

**AUDITED
BASIC FINANCIAL STATEMENTS**

COUNTY OF GENESEE, NEW YORK

DECEMBER 31, 2013

COUNTY OF GENESEE, NEW YORK

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SECTION A
FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Genesee, New York (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Genesee Tobacco Asset Securitization Corporation (TASC), which represents 4.3%, 122.0% and 2.6%, 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Genesee County Nursing Home were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state transportation assistance expended, as required by Draft Part 43 of the 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 state 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 state 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 August 7, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Batavia, New York
August 7, 2014

Management Discussion and Analysis County of Genesee, New York Fiscal Year Ended December 31, 2013

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, 2013. Please read it in conjunction with the County's financial statements, which immediately follow this section.

Financial Highlights

- The County's total primary government governmental activities net position at year end totaled approximately \$100,583,000, of which approximately \$74,761,000 was the net investment in capital assets.
- The County's total primary government governmental activities net position increased approximately \$4,877,000 from the prior year, primarily from increased revenues such as sales tax.
- During the year ended December 31, 2013 the County's primary government invested \$4,412,358 in governmental activities capital assets, including \$14,000 in land, \$433,645 in buildings and improvements, \$2,437,710 in infrastructure, and \$1,228,310 in machinery, equipment and other capital assets and \$298,693 to the motor pool.
- The County tax rate was \$9.89 per thousand dollars of assessed value in 2013, which is a 0% increase over the 2012 County tax rate.

Overview of the Financial Statements

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

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

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

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

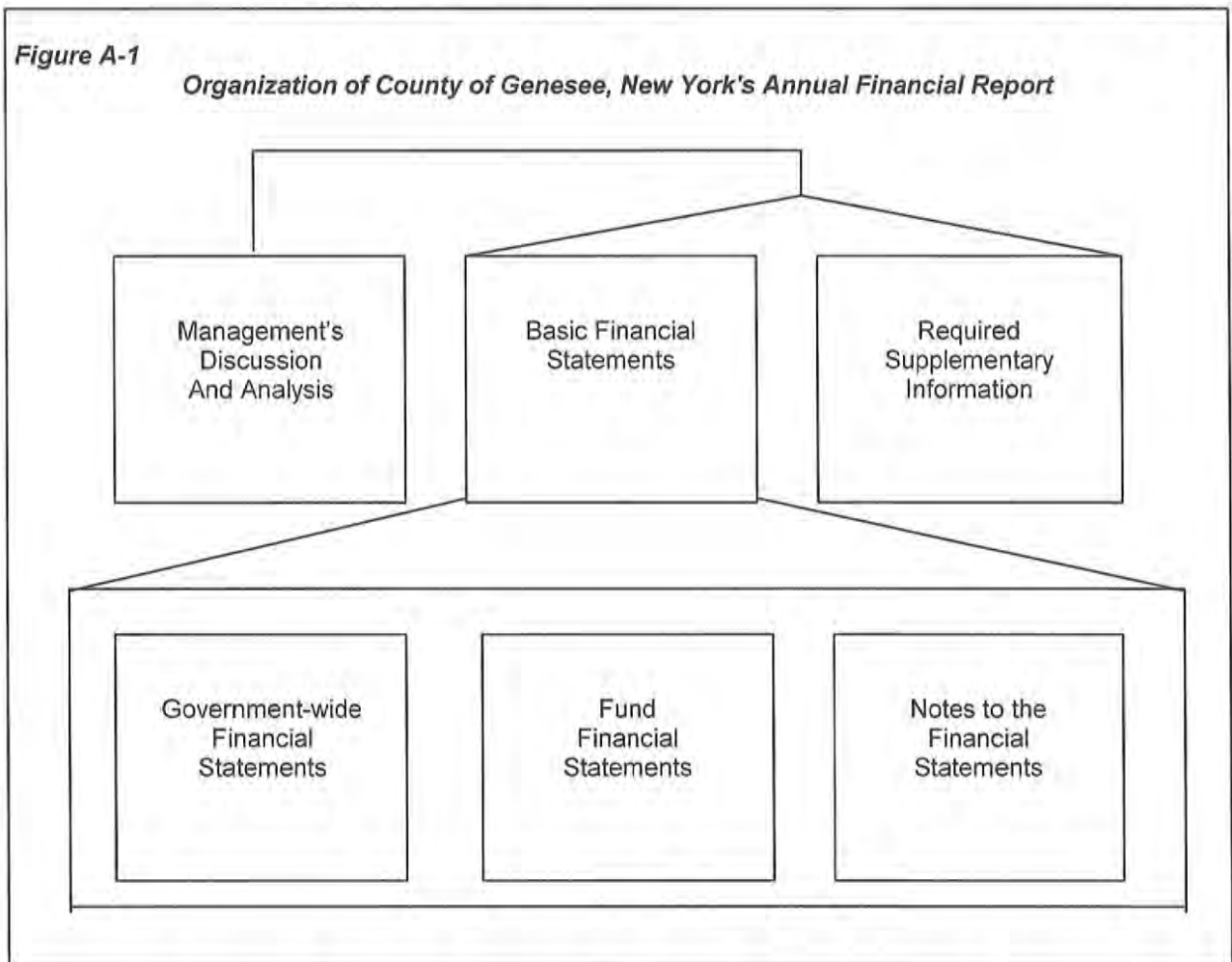


Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of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

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

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

Government-wide Statements

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

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

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

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

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

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

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

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

Fund Financial Statements

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

The County has three kinds of funds:

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

Financial Analysis of the County as a Whole

The net position of the County's primary government's governmental activities increased 5.10% to approximately \$100,583,000. The majority of the net position is invested in capital assets such as buildings, roads and equipment. Long-term liabilities of the County's primary government's governmental activities have increased 24.54%. Unrestricted net position in the County's governmental activities increased 56.94% primarily due to bond proceeds received for the County wide radio system upgrade, an increase in reserves set aside for the 2014 IGT payment and revenue increases such as sales tax and gain on sale of properties from the tax foreclosure auction. Current and other assets of the County's business-type activities decreased 21.90% primarily due to a decrease in patient's accounts receivable at the Nursing Home and the removal of the receivable recorded for the Intergovernmental Transfer (IGT) at the Nursing Home in the prior year. The unrestricted net deficit in the County's business-type activities increased 33.77%, primarily due to the increase in the net deficit at the County Nursing Home. Current and other assets increased by 18.76% due to an increase in cash receipts from bond proceeds and state and federal receivables from the 800 Mghz radio system.

***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 |
|----------------------------------|-------------------------|------------------|-------------------------|--------------------------|-------------------|-------------------------|
| | 2013 | 2012 | | 2013 | 2012 | |
| Current and other assets | \$ 46,863 | \$ 39,460 | 18.76% | \$ 16,491 | \$ 21,116 | -21.90% |
| Capital assets, net | 82,158 | 81,125 | 1.27% | 8,281 | 8,917 | -7.13% |
| Total assets | <u>129,021</u> | <u>120,585</u> | <u>7.00%</u> | <u>24,772</u> | <u>30,033</u> | <u>-17.52%</u> |
| Long-term liabilities | 15,481 | 12,431 | 24.54% | 26,601 | 27,723 | -4.05% |
| Other liabilities | 12,957 | 12,448 | 4.09% | 12,614 | 12,209 | 3.32% |
| Total liabilities | <u>28,438</u> | <u>24,879</u> | <u>14.31%</u> | <u>39,215</u> | <u>39,932</u> | <u>-1.80%</u> |
| Net investment in capital assets | 74,761 | 78,617 | -4.90% | 4,976 | 4,618 | 7.75% |
| Restricted | 2,061 | 1,949 | 5.75% | - | - | |
| Unrestricted (deficit) | 23,761 | 15,140 | 56.94% | (19,419) | (14,517) | -33.77% |
| Total net position (deficit) | <u>\$ 100,583</u> | <u>\$ 95,706</u> | <u>5.10%</u> | <u>\$ (14,443)</u> | <u>\$ (9,899)</u> | <u>-45.90%</u> |

Governmental activities. Governmental activities increased the County's net position by \$4,877,000. A key element of this increase was an overall increase in sales and property tax revenues and capital grants.

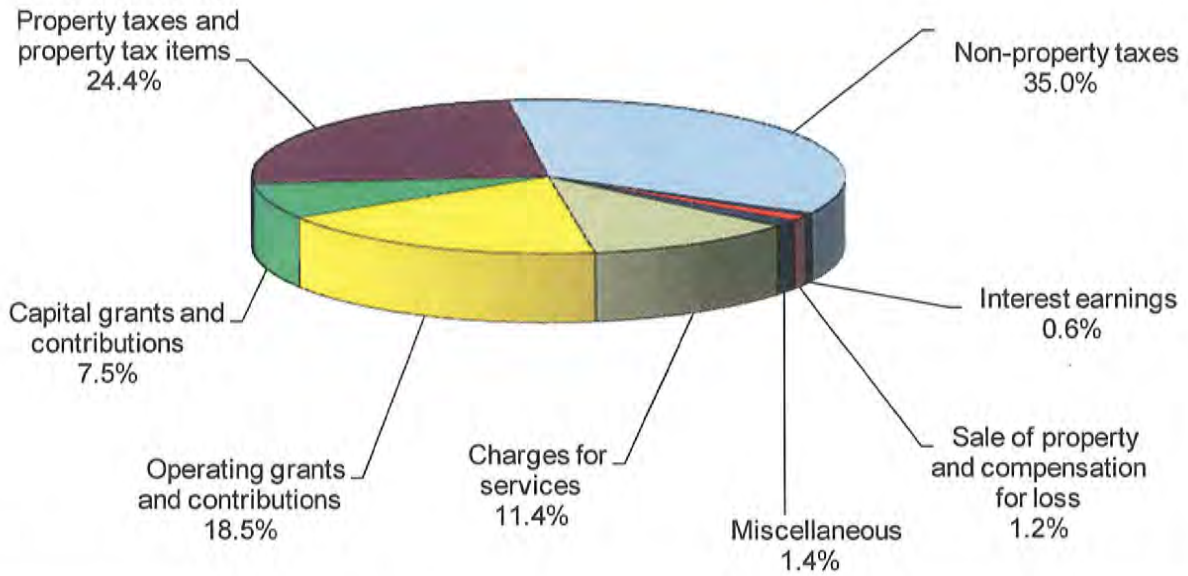
County of Genesee, New York
Changes in Net Position - Primary Government
(in thousands of dollars)

| | Governmental Activities | | Total Percentage Change | Business-Type Activities | | Total Percentage Change |
|--|-------------------------|----------------|-------------------------|--------------------------|---------------|-------------------------|
| | 2013 | 2012 | | 2013 | 2012 | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 12,778 | \$ 12,265 | 4.18% | \$ 29,497 | \$ 28,146 | 4.80% |
| Tobacco settlement revenues | - | - | 0.00% | 828 | 828 | 0.00% |
| Operating grants and contributions | 20,750 | 20,935 | -0.88% | - | - | 0.00% |
| Capital grants and contributions | 8,446 | 3,554 | 137.65% | - | - | 0.00% |
| General Revenues: | | | | | | |
| Property taxes, special assessments and property tax items | 27,325 | 27,065 | 0.96% | - | - | 0.00% |
| Non-property taxes | 39,240 | 37,110 | 5.74% | - | - | 0.00% |
| Interest earnings | 709 | 730 | -2.88% | 59 | 58 | 1.72% |
| Sale of property and compensation for loss | 1,314 | 1,233 | 6.57% | - | - | 0.00% |
| Miscellaneous | 1,613 | 489 | 229.86% | 1,062 | 1,081 | -1.76% |
| Loss on sale of asset | (20) | (42) | 52.38% | - | - | 0.00% |
| Total revenues | 112,155 | 103,339 | 8.53% | 31,446 | 30,113 | 4.43% |
| Program Expenses: | | | | | | |
| General government | 35,762 | 28,230 | 26.68% | - | - | 0.00% |
| Education | 4,713 | 5,182 | -9.05% | - | - | 0.00% |
| Public safety | 14,783 | 14,004 | 5.56% | - | - | 0.00% |
| Health | 8,799 | 8,698 | 1.16% | - | - | 0.00% |
| Transportation | 9,808 | 8,419 | 16.50% | - | - | 0.00% |
| Economic assistance and opportunity | 29,234 | 29,701 | -1.57% | - | - | 0.00% |
| Culture and recreation | 1,370 | 1,419 | -3.45% | - | - | 0.00% |
| Home and community service | 926 | 967 | -4.24% | - | - | 0.00% |
| Nursing home | - | - | 0.00% | 18,450 | 18,364 | 0.47% |
| TASC | - | - | 0.00% | 1,165 | 1,199 | -2.84% |
| Self insurance | - | - | 0.00% | 10,123 | 10,419 | -2.84% |
| Workers' compensation | - | - | 0.00% | 3,387 | 2,804 | 20.79% |
| Water | - | - | 0.00% | 3,557 | 3,420 | 4.01% |
| Interest on debt | 481 | 419 | 14.80% | - | - | 0.00% |
| Total expenses | 105,876 | 97,039 | 9.11% | 36,682 | 36,206 | 1.31% |

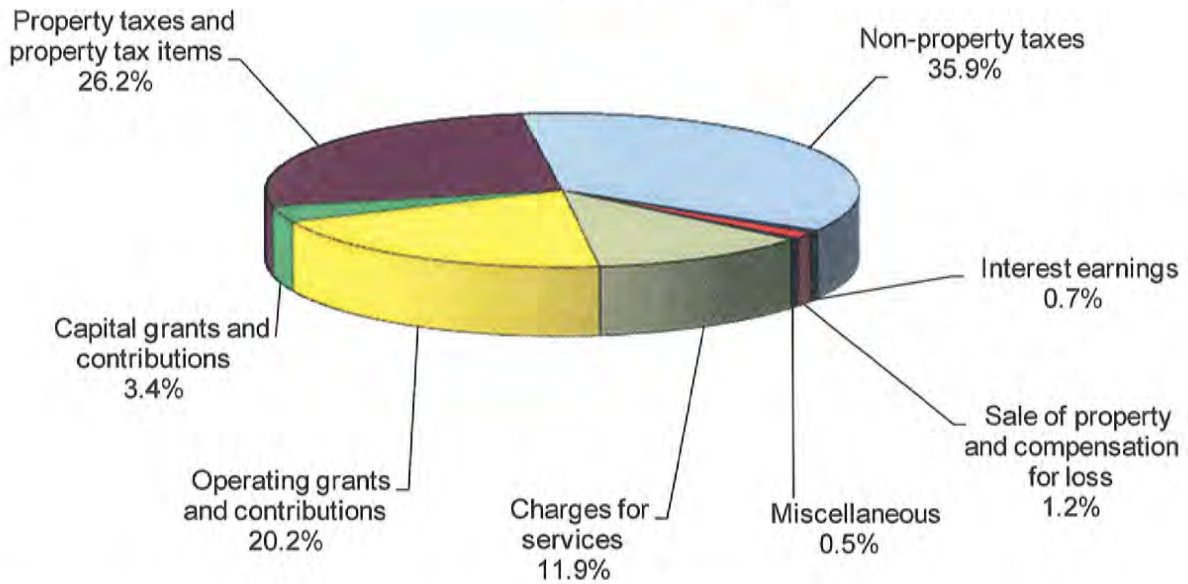
County of Genesee, New York
Changes in Net Position - Primary Government
(in thousands of dollars)

| | Governmental Activities | | Total Percentage Change | Business-Type Activities | | Total Percentage Change |
|--|-------------------------|------------------|-------------------------|--------------------------|-------------------|-------------------------|
| | 2013 | 2012 | | 2013 | 2012 | |
| Increase (decrease) in net position before transfers | 6,279 | 6,300 | -0.33% | (5,236) | (6,093) | 14.07% |
| Transfers | (1,402) | (1,550) | -10% | 1,402 | 1,550 | -9.55% |
| Intergovernmental transfer for rate enhancement | - | - | 0.00% | - | 2,588 | -100.00% |
| Total transfers | (1,402) | (1,550) | 9.55% | 1,402 | 4,138 | -66.12% |
| Change in net position | 4,877 | 4,750 | 2.67% | (3,834) | (1,955) | 96.11% |
| Net position (deficit) - beginning, as previously stated | 95,706 | 90,956 | 5.22% | (9,898) | (7,944) | 24.60% |
| Restatement of net position (see Note 10) | - | - | 0.00% | (711) | - | -100.00% |
| Net position (deficit) - ending | <u>\$ 100,583</u> | <u>\$ 95,706</u> | <u>5.10%</u> | <u>\$ (14,443)</u> | <u>\$ (9,899)</u> | <u>-45.90%</u> |

