Vol. 1-3		51,297
<i>Medicaid Cluster</i>				
Medical Assistance Program	93.778	NYSFRM, Vol. 1-3	36,552	730,556
Medical Assistance Program	93.778	A4490	-	352,626
Medical Assistance Program	93.778	1000004328	-	55,942
<i>Total Medicaid Cluster</i>			36,552	1,139,124

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, 2018 (CONTINUED)**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
<i>Passed through New York State Department of Social Services:</i>				
<i>TANF Cluster</i>				
Temporary Assistance for Needy Families	93.558	NYSFRM, Vol.1-3; OTDA 17-ADM-05	-	277,062
Temporary Assistance for Needy Families	93.558	NYSFRM, Vol.1-3; OTDA 18-ADM-04	-	1,220,491
Temporary Assistance for Needy Families	93.558	16-OCFS-LCM-12; 17-OCFS-LCM-17; 18-OCFS-LCM-13	22,921	22,921
Temporary Assistance for Needy Families	93.558	NYSFRM, Vol. 1-3	-	843,225
Temporary Assistance for Needy Families	93.558	NYSFRM, Vol. 1-3	-	4,193
Temporary Assistance for Needy Families	93.558	NYSFRM, Vol. 1-3	-	66,993
Temporary Assistance for Needy Families	93.558	OTDA 12-LCM-11	-	12,815
<i>Total TANF Cluster</i>			22,921	2,447,700
<i>CCDF Cluster</i>				
Child Care and Development Block Grant	93.575	17-OCFS-LCM-11; 18-OCFS-LCM-16	-	765,353
Child Care and Development Block Grant	93.596	17-OCFS-LCM-11; 18-OCFS-LCM-16	-	39,257
<i>CCDF Cluster Total</i>			-	804,610
Child Support Enforcement	93.563	NYSFRM, Vol. 1-3	-	219,299
Low-Income Home Energy Assistance	93.568	OTDA 17-LCM-08; OTDA 18-LCM; OTDA 19-LCM-01	-	73,886
Foster Care-Title IV-E	93.658	NYSFRM, Vol. 1-3	-	805,800
Adoption Assistance	93.659	NYSFRM, Vol. 1-3	-	295,382
Social Services Block Grant	93.667	17-OCFS-LCM-10; 18-OCFS-LCM-08;	-	585,580
Chafee Foster Care Independence Program	93.674	NYSFRM, Vol. 1-3	-	(21,276)
		17-OCFS-LCM-08; 18-OCFDS-LCM-07	-	
<i>Passed through New York State Office of Mental Health and the Office of Alcoholism and Substance Abuse Services:</i>				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	A4488; A4490	952,256	952,256
<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	-	2,646
National Family Caregiver Support, Title III, Part E	93.052	1000004328	-	33,634
<i>Aging Cluster</i>				
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	1000004328	-	69,409
Special Programs for the Aging-Title III, Part C-1 -Nutrition Services	93.045	1000004328	-	58,844
Special Programs for the Aging-Title III, Part C-2 Nutrition Services	93.045	1000004328	-	50,029
Nutrition Services Incentive Program	93.053	1000004328	-	22,711
<i>Total Aging Cluster</i>			-	200,993