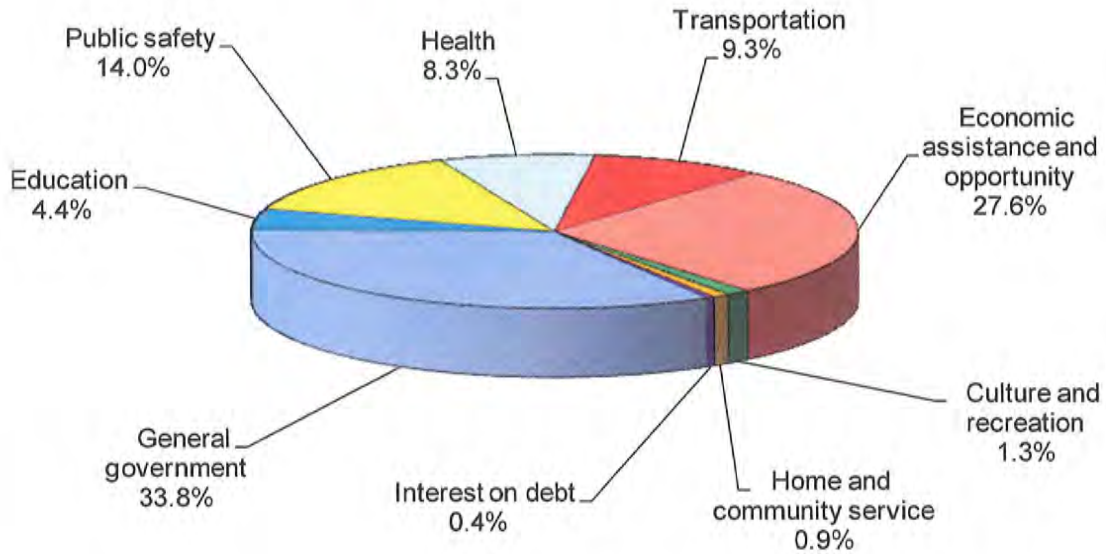
**County of Genesee, New York
Revenues for Governmental Activities - Primary Government
Fiscal Year 2013**



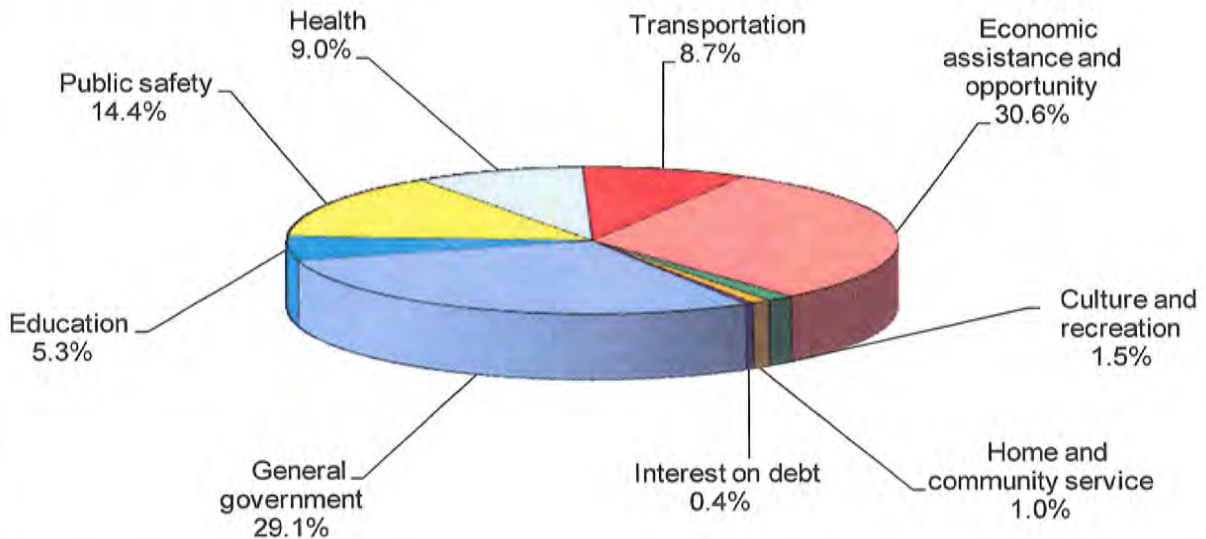
**County of Genesee, New York
Revenues for Governmental Activities - Primary Government
Fiscal Year 2012**



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



**County of Genesee, New York
Expenses for Governmental Activities - Primary Government
Fiscal Year 2012**



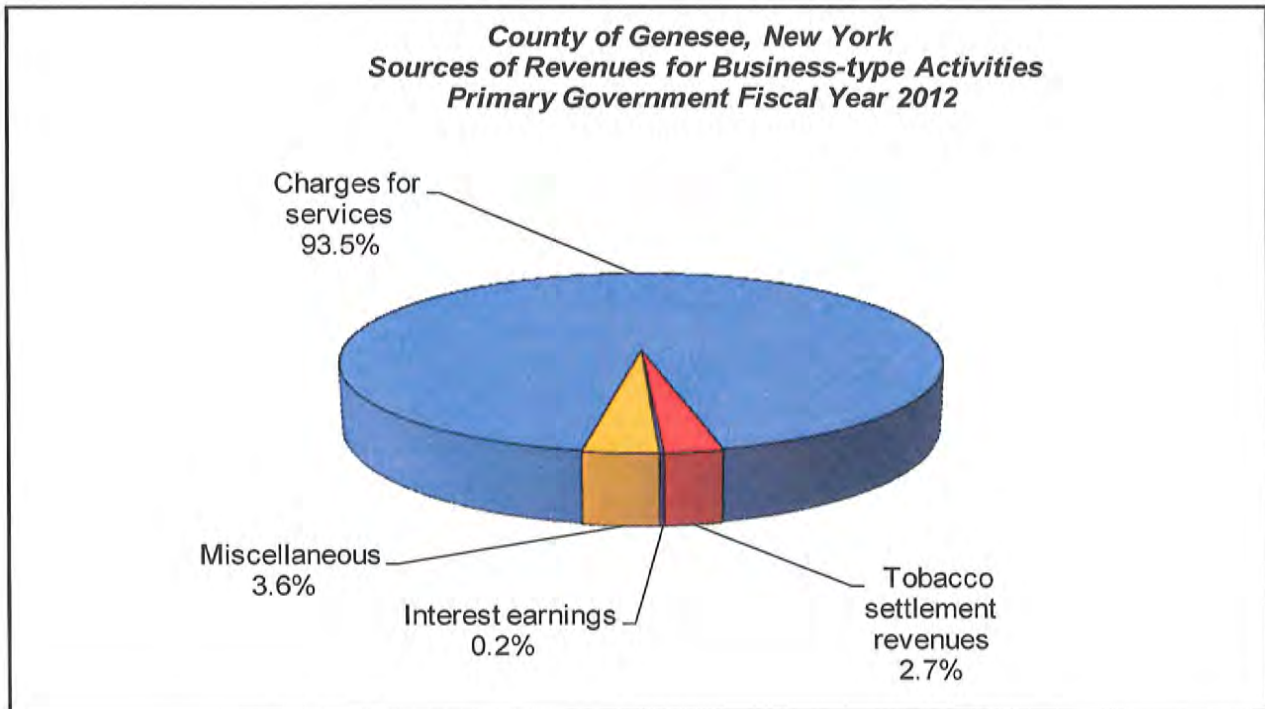
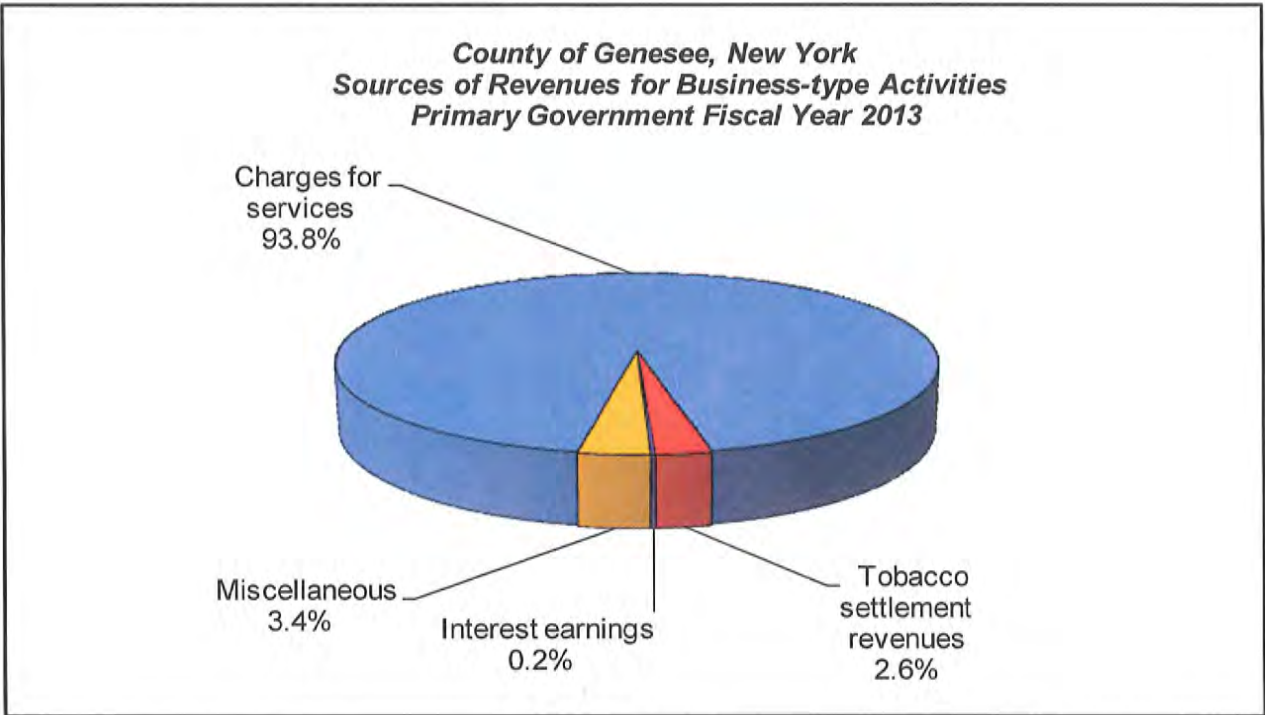
Governmental Activities

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.

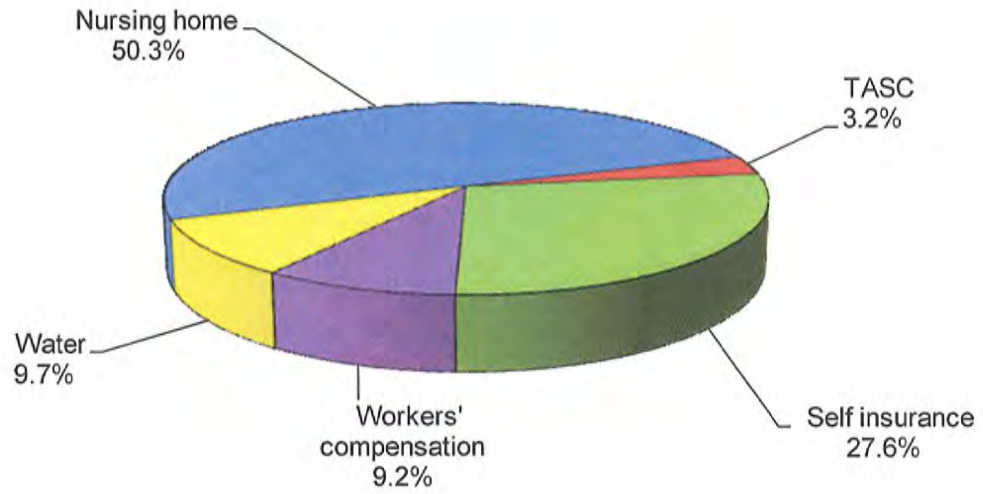
| County of Genesee, New York | | | | | | |
|---|---------------------------|------------------|-------------------------------|-------------------------|------------------|-------------------------------|
| Net Cost of Governmental Activities - Primary Government | | | | | | |
| <i>(in thousands of dollars)</i> | | | | | | |
| | Total Cost of Services | | Total Percentage Change | Net Cost of Services | | Total Percentage Change |
| | 2013 | 2012 | | 2013 | 2012 | |
| General government | \$ 35,762 | \$ 28,230 | 26.68% | \$ 31,173 | \$ 23,691 | 31.58% |
| Education | 4,713 | 5,182 | -9.05% | 3,078 | 2,989 | 2.98% |
| Public safety | 14,783 | 14,004 | 5.56% | 7,529 | 12,176 | -38.17% |
| Health | 8,799 | 8,698 | 1.16% | 660 | 1,210 | -45.45% |
| Transportation | 9,808 | 8,419 | 16.50% | 4,428 | 2,999 | 47.65% |
| Economic assistance | 29,234 | 29,701 | -1.57% | 15,859 | 16,794 | -5.57% |
| Culture & recreation | 1,370 | 1,419 | -3.45% | 581 | 159 | 265.41% |
| Home and community service | 926 | 967 | -4.24% | 113 | (153) | 173.86% |
| Interest on debt | 481 | 419 | 14.80% | 481 | 420 | 14.52% |
| Total | <u>\$ 105,876</u> | <u>\$ 97,039</u> | <u>9.11%</u> | <u>\$ 63,902</u> | <u>\$ 60,285</u> | <u>6.00%</u> |

- General government increased primarily from the distribution of sales tax revenues to local municipalities due to increased sales tax receipts, and the 800 Mghtz system upgrade through the Sheriff's Department. Sales tax distributions to local municipalities increased by over \$815,000 from 2012. The approximate 2013 cost of the 800 Mghtz system was \$5,500,000.
- Public safety increased primarily from increases in retirement and health insurance costs.
- Transportation increased primarily due to an increase in road and bridge repair, maintenance, and construction.

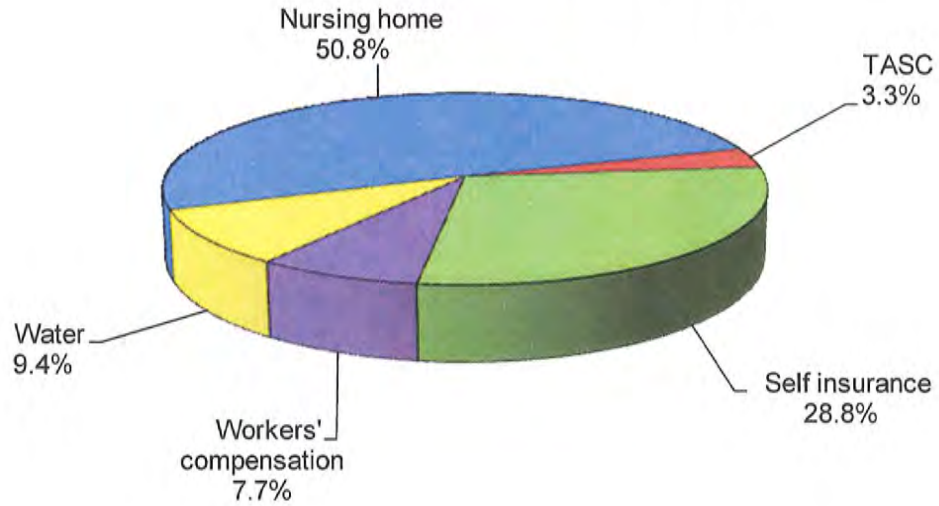
Business-Type Activities:



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



**County of Genesee, New York
Expenses for Business-type Activities -
Primary Government Fiscal Year 2012**



Financial Analysis of The County's Funds

- The fund balance of the General Fund increased approximately \$3,800,000 from 2012. In the 2014 budget the County budgeted \$3,694,824 of fund balance to be used for the ensuing year, which is made up of \$2,553,924 million of fund balance and \$1,140,900 of 1% sales tax funds. The unassigned portion of fund balance, formerly called undesignated fund balance, increased \$1,315,019 in 2013, with a December 31, 2013 balance of \$11,840,592.
- The net position of the County Nursing Home Enterprise Fund decreased approximately \$4.34 million from 2012. A majority of this decrease can be attributed to the decline in revenues, as expenses remained relatively flat year over year. The unrestricted portion of net position (deficit) decreased from a \$1,018,590 deficit in 2012 to a \$5,713,647 deficit balance in 2013
- The significant increases to the Capital Fund revenues, expenditures and fund balance were a direct result of the 800 Mghtz system upgrade through the Sheriff's Department.

| 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) | | | |
| | 2013 | | |
| | <u>Revenues</u> | <u>Expenditures/ Expenses</u> | <u>Fund Balance/ Net Position</u> |
| General Fund | \$ 99,823 | \$ 96,016 | \$ 26,763 |
| Capital Fund | 13,845 | 10,819 | 4,736 |
| Nursing Home | 14,206 | 18,450 | (737) |
| TASC | 828 | 1,165 | 17,619 |
| Self Insurance | 10,198 | 10,142 | 5,217 |
| Workers' Compensation | 4,161 | 3,387 | (2,188) |
| | 2012 | | |
| | <u>Revenues</u> | <u>Expenditures/ Expenses</u> | <u>Fund Balance/ Net Position</u> |
| General Fund | \$ 96,886 | \$ 95,829 | \$ 22,956 |
| Capital Fund | 4,435 | 3,757 | 1,710 |
| Nursing Home | 17,259 | 18,364 | 3,600 |
| TASC | 829 | 1,199 | (16,665) |
| Self Insurance | 10,501 | 10,426 | 5,161 |
| Workers' Compensation | 2,393 | 2,805 | (2,962) |

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

General Fund Budgetary Highlights

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

The general fund expended 93% 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, 2013, amounts to \$79,737,437 (net of related debt). This investment in capital assets includes land, construction in process, buildings, improvements, vehicles and equipment and infrastructure.

| <i>County of Genesee, New York</i> | | | | |
|--|----------------------------|------------------|-----------------------------|-----------------|
| <i>Capital Assets Net of Depreciation - Primary Government</i> | | | | |
| <i>(in thousands of dollars)</i> | | | | |
| | Governmental Activities | | Business-Type Activities | |
| | 2013 | 2012 | 2013 | 2012 |
| Land | \$ 2,573 | \$ 2,559 | \$ - | \$ - |
| Buildings and improvements | 35,666 | 36,090 | 6,192 | 6,845 |
| Machinery & equipment | 2,798 | 2,551 | 2,089 | 2,072 |
| Other capital assets | 3,358 | 3,557 | - | - |
| Infrastructure | 37,438 | 36,212 | - | - |
| Internal service - motor pool | 325 | 156 | - | - |
| Total | <u>\$ 82,158</u> | <u>\$ 81,125</u> | <u>\$ 8,281</u> | <u>\$ 8,917</u> |

Long-Term Obligations

At the end of the current year, the County had total bonded debt outstanding of \$15,100,000. This entire amount is backed by the full faith and credit of the County of Genesee. Following is a statement of outstanding obligations:

| <i>County of Genesee, New York</i> | | | | |
|---|----------------------------|------------------|-----------------------------|------------------|
| <i>Outstanding Long-Term Obligations - Primary Government</i> | | | | |
| <i>(in thousands of dollars)</i> | | | | |
| | Governmental Activities | | Business-Type Activities | |
| | 2013 | 2012 | 2013 | 2012 |
| General obligation bonds issued by the County of Genesee | \$ 13,235 | \$ 10,360 | \$ 1,865 | \$ 2,440 |
| Plus unamortized premium | 391 | 259 | 183 | 233 |
| Turbo term bonds and subordinate turbo CABs issued by the Tobacco Asset Securitization Corporation | - | - | 16,124 | 16,189 |
| Capital leases | - | - | 1,256 | 1,719 |
| Compensated absences | 1,665 | 1,639 | - | - |
| Other post employment benefits | 190 | 173 | 56 | 53 |
| Workers' compensation | - | - | 7,117 | 7,089 |
| Total | \$ 15,481 | \$ 12,431 | \$ 26,601 | \$ 27,723 |

Factors Bearing on the County's Future

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

Factors Bearing on the County's Future (continued)

- The County's ability to handle ever increasing State mandates has been greatly limited due to the tax cap passed by the State Legislature. This new legislation caps the County's ability to raise the tax levy by 2% or the rate of inflation, whichever is lower. While the County has been able to successfully limit the growth in its tax levy over the last several years, this legislation is still a concern for future budgets.
- Sales tax and bed tax revenues have continued to increase over the last few years. This coupled with the fact Genesee County's unemployment rate continues to be the lowest in the (GLOW) Genesee, Livingston, Orleans & Wyoming County regions indicates the County's local economy is improving. Strong activity in the corporate parks, new retail establishments being opened and a new housing development in the Town of Batavia further emphasize that the County's future looks optimistic.

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, 2013

Primary Government

| | <u>Governmental</u> <u>Activities</u> | <u>Business-type</u> <u>Activities</u> | <u>Total</u> | <u>Component</u> <u>Units</u> |
|---|--|---|------------------------------|----------------------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 27,950,854 | \$ 12,238,077 | \$ 40,188,931 | \$ 15,077,927 |
| Cash and cash equivalents - restricted | 1,314,044 | 928,836 | 2,242,880 | - |
| Resident funds held in trust | - | 179,627 | 179,627 | - |
| Taxes receivable, net | 3,686,339 | - | 3,686,339 | - |
| Accounts receivables, net | 4,496,249 | 2,618,705 | 7,114,954 | 11,142,305 |
| State and federal receivables | 9,099,550 | - | 9,099,550 | - |
| Other receivables | - | 35,338 | 35,338 | - |
| Due from other governments | 193,108 | - | 193,108 | 168,768 |
| Due from third-party payors, net | - | 462,068 | 462,068 | - |
| Inventory | 122,960 | 17,587 | 140,547 | - |
| Prepaid expenditures and other current assets | - | 11,264 | 11,264 | 350,869 |
| Other assets | - | - | - | 4,556,238 |
| Land held for investment | - | - | - | 4,631,097 |
| Land options | - | - | - | 35,359 |
| Capital assets not being depreciated | 2,572,792 | - | 2,572,792 | - |
| Capital assets, net of accumulated depreciation | <u>79,585,672</u> | <u>8,280,577</u> | <u>87,866,249</u> | <u>29,490,483</u> |
| Total assets | \$ <u>129,021,568</u> | \$ <u>24,772,079</u> | \$ <u>153,793,647</u> | \$ <u>65,453,046</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 9,108,927 | \$ 1,199,826 | \$ 10,308,753 | \$ 1,665,433 |
| Accrued liabilities | - | 2,615,363 | 2,615,363 | 58,311 |
| Line of credit | - | - | - | 2,189,140 |
| Accrued interest payable | 145,428 | 84,246 | 229,674 | - |
| Accretion payable | - | 2,522,491 | 2,522,491 | - |
| Other liabilities | - | - | - | 2,735,427 |
| Agency liabilities | - | - | - | 1,280,366 |
| Due to fiduciary fund | 241,826 | 196,323 | 438,149 | - |
| Due to other governments | 1,901,854 | - | 1,901,854 | - |
| Unearned revenues | 1,559,032 | 15,800 | 1,574,832 | 8,625,763 |
| Restricted liabilities | - | 179,627 | 179,627 | 97,000 |
| Revenue anticipation notes | - | 5,800,000 | 5,800,000 | - |
| Long-term liabilities: | | | | |
| Due and payable within one year | 1,942,083 | 1,578,452 | 3,520,535 | 315,816 |
| Due and payable after one year | <u>13,539,524</u> | <u>25,022,880</u> | <u>38,562,404</u> | <u>6,387,923</u> |
| Total liabilities | <u>28,438,674</u> | <u>39,215,008</u> | <u>67,653,682</u> | <u>23,355,179</u> |

See notes to basic financial statements

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2013
(Continued)

| | Primary Government | | | Component Units |
|---------------------------------------|----------------------------|-----------------------------|---------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| NYS tuition assistance | - | - | - | 1,755,938 |
| Total deferred inflows of resources | - | - | - | 1,755,938 |
| NET POSITION: | | | | |
| Net investment in capital assets | 74,760,966 | 4,976,471 | 79,737,437 | 24,276,822 |
| Restricted for: | | | | |
| Capital projects | 746,813 | - | 746,813 | - |
| Debt service | 1,314,044 | - | 1,314,044 | - |
| Nonexpendable | - | - | - | 2,678,525 |
| Expendable | - | - | - | 1,764,947 |
| Unrestricted (deficit) | 23,761,071 | (19,419,400) | 4,341,671 | 11,621,635 |
| Total net position | \$ 100,582,894 | \$ (14,442,929) | \$ 86,139,965 | \$ 40,341,929 |

See notes to basic financial statements

COUNTY OF GENESEE, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

| Functions/Programs: | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|-----------------------|----------------------|------------------------------------|---|--------------------------|------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Government | | Component Units |
| | | | | Governmental Activities | Business-type Activities | |
| Governmental activities: | | | | | | |
| General government | \$ 35,761,452 | \$ 4,141,367 | \$ 322,759 | \$ (31,173,016) | \$ - | \$ (31,173,016) |
| Education | 4,712,396 | 560,732 | 1,073,793 | (3,077,871) | - | (3,077,871) |
| Public safety | 14,783,370 | 448,303 | 1,452,837 | (7,528,842) | - | (7,528,842) |
| Health | 8,799,163 | 4,224,605 | 3,914,947 | (659,611) | - | (659,611) |
| Transportation | 9,808,051 | 2,385,165 | 26,391 | (4,427,969) | - | (4,427,969) |
| Economic assistance and opportunity | 29,233,951 | 902,832 | 12,472,273 | (15,858,846) | - | (15,858,846) |
| Culture and recreation | 1,370,475 | 114,771 | 674,920 | (580,784) | - | (580,784) |
| Home and community services | 925,545 | - | 812,060 | (113,485) | - | (113,485) |
| Interest on debt | 481,401 | - | - | (481,401) | - | (481,401) |
| Total governmental activities | 105,875,604 | 12,777,775 | 20,749,980 | (63,901,824) | - | (63,901,824) |
| Business-type activities: | | | | | | |
| Nursing Home | 18,449,756 | 14,012,130 | - | (4,437,626) | - | (4,437,626) |
| TASC | 1,164,899 | 827,596 | - | (337,303) | - | (337,303) |
| Self Insurance | 10,122,747 | 9,062,857 | - | (1,059,890) | - | (1,059,890) |
| Workers' Compensation | 3,387,166 | 3,641,412 | - | 254,246 | - | 254,246 |
| Water | 3,557,135 | 2,780,119 | - | (777,016) | - | (777,016) |
| Total business-type activities | 36,681,703 | 30,324,114 | - | (6,357,589) | - | (6,357,589) |
| Total primary government | \$ 142,557,507 | \$ 43,101,889 | \$ 20,749,980 | \$ (63,901,824) | \$ (6,357,589) | \$ (70,259,413) |
| Component units: | | | | | | |
| Community College | \$ 51,020,229 | \$ 50,444,244 | \$ - | \$ - | \$ - | \$ (575,985) |
| Economic Development Center | 1,587,900 | 993,311 | - | - | - | (594,589) |
| Soil and Water Conservation District (unaudited) | 477,411 | 607,696 | - | - | - | 130,285 |
| Total component units | \$ 53,085,540 | \$ 52,045,251 | \$ - | \$ - | \$ - | \$ (1,040,289) |
| General revenues and transfers: | | | | | | |
| Real property taxes | | | | 26,208,384 | - | 26,208,384 |
| Real property tax items | | | | 1,116,137 | - | 1,116,137 |
| Non-property taxes | | | | 39,240,747 | - | 39,240,747 |
| Use of money and property | | | | 708,557 | 59,226 | 767,783 |
| Sale of property and compensation for loss | | | | 1,314,118 | - | 1,314,118 |
| Miscellaneous local sources | | | | 1,612,983 | 1,062,360 | 2,675,343 |
| Loss on sale of asset | | | | (20,189) | - | (20,189) |
| Transfers | | | | (1,401,907) | 1,401,907 | - |
| Total general revenues and transfers | | | | 68,778,830 | 2,523,493 | 71,302,323 |
| Change in net position | | | | 4,877,006 | (3,834,096) | 1,042,910 |
| Net position - beginning, as previously stated | | | | 95,705,886 | (9,898,190) | 85,807,696 |
| Restatement of net position - see Note 10 | | | | - | (710,643) | (710,643) |
| Net position - beginning, restated | | | | 95,705,886 | (10,608,833) | 85,097,053 |
| Net position - ending | | | | \$ 100,582,894 | \$ (14,442,929) | \$ 86,139,965 |