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, 2018 (CONTINUED)**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
Medicare Improvements for Patients and Providers Act - Aging and Disability Resource Center Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations - 17/18	93.071	1000004328	-	13,321
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations - 18/19	93.779	1000004328	-	8,915
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements 7/1/17-6/30/18	93.074	1607.11	-	25,387
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements 7/1/18-6/30/19	93.074	1067.12	-	26,600
Opioid Crisis Funding 9/1/18-8/31/19	93.074	1067.12	-	4,656
Food and Drug Administration Research	93.103	G-T-1709-05029; G-SP-1709-05349	-	2,173
<i>Total U.S. Department of Health and Human Services</i>			<u>1,023,008</u>	<u>7,769,669</u>
<u>Corporation for National and Community Service</u>				
<i>Direct Program:</i>				
Retired and Senior Volunteer Program	94.002	N/A	-	39,441
<i>Total Corporation for National and Community Service</i>			<u>-</u>	<u>39,441</u>
<u>U.S. 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	C837779	-	1,192
Homeland Security Grant Program	97.067	C151069	-	117,068
Homeland Security Grant Program	97.067	C970750	-	1,321
Homeland Security Grant Program	97.067	C970760	-	20,217
Homeland Security Grant Program	97.067	C970770	-	52,322
Homeland Security Grant Program	97.067	T180065	-	3,547
Homeland Security Grant Program	97.067	T970752	-	15,905
Homeland Security Grant Program	97.067	T970762	-	5,901
<i>Total Homeland Security Grant Program</i>			<u>-</u>	<u>217,473</u>
Emergency Management Performance Grant	97.042	T970785	-	5,888
Emergency Management Performance Grant	97.042	T970775	-	21,607
Pre-Disaster Mitigation	97.047	C000787	-	22,984
<i>Total Emergency Management Performance Grant Program</i>			<u>-</u>	<u>50,479</u>
<i>Total U.S. Department of Homeland Security</i>			<u>-</u>	<u>267,952</u>
Total Expenditures of Federal Awards			\$ <u>2,023,008</u>	\$ <u>13,724,466</u>

See notes to schedule of expenditures of federal awards.

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

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.

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INTERNAL CONTROL AND COMPLIANCE

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**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, 2018, 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 28, 2019. 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.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Freed Maxick CPAs, P.C.

Batavia, New York

June 28, 2019

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of County Legislature
County of Genesee

Report on Compliance for Each Major Federal Program

We have audited the County of Genesee, New York's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Freed Maxick CPAs, P.C.

Batavia, New York
June 28, 2019

**COUNTY OF GENESEE, NEW YORK
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2018**

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 weaknesse(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to the financial statements noted?

 Yes X No

Federal Awards

Internal control over major federal programs:

- Material weaknesse(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X 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 X No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
93.558	TANF Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes No

II. FINANCIAL STATEMENT FINDINGS

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

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings or questioned costs noted in the current year.

**COUNTY OF GENESEE, NEW YORK
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

I. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings noted for the year ended December 31, 2017.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings or questioned costs noted for the year ended December 31, 2017.

**NEW YORK STATE TRANSPORTATION
ASSISTANCE EXPENDED**

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

INDEPENDENT AUDITOR'S REPORT

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

Report On Compliance For Each Major 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 the major state transportation assistance program tested for the year ended December 31, 2018. The County's program tested 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.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts and grants applicable to its major state transportation assistance program.

Auditor's Responsibility

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

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

Opinion on Each Major State Transportation Assistance Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state transportation assistance programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Freed Maxick CPAs, P.C.

Batavia, New York
June 28, 2019

**COUNTY OF GENESEE, NEW YORK
 SCHEDULE OF NEW YORK STATE TRANSPORTATION ASSISTANCE EXPENDED
 FOR THE YEAR ENDED DECEMBER 31, 2018**

<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	\$ 1,677,493
PAVE-NY	410000	340,555
Extreme Winter Recovery (EWR)	410000	239,065
Marchiselli Aid – Bridge Project	D034838	108,555
Airport Improvement Program	3-36-0006-36-16; 3-36-006-37-16 3-36-0006-38-16; 3-36-0006-39-17 3-36-0006-40-17	<u>563,034</u>
Total New York State Transportation Assistance Expended		\$ <u>2,928,702</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, 2018**

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule is presented using 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, 2018**

I. SUMMARY OF AUDITOR'S RESULTS

Internal control over New York State Transportation Assistance Expended:

- Material weaknesse(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

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

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

Identification of New York Statement Transportation Assistance program(s) tested:

Name of Federal Program or Cluster:

Consolidated Local Street and Highway Improvement Program (CHIPs)

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, 2018.

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