See notes to basic financial statements
A3

COUNTY OF GENESEE, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2013

| | <u>General</u> | <u>Capital</u> | <u>Non-Major Governmental Funds</u> | <u>Total</u> |
|---|----------------------|---------------------|---|----------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 24,445,011 | \$ 2,771,163 | \$ 534,799 | \$ 27,750,973 |
| Cash and cash equivalents - restricted | 1,314,044 | - | - | 1,314,044 |
| Taxes receivable, net | 3,686,339 | - | - | 3,686,339 |
| Accounts receivables | 4,007,345 | - | 456,563 | 4,463,908 |
| Due from other funds | 773,958 | 1,326,387 | 115,992 | 2,216,337 |
| Due from other governments | 193,108 | - | - | 193,108 |
| State and federal receivables | 5,616,984 | 3,133,666 | 348,900 | 9,099,550 |
| Inventory | - | - | 122,960 | 122,960 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets | \$ <u>40,036,789</u> | \$ <u>7,231,216</u> | \$ <u>1,579,214</u> | \$ <u>48,847,219</u> |
| LIABILITIES: | | | | |
| Accounts payable | \$ 6,855,274 | \$ 1,803,115 | \$ 431,774 | \$ 9,090,163 |
| Due to other funds | 1,317,550 | 692,297 | 475,451 | 2,485,298 |
| Due to other governments | 1,901,854 | - | - | 1,901,854 |
| Unearned revenues | 1,559,032 | - | - | 1,559,032 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities | 11,633,710 | 2,495,412 | 907,225 | 15,036,347 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Unavailable revenue - property taxes | 1,640,403 | - | - | 1,640,403 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total deferred inflows of resources | 1,640,403 | - | - | 1,640,403 |
| FUND BALANCES: | | | | |
| Nonspendable | - | - | 122,960 | 122,960 |
| Restricted | 2,596,485 | - | - | 2,596,485 |
| Assigned | 12,325,599 | 4,735,804 | 549,029 | 17,610,432 |
| Unassigned | 11,840,592 | - | - | 11,840,592 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total fund balances | 26,762,676 | 4,735,804 | 671,989 | 32,170,469 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities, deferred inflows of resources and fund balances | \$ <u>40,036,789</u> | \$ <u>7,231,216</u> | \$ <u>1,579,214</u> | |

See notes to basic financial statements

COUNTY OF GENESEE, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2013
(Continued)

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

| | |
|---|------------------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation, excluding internal service fund capital assets included below (\$324,587). | 81,833,877 |
| Long-term liabilities, including accrued interest payable, compensated absences serial bonds payable and other post employment benefits are not due and payable in the current period and therefore not reported in the funds. | (15,627,035) |
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. | 1,640,403 |
| Internal service net position which is due to governmental activities and related to charges for services provided. | <u>565,180</u> |
| Net position | \$ <u><u>100,582,894</u></u> |

COUNTY OF GENESEE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

| | <u>General</u> | <u>Capital</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|---------------------|---|---|
| REVENUES: | | | | |
| Real property taxes | \$ 25,827,219 | \$ - | \$ - | \$ 25,827,219 |
| Real property tax items | 1,116,137 | - | - | 1,116,137 |
| Non-property tax items | 39,240,747 | - | - | 39,240,747 |
| Departmental income | 8,266,176 | - | 285,632 | 8,551,808 |
| Intergovernmental charges | 1,066,035 | - | 102,277 | 1,168,312 |
| Use of money and property | 693,730 | 12,089 | 1,844 | 707,663 |
| Licenses and permits | 38,411 | - | 19,737 | 58,148 |
| Fines and forfeitures | 168,856 | - | - | 168,856 |
| Sale of property and compensation for loss | 102,187 | - | 1,223,637 | 1,325,824 |
| Miscellaneous local sources | 756,729 | 855,000 | 1,254 | 1,612,983 |
| Interfund revenues | 1,542,018 | - | 1,070,919 | 2,612,937 |
| State sources | 11,877,890 | 5,370,078 | 1,674,921 | 18,922,889 |
| Federal sources | 8,506,336 | 1,276,916 | 490,064 | 10,273,316 |
| Total revenues | <u>99,202,471</u> | <u>7,514,083</u> | <u>4,870,285</u> | <u>111,586,839</u> |
| EXPENDITURES: | | | | |
| General government | 28,630,604 | 6,774,172 | - | 35,404,776 |
| Education | 4,712,396 | - | - | 4,712,396 |
| Public safety | 14,357,203 | - | 101,772 | 14,458,975 |
| Health | 8,788,379 | - | - | 8,788,379 |
| Transportation | 886,378 | 3,453,834 | 6,761,843 | 11,102,055 |
| Economic assistance and opportunity | 28,402,966 | - | 805,359 | 29,208,325 |
| Culture and recreation | 1,371,460 | - | - | 1,371,460 |
| Home and community services | 928,694 | - | - | 928,694 |
| Debt service: | | | | |
| Principal | 1,325,000 | - | - | 1,325,000 |
| Interest | 418,195 | - | - | 418,195 |
| Total expenditures | <u>89,821,275</u> | <u>10,228,006</u> | <u>7,668,974</u> | <u>107,718,255</u> |
| Excess (deficit) of revenues over expenditures | 9,381,196 | (2,713,923) | (2,798,689) | 3,868,584 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Serial bond proceeds | - | 4,200,000 | - | 4,200,000 |
| Premium on serial bond issuance | - | 208,949 | - | 208,949 |
| Interfund transfers in | 620,566 | 1,922,041 | 4,516,472 | 7,059,079 |
| Interfund transfers out | <u>(6,195,117)</u> | <u>(590,948)</u> | <u>(1,674,921)</u> | <u>(8,460,986)</u> |
| Total other financing sources (uses) | <u>(5,574,551)</u> | <u>5,740,042</u> | <u>2,841,551</u> | <u>3,007,042</u> |
| Net change in fund balances | 3,806,645 | 3,026,119 | 42,862 | 6,875,626 |
| Fund balances - beginning | <u>22,956,031</u> | <u>1,709,685</u> | <u>629,127</u> | <u>25,294,843</u> |
| Fund balances - ending | <u>\$ 26,762,676</u> | <u>\$ 4,735,804</u> | <u>\$ 671,989</u> | <u>\$ 32,170,469</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, 2013

| | | |
|--|----|------------------|
| Net change in fund balances - total governmental funds | \$ | 6,875,626 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$4,113,665) exceeded depreciation (\$3,296,904) excluding internal service fund (\$120,900), in the current period. | | 937,661 |
| Repayment of debt principal is an expenditure on the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position. This is the amount of debt repayments made in the current year. | | 1,325,000 |
| Governmental funds report the effect of premiums when debt is first issued in the fund basis statement of revenues, expenses and changes in fund balances whereas these amounts are deferred and amortized in the statement of activities. | | (132,995) |
| Costs associated with the issuance of bonds were previously recorded as an asset in the statement of net position and are an expense in the governmental funds in the year the bonds are issued. These costs are now expensed in the year of issuance. | | (92,833) |
| The governmental funds report the payment of interest on long-term debt as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of the payment date. This amount is the net effect for the difference in the treatment of interest on long-term debt. | | (46,327) |
| Proceeds of serial bonds are recorded as an other financing source for governmental funds whereas the proceeds of serial bonds are reported as liabilities in the statement of net position. | | (4,200,000) |
| On the statement of activities, the loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the net cost of the assets sold excluding internal service fund (\$9,159). | | (72,319) |
| On the statement of activities the actual and projected long term expenditures for post employment benefits are reported whereas on the governmental funds only the actual expenditures are recorded for post employment benefits | | (16,570) |
| 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. | | 381,165 |
| Increases/decreases in accrued compensated absences, and claims payable reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. | | (26,166) |
| Internal service fund is used by management to charge the costs of the motor pool. The net excess revenues for such services is reported with governmental activities. | | (55,236) |
| Change in net position of governmental activities | \$ | <u>4,877,006</u> |

See notes to basic financial statements

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2013

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Fund |
|---|---|--------------|-------------------|--------------------------|----------------------------|--|
| | Nursing Home | TASC | Self Insurance | Workers' Compensation | Non-Major Water Fund | |
| ASSETS: | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | \$ 609,115 | \$ 177,722 | \$ 6,635,494 | \$ 4,075,926 | \$ 739,820 | \$ 12,238,077 |
| Accounts receivables, net | 1,691,660 | - | 284,106 | - | 642,939 | 2,618,705 |
| Other receivables | 35,338 | - | - | - | - | 35,338 |
| Due from other funds | - | - | - | 942,889 | - | 942,889 |
| Prepaid expenditures | 4,552 | 6,712 | - | - | - | 11,264 |
| Inventory | 17,587 | - | - | - | - | 17,587 |
| Due from third-party payors, net | 462,068 | - | - | - | - | 462,068 |
| Total current assets | 2,820,320 | 184,434 | 6,919,600 | 5,018,815 | 1,382,759 | 16,325,928 |
| Noncurrent assets | | | | | | |
| Resident funds held in trust | 179,627 | - | - | - | - | 179,627 |
| Cash and cash equivalents - restricted | - | 928,836 | - | - | - | 928,836 |
| Capital assets, net of accumulated depreciation | 8,280,577 | - | - | - | - | 8,280,577 |
| Total noncurrent assets | 8,460,204 | 928,836 | - | - | - | 9,389,040 |
| Total assets | 11,280,524 | 1,113,270 | 6,919,600 | 5,018,815 | 1,382,759 | 25,714,968 |
| LIABILITIES: | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 569,047 | 1,309 | 43,217 | 87,724 | 498,529 | 1,199,826 |
| Accrued liabilities | 968,874 | - | 1,646,489 | - | - | 2,615,363 |
| Accrued interest payable | - | 84,246 | - | - | - | 84,246 |
| Accretion payable | - | 2,522,491 | - | 1,843 | - | 2,522,491 |
| Due to other funds | 1,137,369 | - | - | - | - | 1,139,212 |
| Unearned revenues | 2,742 | - | 13,058 | - | - | 15,800 |
| Restricted liabilities | 179,627 | - | - | - | - | 179,627 |
| Revenue anticipation note payable | 5,800,000 | - | - | - | - | 5,800,000 |
| Accrued and unpaid claim liabilities | - | - | - | 170,589 | - | 170,589 |
| Capital lease obligations | 488,958 | - | - | - | - | 488,958 |
| Serial bonds payable | 653,905 | 265,000 | - | - | - | 918,905 |
| Total current liabilities | 9,800,522 | 2,873,046 | 1,702,764 | 260,156 | 498,529 | 15,135,017 |
| Noncurrent liabilities: | | | | | | |
| Accrued and unpaid claim liabilities | - | - | - | 6,946,326 | - | 6,946,326 |
| Capital lease obligations | 766,868 | - | - | - | - | 766,868 |
| Serial bonds payable | 1,394,375 | 15,859,376 | - | - | - | 17,253,751 |
| Other post employment benefits | 55,935 | - | - | - | - | 55,935 |
| Total noncurrent liabilities | 2,217,178 | 15,859,376 | - | 6,946,326 | - | 25,022,880 |
| Total liabilities | 12,017,700 | 18,732,422 | 1,702,764 | 7,206,482 | 498,529 | 40,157,897 |
| NET POSITION: | | | | | | |
| Net investment in capital assets | 4,976,471 | - | - | - | - | 4,976,471 |
| Unrestricted (deficit) | (5,713,647) | (17,619,152) | 5,216,836 | (2,187,667) | 884,230 | (19,419,400) |
| Total net position (deficit) | (737,176) | (17,619,152) | 5,216,836 | (2,187,667) | 884,230 | (14,442,929) |

See notes to basic financial statements
A8

COUNTY OF GENESEE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities - Internal Service Fund |
|--|---|------------------------|---------------------|--------------------------|----------------------------|------------------------|--|
| | Nursing Home | TASC | Self Insurance | Workers' Compensation | Non-Major Water Fund | Total | |
| OPERATING REVENUES: | | | | | | | |
| Charges for services | \$ 14,012,130 | - | \$ 9,062,857 | \$ 3,641,412 | \$ 2,780,119 | \$ 29,496,518 | \$ 217,714 |
| Tobacco settlement revenues | - | 827,596 | - | - | - | 827,596 | - |
| Other operating revenues | 133,026 | - | 918,922 | 10,412 | - | 1,062,360 | - |
| Total operating revenues | <u>14,145,156</u> | <u>827,596</u> | <u>9,981,779</u> | <u>3,651,824</u> | <u>2,780,119</u> | <u>31,386,474</u> | <u>217,714</u> |
| OPERATING EXPENSES: | | | | | | | |
| Salaries, wages and employee benefits | 16,597,901 | - | 9,420,921 | 27,570 | - | 26,046,392 | - |
| Contractual expenses | 107,895 | 50,949 | 701,826 | 3,359,596 | 3,557,135 | 7,777,401 | 193,368 |
| Accretion | - | 394,925 | - | - | - | 394,925 | - |
| Depreciation and amortization | 947,074 | - | - | - | - | 947,074 | 120,900 |
| NYS Assessment | 663,554 | - | - | - | - | 663,554 | - |
| Interest expense | 133,332 | - | - | - | - | 133,332 | - |
| Total operating expenses | <u>18,449,756</u> | <u>445,874</u> | <u>10,122,747</u> | <u>3,387,166</u> | <u>3,557,135</u> | <u>35,962,678</u> | <u>314,268</u> |
| Operating income (loss) | <u>(4,304,600)</u> | <u>381,722</u> | <u>(140,968)</u> | <u>264,658</u> | <u>(777,016)</u> | <u>(4,576,204)</u> | <u>(96,554)</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | | | | | |
| Use of money and property | 3,053 | 774 | 28,971 | 22,035 | 4,393 | 59,226 | 894 |
| Sale of property and compensation for loss | - | - | - | - | - | - | 40,424 |
| Interest expense | - | (719,025) | - | - | - | (719,025) | - |
| Total non-operating revenues (expenses) | <u>3,053</u> | <u>(718,251)</u> | <u>28,971</u> | <u>22,035</u> | <u>4,393</u> | <u>(659,799)</u> | <u>41,318</u> |
| Loss before contributions and transfers | <u>(4,301,547)</u> | <u>(336,529)</u> | <u>(111,997)</u> | <u>286,693</u> | <u>(772,623)</u> | <u>(5,236,003)</u> | <u>(55,236)</u> |
| Transfers in | 57,469 | - | 187,890 | 487,632 | 703,534 | 1,436,525 | - |
| Transfers out | - | - | (19,618) | - | (15,000) | (34,618) | - |
| Change in net position | <u>(4,244,078)</u> | <u>(336,529)</u> | <u>56,275</u> | <u>774,325</u> | <u>(84,089)</u> | <u>(3,834,096)</u> | <u>(55,236)</u> |
| Net position (deficit) - beginning, as previously stated | 3,599,830 | (16,664,908) | 5,160,561 | (2,961,992) | 968,319 | (9,898,190) | 620,416 |
| Restatement of net position - see Note 10 | <u>(92,928)</u> | <u>(617,715)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(710,643)</u> | <u>-</u> |
| Net position (deficit) - beginning, restated | <u>3,506,902</u> | <u>(17,282,623)</u> | <u>5,160,561</u> | <u>(2,961,992)</u> | <u>968,319</u> | <u>(10,608,833)</u> | <u>620,416</u> |
| Net position (deficit) - ending | <u>\$ (737,176)</u> | <u>\$ (17,619,152)</u> | <u>\$ 5,216,836</u> | <u>\$ (2,187,667)</u> | <u>\$ 884,230</u> | <u>\$ (14,442,929)</u> | <u>\$ 555,180</u> |

See notes to basic financial statements
A9

COUNTY OF GENESEE, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities - Internal Service Fund |
|--|---|--------------|-------------------|--------------------------|----------------------------|---------------|--|
| | Nursing Home | TASC | Self Insurance | Workers/ Compensation | Non-Major Water Fund | Total | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | |
| Receipts from customers | \$ 17,753,563 | \$ - | \$ 9,040,628 | \$ 3,601,436 | \$ 2,692,525 | \$ 33,088,152 | \$ 214,277 |
| Payments to suppliers | (11,028,626) | (51,153) | (696,396) | (3,702,341) | (3,541,346) | (19,019,862) | (224,326) |
| Payments to employees | (6,972,694) | - | (9,420,921) | (27,570) | - | (16,421,185) | - |
| Proceeds from tobacco receipts | - | 827,596 | - | - | - | 827,596 | - |
| Other operating revenue | - | - | 918,922 | 10,412 | - | 929,334 | - |
| Interest paid | (159,327) | - | - | - | - | (159,327) | - |
| Net cash provided (used) by operating activities | (407,084) | 776,443 | (157,767) | (118,063) | (848,821) | (755,292) | (10,049) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | | |
| Operating subsidies and transfers from other funds | - | - | 168,272 | 487,632 | 688,534 | 1,344,438 | - |
| Net cash provided by noncapital financing activities | - | - | 168,272 | 487,632 | 688,534 | 1,344,438 | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | | |
| Purchases of capital assets | (230,866) | - | - | - | - | (230,866) | (289,534) |
| Proceeds from sale of capital assets | - | - | - | - | - | - | 40,424 |
| Principal paid on capital debt | (463,027) | - | - | - | - | (463,027) | - |
| Repayment of serial bonds | (575,000) | (65,000) | - | - | - | (640,000) | - |
| Proceeds from debt issuance | 800,000 | - | - | - | - | 800,000 | - |
| Interest paid | - | (719,500) | - | - | - | (719,500) | - |
| Net cash used by capital and related financing activities | (468,893) | (784,500) | - | - | - | (1,253,393) | (249,110) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | | |
| Interest and dividends | 3,053 | 774 | 28,971 | 22,035 | 4,393 | 59,226 | 894 |
| Net cash provided by investing activities | 3,053 | 774 | 28,971 | 22,035 | 4,393 | 59,226 | 894 |
| Net increase (decrease) in cash and cash equivalents | (872,924) | (7,283) | 39,476 | 391,604 | (155,894) | (605,021) | (258,265) |
| Cash and cash equivalents - beginning | 1,482,039 | 1,113,841 | 6,596,018 | 3,684,322 | 895,714 | 13,771,934 | 458,146 |
| Cash and cash equivalents - ending | \$ 609,115 | \$ 1,106,558 | \$ 6,635,494 | \$ 4,075,926 | \$ 739,820 | \$ 13,166,913 | \$ 199,881 |

See notes to basic financial statements
A10

COUNTY OF GENESEE, NEW YORK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities - Internal Service Fund |
|---|---|------------|-------------------|--------------------------|----------------------------|----------------|--|
| | Nursing Home | TASC | Self Insurance | Workers' Compensation | Non-Major Water Fund | Total | |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | | | |
| Operating income (loss) | (4,304,600) | \$ 381,722 | \$ (140,968) | \$ 264,658 | \$ (777,016) | \$ (4,576,204) | \$ (96,554) |
| Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities: | | | | | | | |
| Depreciation expense | 947,074 | - | - | - | - | 947,074 | 120,900 |
| Change in provision for doubtful accounts | (531,194) | - | - | - | - | (531,194) | - |
| Amortization expense | (49,450) | - | - | - | - | (49,450) | - |
| Accretion expense | - | 394,925 | - | - | - | 394,925 | - |
| Changes in assets and liabilities: | | | | | | | |
| Decrease (increase) in: | | | | | | | |
| Accounts receivable | 1,753,139 | - | (15,568) | - | (87,594) | 1,649,977 | (3,437) |
| Other receivables | 2,602,032 | - | - | - | - | 2,602,032 | - |
| Due from other county funds | - | - | 36,000 | (447,426) | - | (411,426) | (27,201) |
| Third party settlements receivable | (367,963) | - | - | - | - | (367,963) | - |
| Inventory | 18,065 | - | - | - | - | 18,065 | - |
| Increase (decrease) in: | | | | | | | |
| Accounts payable | 159,409 | (204) | (39,899) | 76,445 | 15,789 | 211,540 | (3,031) |
| Accrued liabilities | (32,984) | - | 9,329 | - | - | (23,655) | - |
| Due to other county funds | (583,640) | - | - | (221) | - | (583,861) | (726) |
| Accrued and unpaid claim liabilities | - | - | - | 28,457 | - | 28,457 | - |
| Unearned revenues | (19,803) | - | (6,661) | (39,976) | - | (66,440) | - |
| Other postemployment benefits | 2,831 | - | - | - | - | 2,831 | - |
| Net cash provided (used) by operating activities | \$ (407,084) | \$ 776,443 | \$ (157,767) | \$ (118,063) | \$ (848,821) | \$ (755,292) | \$ (10,049) |
| Supplemental disclosure of cash flow information: | | | | | | | |
| Cash paid during the year for interest | - | \$ 719,500 | - | - | - | \$ 719,500 | - |

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION - COMPONENT UNITS
DECEMBER 31, 2013

| | Community College | Economic Development Center | Soil and Water Conservation District (Unaudited) | Total |
|---|----------------------|-----------------------------------|---|----------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 13,974,836 | \$ 921,087 | \$ 182,004 | \$ 15,077,927 |
| Other receivables, net | 9,104,915 | 2,032,062 | 5,328 | 11,142,305 |
| Due from other governments | - | - | 168,768 | 168,768 |
| Prepaid expenditures and other current assets | 311,580 | 37,805 | 1,484 | 350,869 |
| Other assets | 4,556,238 | - | - | 4,556,238 |
| Land held for investment | - | 4,631,097 | - | 4,631,097 |
| Land options | - | 35,359 | - | 35,359 |
| Capital assets, net of accumulated depreciation | 29,484,188 | 6,295 | - | 29,490,483 |
| Total assets | 57,431,757 | 7,663,705 | 357,584 | 65,453,046 |
| LIABILITIES: | | | | |
| Accounts payable | 1,619,997 | 38,624 | 6,812 | 1,665,433 |
| Accrued liabilities | 31,412 | 26,899 | - | 58,311 |
| Customer deposits | 97,000 | - | - | 97,000 |
| Line of credit | - | 2,189,140 | - | 2,189,140 |
| Other liabilities | 2,695,837 | - | 39,590 | 2,735,427 |
| Agency liabilities | 1,280,366 | - | - | 1,280,366 |
| Unearned revenues | 8,202,022 | 294,563 | 129,178 | 8,625,763 |
| Current portion of long-term liabilities: | | | | |
| Mortgages payable | 315,816 | - | - | 315,816 |
| Long-term liabilities: | | | | |
| Annuities payable | 37,043 | - | - | 37,043 |
| Compensated absences | 1,453,035 | - | - | 1,453,035 |
| Mortgages payable | 4,897,845 | - | - | 4,897,845 |
| Total liabilities | 20,630,373 | 2,549,226 | 175,580 | 23,355,179 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| NYS tuition assistance | 1,755,938 | - | - | 1,755,938 |
| Total deferred inflows of resources | 1,755,938 | - | - | 1,755,938 |
| NET POSITION: | | | | |
| Net investment in capital assets | 24,270,527 | 6,295 | - | 24,276,822 |
| Restricted for: | | | | |
| Nonexpendable | 2,678,525 | - | - | 2,678,525 |
| Expendable: | | | | |
| Scholarships and other support | 265,811 | - | - | 265,811 |
| Time restricted cumulative earnings on endowments | 861,724 | - | - | 861,724 |
| Other | 191,600 | 445,812 | - | 637,412 |
| Unrestricted | 6,777,259 | 4,662,372 | 182,004 | 11,621,635 |
| Total net position | \$ 35,045,446 | \$ 5,114,479 | \$ 182,004 | \$ 40,341,929 |

COUNTY OF GENESEE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2013

| | <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 | \$ 10,639,768 | \$ 437,926 | \$ 54,505 | \$ 11,132,199 |
| Federal grants and contracts | 12,957,329 | - | - | 12,957,329 |
| State grants and contracts | 4,801,349 | - | 327,227 | 5,128,576 |
| Nongovernmental grants and contracts | 464,657 | - | - | 464,657 |
| Auxiliary enterprises | 962,538 | - | - | 962,538 |
| County of Genesee | - | 215,014 | 210,162 | 425,176 |
| Economic development program support | - | 300,000 | - | 300,000 |
| Interest income on loans | - | 32,796 | - | 32,796 |
| Rent | - | 5,048 | - | 5,048 |
| Other revenues | 864,664 | 2,527 | 15,802 | 882,993 |
| Total operating revenues | <u>30,690,305</u> | <u>993,311</u> | <u>607,696</u> | <u>32,291,312</u> |
| OPERATING EXPENSES: | | | | |
| Salaries and benefits | - | 862,085 | 270,016 | 1,132,101 |
| Educational and general expenditures | 33,398,938 | - | - | 33,398,938 |
| Financial aid and scholarships | 6,827,310 | - | - | 6,827,310 |
| Operation and maintenance | 4,808,189 | - | - | 4,808,189 |
| Depreciation | 2,339,028 | 3,650 | - | 2,342,678 |
| General and administrative | - | 325,979 | 207,395 | 533,374 |
| Auxiliary expenses | 3,646,764 | - | - | 3,646,764 |
| Total operating expenses | <u>51,020,229</u> | <u>1,191,714</u> | <u>477,411</u> | <u>52,689,354</u> |
| Operating income (loss) | <u>(20,329,924)</u> | <u>(198,403)</u> | <u>130,285</u> | <u>(20,398,042)</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | | |
| County appropriations | 1,936,374 | - | - | 1,936,374 |
| Other counties' appropriations | 6,594,364 | - | - | 6,594,364 |
| State appropriations | 11,223,201 | - | - | 11,223,201 |
| Investment income | 333,550 | 2,160 | 173 | 335,883 |
| Grant income | - | 1,184,267 | - | 1,184,267 |
| Grants expended | - | (1,118,697) | - | (1,118,697) |
| Land donations | - | (46,186) | - | (46,186) |
| Option assignment revenue | - | 22,957 | - | 22,957 |
| Economic development loan fund expense | - | (350,000) | - | (350,000) |
| Loss on sale of capital assets | (24,032) | - | - | (24,032) |
| Total non-operating revenues (expenses) | <u>20,063,457</u> | <u>(305,499)</u> | <u>173</u> | <u>19,758,131</u> |
| Change in net position | (266,467) | (503,902) | 130,458 | (639,911) |
| Net position - beginning | <u>35,311,913</u> | <u>5,618,381</u> | <u>51,546</u> | <u>40,981,840</u> |
| Net position - ending | <u>\$ 35,045,446</u> | <u>\$ 5,114,479</u> | <u>\$ 182,004</u> | <u>\$ 40,341,929</u> |

See notes to basic financial statements

COUNTY OF GENESEE, NEW YORK
STATEMENT OF NET POSITION - FIDUCIARY FUND
DECEMBER 31, 2013

| | <u>Agency</u> |
|---------------------------|---------------------|
| ASSETS: | |
| Cash and cash equivalents | \$ 600,013 |
| Due from other funds | <u>438,156</u> |
| Total assets | <u>\$ 1,038,169</u> |
| LIABILITIES: | |
| Agency liabilities | \$ 1,038,162 |
| Due to other funds | <u>7</u> |
| Total liabilities | <u>\$ 1,038,169</u> |

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 (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.

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

COMPONENT UNITS

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

The Genesee County Economic Development Center (GCEDC) was established by the Genesee County Legislature to facilitate economic development in the County of Genesee, New York. The Board of Legislature appoints the directors of the GCEDC; however, the GCEDC members have complete responsibility for management of the GCEDC and accountability for fiscal matters. The GCEDC financial statements have been prepared on an accrual method of accounting in conformity with standards promulgated by the Comptroller General of the United States. In order to ensure observance of limitations and restrictions placed on the use of resources available to the GCEDC, the accounts are maintained in accordance with the principles of fund accounting and reporting purposes into funds that are established according to their nature and purpose. Separate accounts are maintained for each fund. The GCEDC is discretely presented as a component unit in the accompanying financial statements. A copy of the financial statements for the GCEDC may be obtained from the Director's Office, 99 Med Tech Drive, Suite 106, Batavia, New York 14020.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Genesee Community College (GCC) was established under the sponsorship of the County pursuant to the New York State Education Law. The operations of GCC are funded by New York State, the County and the students of GCC. The Genesee Community College Funds use the accrual basis of accounting. During the year ended August 31, 2003, GCC implemented GASB Statement No. 34, No. 35 and No. 37. In accordance, the financial statements of GCC are required to present a statement of net position, a statement of revenues, expenses and changes in net position, that distinguish between operating and non-operating revenues and expenses, the recognition of depreciation on capital assets and a statement of cash flows using the direct method. The GCC Funds includes current and restricted accounts. The amounts included in the County's financial statements are as of and for the GCC's year ended August 31, 2013. A copy of the financial statements for GCC may be obtained from the Office of the Vice President of Finance and Operations, R. Stephen Hawley Drive, Batavia, New York 14020.

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

B. RELATED ORGANIZATION

In January 1997, the State of New York filed a lawsuit against the tobacco industry, seeking to recover the costs that the State and Local governments had incurred in treating smoking related illnesses. Under an agreement reached with the tobacco industry referred to as the Master Settlement Agreement (MSA), the State and Counties are entitled to receive annual payments. During 2000, the County sold its right to receive payments under the MSA to the Tobacco Asset Securitization Corporation (TASC) for \$10,154,624. The TASC is a related organization and is presented as a blended component unit based on the criteria set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and Statement No. 61, *The Financial Reporting Entity: Omnibus*. This criteria includes legal standing, fiscal dependency, and financial accountability. Although the County appoints the governing board of the TASC, they are not responsible for the operations of the TASC.

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

C. JOINT VENTURES

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

1. WATERSHED PROTECTION DISTRICT

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary financial information from the Oak Orchard Small Watershed Protection District's unaudited financial statements for the year ended December 31, 2013 is as follows:

| | |
|--------------------|-----------|
| Assets | \$ 23,705 |
| Liabilities | 123 |
| Fund equity | 23,582 |
| Total revenues | 52,973 |
| Total expenditures | 73,362 |

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, 2013 is as follows:

| | |
|------------------------------|------------|
| Assets | \$ 278,338 |
| Liabilities | 50,078 |
| Deferred inflow of resources | 100 |
| Fund equity | 228,160 |
| Total revenues | 128,956 |
| Total expenditures | 107,088 |

D. BASIS OF PRESENTATION

1. GOVERNMENT-WIDE STATEMENTS:

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

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

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. FUND FINANCIAL STATEMENTS:

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

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

Governmental Funds:

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

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

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

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

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

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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds:

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

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

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

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

Other Fund Types:

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

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

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING:

The government-wide, proprietary 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 at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

F. PROPERTY TAXES

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

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

At December 31, 2013, the taxes receivable amounted to \$3,818,708 which is offset by an allowance for uncollected taxes of \$132,369. Current year returned village and school taxes of \$2,036,720 are offset by liabilities to the villages and school districts which will be paid no later than April 15, 2014. The remaining portion of tax assets is partially offset by unavailable revenue of \$1,640,403 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 63.76% of its constitutional tax limit as of December 31, 2013.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. BUDGETARY DATA

1. **BUDGET POLICIES** - The budget of the County is a detailed operating plan which identifies estimated costs and results in relation to estimated revenues. The budget utilizes the modified accrual method of accounting and includes:

- ❖ The programs, projects, services and activities to be carried on during the fiscal year.
- ❖ The estimated revenue available to finance the operating plan.
- ❖ The estimated spending requirements of the operating plan.

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. No later than November 15th, the Budget Officer submits a tentative budget to the Legislature for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing them for all funds of the County except the following:
 - i. Capital Project Fund
 - ii. Agency Fund
 - b. After public hearings are conducted to obtain taxpayer comments, no later than December 20th, the governing board adopts the budget.
 - c. All modifications to the budget must be approved by the governing board. However, the Budget Officer/County Manager is authorized to transfer certain budgeted amounts within departments.
 - d. Budgets are prepared for Proprietary Funds to establish the estimated contributions required from other funds and to control expenditures.
2. **ENCUMBRANCES** - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

Open encumbrances are reported as reservations of fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.
 3. **BUDGET BASIS OF ACCOUNTING** - The budgets are adopted annually on a basis consistent with the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

H. CASH AND CASH EQUIVALENTS

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. 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.

J. INVENTORY

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

K. ACCOUNTS RECEIVABLE

Accounts receivable for the Nursing Home are stated net of allowance for doubtful accounts. The Nursing Home management estimates this allowance based on its analysis of specific balances, taking into consideration the age of past due accounts, the status of billing process with third-party payers, the value of remaining assets held by residents, and anticipated collections resulting from legal action. The allowance for doubtful accounts amounted to \$291,806 at December 31, 2013.

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

L. PREPAID EXPENDITURES

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.

M. DUE TO/FROM OTHER FUNDS:

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds."

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental and business-type activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided in Note 3., A., 3.

N. CAPITAL ASSETS:

Government-wide statements:

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the County within the capitalization policies established by the County. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fund Financial Statements:

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

O. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County had no deferred outflows of resources as of December 31, 2013.

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

P. 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.

Q. 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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

R. COMPENSATED ABSENCES

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 \$1,665,508 at December 31, 2013.

S. POST EMPLOYMENT BENEFITS

In addition to providing pension benefits, the County provides health insurance coverage for certain retired employees as discussed in Note 3., B., 2.

T. INTERFUND TRANSFERS

The operations of the County give rise to certain transactions between funds, including transfers of expenditures and revenues to provide services and construct assets. A detailed description of the transfers at year-end is provided in Note 3., A., 3.

U. FUND EQUITY

Government-wide statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bond anticipation notes, bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted- Reports all other net positions that do not meet the definition of the above two classifications and are deemed to be available for general use by the County.

Fund statements:

In the fund statements there are potentially five classes of net position to be reported including non-spendable, restricted, committed, assigned and unassigned. These classes are explained further in Note 3., C.

V. USE OF ESTIMATES

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

W. NEW ACCOUNTING PRONOUCEMENTS

During the year ended December 31, 2013, the County completed the process of evaluating the impact that will result from adopting GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and 62*, effective for the year ending December 31, 2013. GASB Statements No. 61, 65, and 66 have been adopted, as applicable, for the year ended December 31, 2013, and prior expense of debt issuance costs were recorded with no material impact on the County's financial position or results from operations.

The GASB has issued the following new statements:

- Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, which will be effective for the year ending December 31, 2014;
- Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which will be effective for the year ending December 31, 2015;
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, which will be effective for the year ending December 31, 2014;
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for the year ending December 31, 2014; and
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which should be applied simultaneously with the provisions of Statement No. 68.

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

NOTE 2 - REPORTING ON BUDGETARY BASIS

The County reports its budgetary status with the actual data including outstanding encumbrances as charges against budget appropriations. This results in the following reconciliation of the General Fund's fund balance computed on a GAAP basis and budgetary basis.

| | |
|--|----------------------|
| GAAP BASIS: | |
| Fund balance - December 31, 2013 | \$ 26,762,676 |
| Deduct outstanding encumbrances | 51,883 |
| BUDGETARY BASIS - Fund balance - December 31, 2013 | <u>\$ 26,710,793</u> |

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. ASSETS

1. 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.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS Continued

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

Investment and Deposit Policy

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

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

Interest Rate Risk

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

Credit Risk

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

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

Custodial Credit Risk

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

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

2. RECEIVABLES

Major revenues accrued by the County in the governmental funds at December 31, 2013, include the following:

a. Accounts Receivables:

General Fund:

| | |
|---------------------------|---------------------|
| Mental health fees | \$ 821,849 |
| Sales tax | 2,663,967 |
| Miscellaneous receivables | <u>521,529</u> |
| Total accounts receivable | <u>\$ 4,007,345</u> |

Non-Major Governmental Funds

| | |
|---------------------------|-------------------|
| Gasoline sales | \$ 135,908 |
| Miscellaneous receivables | <u>320,655</u> |
| Total accounts receivable | <u>\$ 456,563</u> |

b. State and Federal Receivables - represents amounts due primarily from New York State and the federal government at December 31, 2013:

General Fund:

| | |
|---|---------------------|
| RF2 and 2A | \$ 2,335,066 |
| Physically Handicapped Children Education | 1,282,068 |
| Council on alcoholism/drug abuse | 633,174 |
| Programs for the Aging | 354,685 |
| Public Health | 367,580 |
| Miscellaneous state and federal receivables | <u>644,411</u> |
| Total state and federal receivables | <u>\$ 5,616,984</u> |

Capital Fund:

| | |
|---|---------------------|
| NYS reimbursement - Sheriff and Highway | \$ 3,133,558 |
| Miscellaneous state and federal receivables | <u>108</u> |
| Total state and federal receivables | <u>\$ 3,133,666</u> |

Non-Major Governmental Funds

| | |
|---|-------------------|
| CHIPS | \$ 299,585 |
| Miscellaneous state and federal receivables | <u>49,315</u> |
| Total state and federal receivables | <u>\$ 348,900</u> |

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

3. INTERFUND ACTIVITIES

Interfund receivables, payables and transfers as of and for the year ended December 31, 2013, are as follows:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> | <u>Interfund Revenues</u> | <u>Interfund Expenditures</u> |
|----------------------------|----------------------------------|-------------------------------|-------------------------------|-----------------------------------|
| General Fund | \$ 773,958 | \$ 1,317,550 | \$ 620,566 | \$ 6,195,117 |
| Capital Projects Fund | 1,326,387 | 692,297 | 1,922,041 | 590,948 |
| County Road Fund | 115,927 | 336,715 | 4,516,472 | 1,674,921 |
| Road Machinery Fund | 65 | 82,836 | - | - |
| Self Insurance Fund | - | - | 187,890 | 19,618 |
| Special Grant Fund | - | 55,900 | - | - |
| Water Fund | - | - | 703,534 | 15,000 |
| Workers' Compensation Fund | 942,889 | 1,843 | 487,632 | - |
| Nursing Home Fund | - | 1,137,369 | 57,469 | - |
| Internal Service Fund | 27,201 | 66 | - | - |
| Agency Fund | <u>438,156</u> | <u>7</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 3,624,583</u> | <u>\$ 3,624,583</u> | <u>\$ 8,495,604</u> | <u>\$ 8,495,604</u> |

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

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

4. CAPITAL ASSETS

Capital asset activity for governmental-type activities for the year ended December 31, 2013, is as follows:

| | <u>Balance 01/01/13</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance 12/31/13</u> |
|---|-----------------------------|------------------|------------------|-----------------------------|
| <u>Governmental activities</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,558,792 | \$ 14,000 | \$ - | \$ 2,572,792 |
| Total capital assets, not being depreciated | <u>2,558,792</u> | <u>14,000</u> | <u>-</u> | <u>2,572,792</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 51,058,988 | 433,645 | - | 51,492,633 |
| Other capital assets | 8,605,211 | 673,056 | 304,378 | 8,973,889 |
| Machinery and equipment | 4,867,314 | 555,254 | 212,760 | 5,209,808 |
| Infrastructure | 56,694,567 | 2,437,710 | - | 59,132,277 |
| Internal service – motor pool | 828,619 | 298,693 | 201,605 | 925,707 |
| Total capital assets being depreciated | <u>122,054,699</u> | <u>4,398,358</u> | <u>718,743</u> | <u>125,734,314</u> |

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

| | <u>Balance</u> <u>01/01/13</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance</u> <u>12/31/13</u> |
|--|-----------------------------------|-------------------------|----------------------|-----------------------------------|
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 14,968,717 | 857,250 | - | 15,825,967 |
| Other capital assets | 5,048,320 | 848,503 | 281,061 | 5,615,762 |
| Machinery and equipment | 2,316,765 | 258,275 | 163,758 | 2,411,282 |
| Infrastructure | 20,482,535 | 1,211,976 | - | 21,694,511 |
| Internal service - motor pool | <u>672,666</u> | <u>120,900</u> | <u>192,446</u> | <u>601,120</u> |
| Total accumulated depreciation | <u>43,489,003</u> | <u>3,296,904</u> | <u>637,265</u> | <u>46,148,642</u> |
| Total governmental activities capital assets, net | \$ <u>81,124,488</u> | \$ <u>1,115,454</u> | \$ <u>81,478</u> | \$ <u>82,158,464</u> |
| <u>Business-type activities</u> | | | | |
| Capital assets, being depreciated: | | | | |
| Land improvements | \$ 228,610 | \$ - | \$ - | \$ 228,610 |
| Buildings | 19,228,073 | - | - | 19,228,073 |
| Equipment | <u>5,645,795</u> | <u>201,671</u> | <u>19,384</u> | <u>5,828,082</u> |
| Total capital assets being depreciated | <u>25,102,478</u> | <u>201,671</u> | <u>19,384</u> | <u>25,284,765</u> |
| Less accumulated depreciation: | | | | |
| Land improvements | 216,952 | 7,634 | - | 224,586 |
| Buildings | 12,394,463 | 642,022 | - | 13,036,485 |
| Equipment | <u>3,573,989</u> | <u>188,512</u> | <u>19,384</u> | <u>3,743,117</u> |
| Total accumulated depreciation | <u>16,185,404</u> | <u>838,168</u> | <u>19,384</u> | <u>17,004,188</u> |
| Total business-type activities capital assets, net | \$ <u>8,917,074</u> | \$ <u>(636,497)</u> | \$ <u>-</u> | \$ <u>8,280,577</u> |

Depreciation expense was charged to functions as follows:

| | |
|--------------------------|-------------------------|
| Governmental activities: | |
| General government | \$ 679,941 |
| Public safety | 656,240 |
| Transportation | 1,899,120 |
| Health | 7,984 |
| Economic Assistance | <u>53,619</u> |
| Total | \$ <u>3,296,904</u> |

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. LIABILITIES

1. PENSION PLANS

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

Funding Policies

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

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

| | <u>ERS</u> |
|------|--------------|
| 2013 | \$ 4,772,285 |
| 2012 | 4,176,764 |
| 2011 | 3,650,872 |

The County of Genesee contributions made to the System was equal to 100 percent of the contributions required for each year. The County chose to prepay the required contributions by December 15, 2013 and received an overall discount of \$66,722.

Pension costs of the Proprietary Funds are recognized in the period incurred; the Nursing Home Proprietary Fund reflects pension costs for this fund. The amount due for the System's year ending March 31, 2014 had been paid in full at December 31, 2013. Pension contributions charged to operations in 2013, 2012, and 2011 were \$1,289,938, \$1,185,426 and \$984,673, respectively.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

COMPONENT UNIT - GCC

PLAN DESCRIPTION

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

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

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

| <u>Fiscal Year</u> | <u>Employees' Retirement Systems</u> | <u>Teachers' Retirement Systems</u> | <u>Total Retirement Systems</u> |
|--------------------|--|---|---|
| 2013 | \$1,296,428 | \$ 500,636 | \$1,797,064 |
| 2012 | \$ 927,482 | \$ 438,140 | \$1,365,622 |
| 2011 | \$ 645,775 | \$ 339,778 | \$ 985,553 |

In addition to the defined benefit plans discussed above, GCC provides the option for all full-time professional staff to participate in the Teachers Insurance and Annuity Association/College Retirement Equities Fund, a multiple employer defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Participants in TIAA-CREF retiring after 55 with 13 months of service receive monthly annuity benefits based on their investment. GCC pays all contributions for employees hired prior to July 1, 1976 at 12% of salary up to \$16,500 and 15% of salary in excess of \$16,500. Employees hired after July 1, 1976 contribute 3% of their salary, and GCC contributes 9% of salary up to \$16,500 and 12% of amounts in excess of \$16,500. Employees hired after July 1, 1976 and have less than ten years of service or membership are required to contribute 3% of their salaries, and GCC contributes 8% of total salaries for the first seven years and 10% thereafter. Employees hired after April 1, 2012 contribute between 3% and 6% based upon their compensation throughout their career. In 2013, contributions of \$794,492 were made by GCC.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

2. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

a. PLAN DESCRIPTION

The County administers the County of Genesee Retiree Medical and Prescription Drug Plan (the Plan) as a single-employer defined benefit Other Post Employment Benefit plan (OPEB). The Plan provides for continuation of medical insurance benefits and dental insurance 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 stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

b. FUNDING POLICY

The obligations of the plan members, employers and other entities are established by action of the County legislature pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. Retirees are allowed to use accumulated unused sick days to buy health insurance coverage, but are then responsible for 100% of the policy premium thereafter. 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.

c. ACCOUNTING POLICY

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

d. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The County's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The County has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45 for employers in plans with more than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and the County's net OPEB obligation to the Retiree Health Plan at December 31, 2013:

| <u>Annual OPEB Cost and Net OPEB Obligation</u> | Fiscal Year Ending <u>12/31/13</u> |
|--|---------------------------------------|
| Normal Cost | \$ 37,334 |
| Amortization of UAL | <u>47,658</u> |
| ARC | 84,992 |
| Interest on OPEB obligation | 9,044 |
| Adjustment to ARC | <u>(13,916)</u> |
| OPEB Expense | 80,120 |
| Net OPEB contributions made during the fiscal year | <u>(60,719)</u> |
| Net OPEB obligation for the current fiscal year | 19,401 |
| Net OPEB obligation at beginning of year | <u>226,091</u> |
| Net OPEB obligation at end of year | <u>\$ 245,492*</u> |
| Percentage of expense contributed | 75.8% |

*Includes amount of \$55,935 for Genesee County Nursing Home.

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

e. FUNDED STATUS AND FUNDING PROGRESS

The County obtained an interim actuarial valuation for the year ending December 31, 2013. As of the interim actuarial valuation for December 31, 2013, the actuarial accrued liability for benefits was \$744,523, all of which was unfunded. The covered payroll, as of the interim actuarial valuation for December 31, 2013 (annual payroll of active employees covered by the plan), was \$30,015,853, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 2.48 percent.

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

f. METHODS AND ASSUMPTIONS

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

The December 31, 2012 actuarial valuation utilized the projected unit credit actuarial cost method. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is the expected long-term investment rate of the County's own assets since currently the plan has no assets at the valuation date in order to establish a plan investment rate, and an annual healthcare cost trend of 8 percent initially, reduced by decrements to an ultimate rate of 4.4 percent after fiscal year ending 2082. Both rates included a 2.9 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The amortization period at December 31, 2013 was twenty-five years.

3. INDEBTEDNESS

SHORT-TERM DEBT

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

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

| | <u>Balance</u> <u>12/31/12</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Balance</u> <u>12/31/13</u> |
|--------------------------------|-----------------------------------|---------------|-----------------|-----------------------------------|
| RAN maturing 11/15/13 at 0.48% | \$5,000,000 | \$ - | \$ 5,000,000 | \$ - |
| RAN maturing 11/14/14 at 1.25% | - | 5,800,000 | - | 5,800,000 |

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

4. LONG-TERM LIABILITIES

- a. Serial bonds - The County borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the County. The provision to be made in the future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. During the current year, the County recognized \$1,262,939 of expenditures for long-term serial bond interest.
- b. Summary of balances - The following is a summary of changes in long-term liabilities for the year ended December 31, 2013:

| | <u>Balance</u> <u>01/01/13</u> | <u>Additions</u> | <u>Redeemed</u> | <u>Balance</u> <u>12/31/13</u> | <u>Due within</u> <u>One year</u> |
|---------------------------------|-----------------------------------|---------------------|---------------------|-----------------------------------|--------------------------------------|
| Government activities: | | | | | |
| General obligation debt: | | | | | |
| Serial bonds | \$ 10,360,000 | \$ 4,200,000 | \$ 1,325,000 | \$13,235,000 | \$1,690,000 |
| Plus unamortized premium | 258,547 | 208,949 | 75,954 | 391,542 | 85,532 |
| Other liabilities: | | | | | |
| Compensated absences | 1,639,342 | 1,749,512 | 1,723,346 | 1,665,508 | 166,551 |
| Other post employment benefits | <u>172,987</u> | <u>64,691</u> | <u>48,121</u> | <u>189,557</u> | <u>-</u> |
| Total government activities | <u>\$ 12,430,876</u> | <u>\$ 6,223,152</u> | <u>\$ 3,172,421</u> | <u>\$15,481,607</u> | <u>\$1,942,083</u> |
| Business-type activities: | | | | | |
| General obligation debt: | | | | | |
| Serial bonds | \$ 2,440,000 | \$ - | \$ 575,000 | \$ 1,865,000 | \$ 595,000 |
| Plus unamortized premium | 232,730 | - | 49,450 | 183,280 | 58,905 |
| Turbo term bonds – TASC IV | 12,875,000 | - | 65,000 | 12,810,000 | 265,000 |
| Subordinate turbo CABs - TASC V | 3,314,376 | - | - | 3,314,376 | - |
| Other liabilities: | | | | | |
| Capital leases | 1,718,852 | - | 463,026 | 1,255,826 | 488,958 |
| Other post employment benefits | 53,104 | 15,429 | 12,598 | 55,935 | - |
| Workers' compensation | <u>7,088,458</u> | <u>2,545,344</u> | <u>1,449,350</u> | <u>8,184,452</u> | <u>170,589</u> |
| Total business-type activities | <u>\$ 27,722,520</u> | <u>\$ 2,560,773</u> | <u>\$ 2,614,424</u> | <u>\$27,668,869</u> | <u>\$1,578,452</u> |

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

c. Long-term debt maturity schedule:

| <u>Fund and Purpose</u> | <u>Year of Maturity</u> | <u>Interest Rate</u> | <u>Principal Outstanding 12/31/2013</u> |
|--------------------------------------|-------------------------|----------------------|---|
| <u>Government activities:</u> | | | |
| General: | | | |
| Public Improvement Serial Bond | 2016 | 5.3-5.35 | \$ 1,105,000 |
| Public Improvement Serial Bond | 2027 | 3.7 | 2,775,000 |
| Public Improvement Serial Bond | 2024 | 3.25-4.0 | 1,615,000 |
| Public Improvement Serial Bond | 2019 | 2.0-5.0 | 3,540,000 |
| Public Improvement Serial Bond | 2023 | 2.0-3.0 | 4,200,000 |
| <u>Business-type activities:</u> | | | |
| Nursing Home: | | | |
| Nursing Home Improvement Bond | 2019 | 2.0-5.0 | 1,865,000 |
| TASC: | | | |
| Various Bonds | 2015-2042 | 5.0-6.625 | 12,810,000 |
| Subordinate Turbo CABs | 2060 | 7.85 | 1,855,936 |
| Subordinate Turbo CABs | 2045-2055 | N/A | <u>1,458,440</u> |
| Total | | | <u>\$31,224,376</u> |

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

| <u>Fiscal Year</u> | <u>Full Faith and Credit of County Pledged</u> | | | |
|--------------------|--|---------------------|-----------------------|-------------------|
| | <u>Serial Bonds</u> | | <u>Capital Leases</u> | |
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2014 | 2,285,000 | 593,205 | 488,958 | 69,725 |
| 2015 | 2,445,000 | 444,730 | 514,369 | 44,315 |
| 2016 | 2,545,000 | 348,960 | 252,499 | 13,534 |
| 2017 | 1,085,000 | 268,413 | - | - |
| 2018 | 1,125,000 | 225,338 | - | - |
| 2019-2023 | 4,480,000 | 628,738 | - | - |
| 2024-2027 | <u>1,135,000</u> | <u>105,000</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 15,100,000</u> | <u>\$ 2,614,384</u> | <u>\$ 1,255,826</u> | <u>\$ 127,574</u> |

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

| <u>Fiscal Year</u> | <u>Tobacco Asset Securitization Corp</u> | | | |
|--------------------|--|----------------------|----------------------------------|-----------------------|
| | <u>Term Bonds</u> | | <u>Capital Appreciation Bond</u> | |
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2014 | \$ 265,000 | \$ 746,050 | \$ - | \$ 275,209 |
| 2015 | 130,000 | 738,550 | - | 297,237 |
| 2016 | 125,000 | 730,900 | - | 321,028 |
| 2017 | 130,000 | 723,250 | - | 346,723 |
| 2018 | 210,000 | 713,050 | - | 374,475 |
| 2019-2023 | 1,175,000 | 3,355,900 | - | 2,372,925 |
| 2024-2028 | 720,000 | 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 | - | - | <u>1,855,936</u> | <u>13,460,170</u> |
| Total | <u>\$ 12,810,000</u> | <u>\$ 15,180,575</u> | <u>\$ 1,855,936</u> | <u>\$ 119,961,635</u> |

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

| | <u>2013</u> |
|--|---------------------|
| Subordinate Turbo CABs - Redeemable in annual installments of various amounts beginning June 1, 2045 through June 1, 2050. This is a non-interest bearing bond.* | \$ 784,054 |
| Subordinate Turbo CABs – Redeemable in annual installments of various amounts beginning June 1, 2050 through June 1, 2055. This is a non interest bearing bond.* | <u>674,386</u> |
| Total | <u>\$ 1,458,440</u> |

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

In conjunction with the advanced refunding, the TASC completed the sale of Series 2005D and 2005E capital appreciation bonds carrying varying yields and were sold discounted (zero coupon). As required by accounting principles generally accepted in the United States of America, the TASC accretes the effective interest appreciation over the life of the bonds to maturity. These bonds are subordinate to the Series 2005 bonds in the advanced refunding. No interest or principal will be paid on these bonds until all other series bonds of the TASC are redeemed. Funds expected to be used for redemption of these bonds will come from the TSR and payments are not anticipated until 2026. Increases to the bond values were \$140,112 for the year ending December 31, 2013.

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

e. Advance refunding:

As of December 31, 2013, \$5,735,000 of bonds outstanding are considered defeased for all funds related to the 2010 advance refunding.

C. FUND BALANCES

As of December 31, 2013, fund balances on the fund basis statements are classified as follows:

Nonspendable - amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

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

Committed - amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision making authority, i.e., the County Legislature. As of December 31, 2013, the County had no committed fund balances.

Assigned - amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The assigned category includes funds encumbered as of December 31, 2013 and appropriation of fund balances. Also, the County Legislature has authorized the County Treasurer to assign amounts for specific purposes.

Unassigned - all other spendable amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the County.

As of December 31, 2013, governmental fund balances were classified as follows:

| | <u>General</u> | <u>Capital</u> | <u>Non-Major Funds</u> | <u>Total</u> |
|--------------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|
| <u>Nonspendable:</u> | | | | |
| Inventory | \$ - | \$ - | \$ 122,960 | \$ 122,960 |
| <u>Restricted:</u> | | | | |
| Capital projects | 746,813 | - | - | 746,813 |
| Debt service | 1,314,044 | - | - | 1,314,044 |
| Miscellaneous | 535,628 | - | - | 535,628 |
| <u>Assigned:</u> | | | | |
| Subsequent years' expenditures | 3,694,824 | - | 208,022 | 3,902,846 |
| Encumbrances – | | | | |
| General government | 36,700 | - | - | 36,700 |
| Public safety | 14,332 | - | - | 14,332 |
| Health | 851 | - | - | 851 |
| Inter-governmental transfer | 2,913,588 | - | - | 2,913,588 |
| Sales tax | 5,665,304 | - | - | 5,665,304 |
| Capital projects | - | 4,735,804 | - | 4,735,804 |
| County road | - | - | 238,104 | 238,104 |
| Road machinery | - | - | 102,903 | 102,903 |
| <u>Unassigned:</u> | | | | |
| General fund | <u>11,840,592</u> | <u>-</u> | <u>-</u> | <u>11,840,592</u> |
| Total | \$ <u>26,762,676</u> | \$ <u>4,735,804</u> | \$ <u>671,989</u> | \$ <u>32,170,469</u> |

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 - LEASE AGREEMENTS

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

The future minimum operating lease payments as of December 31, 2013 are as follows:

| <u>Year Ending</u> | <u>Building</u> | <u>City Water</u> |
|--------------------|---------------------|---------------------|
| 2014 | \$ 639,732 | \$ 550,000 |
| 2015 | 639,732 | 550,000 |
| 2016 | 639,732 | 550,000 |
| 2017 | <u>213,244</u> | <u>550,000</u> |
| Total | <u>\$ 2,132,440</u> | <u>\$ 2,200,000</u> |

B. The County has entered into an agreement with Monroe County Water Authority (MCWA) to pay a service fee in consideration for the water system and improvements made by MCWA. The service fee is directly related to the debt issued by MCWA for the improvements. The amounts due under this agreement will be funded from the fees charged to the water customers. The future minimum payments as of December 31, 2013 are as follows:

| <u>Year Ending</u> | <u>Total</u> |
|--------------------|----------------------|
| 2014 | \$ 1,160,515 |
| 2015 | 1,159,671 |
| 2016 | 1,158,904 |
| 2017 | 1,158,152 |
| 2018 | 1,162,409 |
| 2019-2023 | 5,835,734 |
| 2024-2028 | 5,868,607 |
| 2029-2033 | 5,845,475 |
| 2034-2036 | <u>3,507,584</u> |
| Total | <u>\$ 26,857,051</u> |

NOTE 5 - CONTINGENCIES

GENESEE TOBACCO ASSET SECURITIZATION CORPORATION (TASC)

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 - COMMITMENTS

COMPONENT UNIT - GENESEE COMMUNITY COLLEGE (COMMUNITY COLLEGE)

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

| | |
|-------------------|---------------------|
| Year ending | |
| <u>August 31,</u> | |
| 2014 | \$ 1,403,429 |
| 2015 | 1,158,505 |
| 2016 | 1,160,305 |
| 2017 | 992,105 |
| 2018 | 811,488 |
| 2019-2023 | 2,875,027 |
| 2024-2025 | <u>783,367</u> |
| | <u>\$ 9,184,226</u> |

Total payments on all operating leases was \$1,422,000 for the year ended August 31, 2013.

The Community College also has an agreement, expiring August 31, 2016, with a data processing consulting firm to manage its computer facilities. Fees are determined on a yearly basis and amounted to \$1,915,000 for the year ended August 31, 2013.

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, 2011 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, 2011 | \$ 6,260,811 | \$ 1,514,530 |
| Claims incurred during 2012 | 2,034,064 | 9,561,709 |
| Payments made during 2012 | <u>(1,206,417)</u> | <u>(9,526,144)</u> |
| Estimated claims as of December 31, 2012 | <u>\$ 7,088,458</u> | <u>\$ 1,550,095</u> |
| Claims incurred during 2013 | \$ 2,545,344 | \$ 9,318,013 |
| Payments made during 2013 | (1,449,350) | (9,323,102) |
| Assessments reduced in 2013 | <u>(1,067,537)</u> | <u>-</u> |
| Estimated claims as of December 31, 2013 | <u>\$ 7,116,915</u> | <u>\$ 1,545,006</u> |

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

COUNTY OF GENESEE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8 - STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. DEFICIT FUND BALANCE

The County reported deficit net position at December 31, 2013 in the Workers Compensation Fund in the amount of \$3,255,204. The deficit was created in a prior year due to the County obtaining an actuarial valuation of the accrued and unpaid claim liabilities. This will be eliminated in future years as the County bills participants for their share of the liability.

The TASC reported deficit net position at December 31, 2013 in the amount of \$17,059,289. 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 9 - SUBSEQUENT EVENT - COMPONENT UNIT

Subsequent to year-end, the County Legislature authorized the issuance of tax exempt revenue bonds by the Genesee County Funding Corporation in an amount not to exceed \$6,000,000 for a project for the benefit of the Genesee Community College Foundation Housing Services, Inc.

NOTE 10 - RESTATEMENT OF NET POSITION

The restatement of net position on the government-wide statement of activities and the statement of revenues, expenses, and changes in net position - proprietary funds occurred as a result of the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Nursing Home previously amortized bond issuance costs resulting in a restatement of net position of \$92,928. The Tobacco Asset Securitization Corporation also previously amortized bond issuance costs resulting in a restatement of net position of \$617,715.

COUNTY OF GENESEE, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

| | Original Budget | Modified Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|--------------------|--------------------|--|
| REVENUES: | | | | |
| Real property taxes | \$ 26,208,384 | \$ 26,208,384 | \$ 25,827,219 | \$ (381,165) |
| Real property tax items | 1,112,008 | 1,112,008 | 1,116,137 | 4,129 |
| Non-property tax items | 37,182,401 | 37,977,854 | 39,240,747 | 1,262,893 |
| Departmental income | 8,722,520 | 8,981,563 | 8,266,176 | (715,387) |
| Intergovernmental charges | 1,108,821 | 1,108,821 | 1,066,035 | (42,786) |
| Use of money and property | 664,493 | 664,493 | 693,730 | 29,237 |
| Licenses and permits | 17,500 | 17,500 | 38,411 | 20,911 |
| Fines and forfeitures | 230,000 | 233,546 | 168,856 | (64,690) |
| Sale of property and compensation for loss | 100,579 | 100,579 | 102,187 | 1,608 |
| Miscellaneous local sources | 758,966 | 1,098,390 | 756,729 | (341,661) |
| Interfund revenues | 1,555,248 | 1,620,784 | 1,542,018 | (78,766) |
| State sources | 11,757,877 | 11,934,593 | 11,877,890 | (56,703) |
| Federal sources | 8,908,885 | 9,082,968 | 8,506,336 | (576,632) |
| Total revenues | 98,327,682 | 100,141,483 | 99,202,471 | (939,012) |
| EXPENDITURES: | | | | |
| General government | 28,817,970 | 29,389,011 | 28,630,604 | 758,407 |
| Education | 5,128,731 | 5,129,699 | 4,712,396 | 417,303 |
| Public safety | 14,715,158 | 15,375,627 | 14,357,203 | 1,018,424 |
| Health | 9,529,394 | 9,724,144 | 8,788,379 | 935,765 |
| Transportation | 838,799 | 953,799 | 886,378 | 67,421 |
| Economic assistance and opportunity | 31,651,449 | 31,672,244 | 28,402,966 | 3,269,278 |
| Culture and recreation | 1,553,873 | 1,581,148 | 1,371,460 | 209,688 |
| Home and community services | 955,817 | 955,817 | 928,694 | 27,123 |
| Employee benefits | 9,000 | 9,000 | - | 9,000 |
| Debt service: | | | | |
| Principal | 1,325,000 | 1,325,000 | 1,325,000 | - |
| Interest | 418,195 | 418,195 | 418,195 | - |
| Total expenditures | 94,943,386 | 96,533,684 | 89,821,275 | 6,712,409 |
| Excess of revenues over expenditures | 3,384,296 | 3,607,799 | 9,381,196 | 5,773,397 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Appropriated fund balance | 2,500,000 | 2,512,000 | - | (2,512,000) |
| Interfund transfers in | 63,701 | 75,319 | 620,566 | 545,247 |
| Interfund transfers out | (5,947,997) | (6,195,118) | (6,195,117) | 1 |
| Total other financing sources (uses) | (3,384,296) | (3,607,799) | (5,574,551) | (1,966,752) |
| Net change in fund balance | - | - | 3,806,645 | 3,806,645 |
| Fund balance - beginning | - | - | 22,956,031 | 22,956,031 |
| Fund balance - ending | \$ - | \$ - | \$ 26,762,676 | \$ 26,762,676 |

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
FOR THE YEAR ENDED DECEMBER 31, 2013

| <u>Schedule of Funding Progress</u> | Actuarial Valuation Date | | |
|---|--------------------------|-----------------|------------------|
| | <u>12/31/12</u> | <u>12/31/10</u> | <u>12/31/08</u> |
| 1. Actuarial Accrued Liability | \$ 738,800 | \$ 755,732 | \$ 1,388,373 |
| 2. Actuarial Value of Assets | - | - | - |
| 3. Unfunded Actuarial Accrued Liability | <u>738,800</u> | <u>755,732</u> | <u>1,388,373</u> |
| 4. Funded Ratio (3. divided by 2.) | 0% | 0% | 0% |
| 5. Annual Covered Payroll | 29,718,550 | 31,331,504 | 30,593,260 |
| 6. Ratio of Unfunded Actuarial Accrued Liability to Covered Payroll | 2.49% | 2.41% | 4.54% |

Schedule of Employer Contributions

Fiscal Year Ending

| | |
|-------------------|-----------|
| December 31, 2008 | \$ 72,212 |
| December 31, 2009 | 86,765 |
| December 31, 2010 | 56,793 |
| December 31, 2011 | 76,137 |
| December 31, 2012 | 59,727 |
| December 31, 2013 | 60,719 |

GASB Statement No. 45 was implemented prospectively.

SECTION B
FEDERAL FINANCIAL ASSISTANCE

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

| <u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Entity Identifying Number</u> | <u>Federal Expenditures</u> |
|---|--------------------------------|---|---------------------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| <i>Direct Program:</i> | | | |
| Rural Business Enterprise Grants | 10.769 | - | 157,687 |
| <i>Passed through New York State Department of Agriculture:</i> | | | |
| Supplemental Nutrition Assistance Program Cluster | | | |
| State Administrative Matching Grant for the Supplemental Nutrition Assistance Program | 10.561 | 12-LCM-07,13-LCM-10, COMM LTR | 613,228 |
| State Administrative Expenses for Child Nutrition | 10.560 | COMM LTR | 71,402 |
| Total Supplemental Nutrition Assistance Program Cluster | | | <u>684,630</u> |
| <i>Passed through New York State Education Department:</i> | | | |
| Child Nutrition Cluster | | | |
| School Breakfast Program | 10.553 | 803714 | 1,527 |
| National School Lunch Program | 10.555 | 803714 | 2,714 |
| Total Child Nutrition Cluster | | | <u>4,241</u> |
| Total U.S. Department of Agriculture | | | <u>846,558</u> |
| <u>U.S. Department of Justice</u> | | | |
| <i>Passed through Bureau of Justice Assistance:</i> | | | |
| State Criminal Alien Assistance Program | 16.606 | 2013-AP-BX-0232 | 2,853 |
| Bulletproof Vest Partnership Program | 16.607 | - | 1,948 |
| <i>Passed through New York State Children's Alliance, Inc.:</i> | | | |
| Missing Children's Assistance | 16.758 | 2-BATA-NY-SA13 | 9,000 |
| <i>Passed through Division of Criminal Justice Services:</i> | | | |
| ARRA - Edward Byrne Memorial Justice Assistance Grant | 16.803 | T637072 | 20,429 |
| Total U.S. Department of Justice | | | <u>34,230</u> |
| <u>U.S. Department of Labor</u> | | | |
| <i>Passed through Livingston County:</i> | | | |
| Trade Adjustment Assistance | 17.245 | - | 27,404 |
| Employment Service/Wagner-Peyser Funded Activities | 17.207 | - | 50 |
| H-1B Job Training Grants | 17.268 | - | 47,307 |
| Workforce Investment Act Cluster | | | |
| Workforce Investment Act - Adult Program | 17.258 | - | 121,286 |
| Workforce Investment Act - Youth Activities | 17.259 | - | 168,592 |
| Workforce Investment Act - Dislocated Workers Supplemental | 17.278 | - | 681 |
| Workforce Investment Act - Dislocated Workers Supplemental | 17.278 | - | 6,131 |
| Workforce Investment Act - Dislocated Workers | 17.278 | - | 167,940 |
| ARRA - Workforce Investment Act - Dislocated Workers | 17.260 | - | 377 |
| Total Workforce Investment Act Cluster | | | <u>465,007</u> |
| <i>Passed through New York State Office for the Aging:</i> | | | |
| Senior Community Services Employment Program | 17.235 | - | 28,971 |
| Total U.S. Department of Labor | | | <u>568,739</u> |
| <u>U.S. Department of Transportation</u> | | | |
| <i>Passed through Federal Aviation Administration:</i> | | | |
| Airport Improvement Program | 20.106 | 3-36-0006, 26-10, 27-11, 28-12, 29-13, 31-13 | 142,327 |
| <i>Passed through Genesee Transportation Council:</i> | | | |
| Highway Planning and Construction | 20.205 | - | 35,531 |
| <i>Passed through New York State Department of Transportation:</i> | | | |
| Highway Planning and Construction | 20.205 | D033711/D032748/ D033651/D033652 | 977,462 |
| <i>Passed through New York State Governor's Traffic Safety Committee:</i> | | | |
| Highway Safety Cluster | | | |
| Occupant Safety - Child Passenger Safety Program - 2013 | 20.602 | 00251-(019) | 2,145 |
| State and Community Highway Safety - Buckle Up NY - 2013 | 20.600 | 00258 (019) | 3,084 |
| State and Community Highway Safety - Rural Traffic Enforcement Initiative - 2013 | 20.600 | - | 24,417 |
| Total Highway Safety Cluster | | | <u>29,646</u> |
| HMEP Interagency Hazardous Materials Public Sector Training and Planning Grants | 20.703 | - | 4,273 |
| Total U.S. Department of Transportation | | | <u>1,189,239</u> |

See notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

| <u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Entity Identifying Number</u> | <u>Federal Expenditures</u> |
|---|--------------------------------|---|---------------------------------|
| <u>U.S. Department of Education</u> | | | |
| <i>Passed through New York State Department of Health:</i> | | | |
| <i>Early Intervention Services Cluster</i> | | | |
| Special Education - Grants for Infants and Families - 2013 | 84.181 | C027481 | 18,384 |
| <i>Total U.S. Department of Education and Total Early Intervention Services Cluster</i> | | | <u>18,384</u> |
| <u>Corporation for National and Community Service</u> | | | |
| <i>Direct Program:</i> | | | |
| Retired and Senior Volunteer Program | 94.002 | - | 34,999 |
| <i>Passed through New York State Office of Children and Family Services:</i> | | | |
| AmeriCorps 12/13 | 94.006 | C026232 | 146,932 |
| AmeriCorps 13/14 | 94.007 | C027056 | 9,798 |
| <i>Total Corporation for National and Community Service</i> | | | <u>191,729</u> |
| <u>U.S. Department of Health and Human Services</u> | | | |
| <i>Passed through New York State Department of Health:</i> | | | |
| Public Health Emergency Preparedness | 93.069 | 1607-10 | 55,434 |
| Immunization Grants - 2012 | 93.268 | C023246 | 2,728 |
| Immunization Grants - 2013 | 93.268 | C028293 | 29,770 |
| Maternal and Child Health Services Block Grant to the States - 2013 | 93.994 | C026510 | 10,642 |
| Maternal and Child Health Services Block Grant to the States - 2014 | 93.994 | C026510-3 | 3,701 |
| Maternal and Child Health Services Block Grant to the States - 2011-2014 | 93.994 | C024618 | 18,348 |
| Medical Assistance Program - Mental Health Federal Medicaid Salary Sharing | 93.778 | - | 92,561 |
| Medical Assistance Program | 93.778 | - | 836,119 |
| Medical Assistance Program | 93.778 | 94-LCM-23 | 76,228 |
| <i>Passed through New York State Department of Social Services:</i> | | | |
| Temporary Assistance for Needy Families | 93.558 | - | 1,207,681 |
| Temporary Assistance for Needy Families | 93.558 | 11-LCM-08 | 1,358 |
| Temporary Assistance for Needy Families | 93.558 | 05-ADM-11 | 133,989 |
| Temporary Assistance for Needy Families | 93.558 | 06-ADM-08 | 301,736 |
| Temporary Assistance for Needy Families | 93.558 | 07-ADM-04 | 205,818 |
| Temporary Assistance for Needy Families | 93.558 | 08-ADM-02 | 348,073 |
| Temporary Assistance for Needy Families | 93.558 | 09-ADM-12,10-ADM-06 | 294,166 |
| Temporary Assistance for Needy Families | 93.558 | 11-ADM-07 | 58,672 |
| Temporary Assistance for Needy Families | 93.558 | 12-ADM-06 | 98,872 |
| Temporary Assistance for Needy Families | 93.558 | 13-ADM-05 | 205,894 |
| Temporary Assistance for Needy Families | 93.558 | 12-LCM-11 | 27,075 |
| Temporary Assistance for Needy Families | 93.558 | 12-OCFS-14,13-OCFS-12 | 10,083 |
| Temporary Assistance for Needy Families | 93.558 | 12-LCM-08,13-LCM-06 | 1,111,623 |
| Child Care and Development Block Grant | 93.575 | 06 | 291,326 |
| Child Support Enforcement | 93.563 | - | 1,816,213 |
| Low-Income Home Energy Assistance | 93.568 | COMM LTR | 700,806 |
| Foster Care-Title IV-E | 93.658 | - | 186,987 |
| Adoption Assistance | 93.659 | - | 177,314 |
| Social Services Block Grant | 93.667 | 13-LCM-07 | 32,531 |
| Chafee Foster Care Independence Program | 93.674 | 13-OCFS-05 | |
| <i>Passed through New York State Office of Mental Health and the Office of Alcoholism and Substance Abuse Services:</i> | | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | - | 824,170 |
| <i>Passed through New York State Office for the Aging:</i> | | | |
| Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services | 93.043 | - | 3,450 |
| National Family Caregiver Support, Title III, Part E | 93.052 | - | 33,303 |
| <i>Aging Cluster</i> | | | |
| Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers | 93.044 | - | 69,953 |
| Special Programs for the Aging-Title III, Part C-1 -Nutrition Services | 93.045 | - | 63,927 |
| Special Programs for the Aging-Title III, Part C-2 Nutrition Services | 93.045 | - | 41,651 |

See notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

| <u>Federal Grantor/Pass Through Grantor/ Program or Cluster Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Entity Identifying Number</u> | <u>Federal Expenditures</u> |
|--|--------------------------------|---|---------------------------------|
| Nutrition Services Incentive Program | 93.053 | - | 18,100 |
| Total Aging Cluster | | | <u>193,631</u> |
| Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations - 12/13 | 93.779 | - | 9,999 |
| Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations - 13/14 | 93.779 | - | 28,000 |
| Special Programs for the Aging-Title IV and Title II-Discretionary Projects | 93.048 | - | 15,373 |
| <i>Passed through The University of Pittsburgh:</i> | | | |
| National Network of Libraries of Medicine Middle Atlantic Region | - | 0020808-408495- Y2020 | 5,131 |
| <i>Total U.S. Department of Health and Human Services</i> | | | <u>9,448,805</u> |
| <u><i>U.S. Department of Homeland Security</i></u> | | | |
| <i>Passed through New York State Division of Homeland Security and Management Services:</i> | | | |
| Homeland Security Grant Program - Companion Animal Sheltering Grant - 2010 | 97.067 | T151009 | 8,552 |
| Hazardous Material Grant Program - 2012 | 97.067 | C151029 | 18,308 |
| Homeland Security Grant Program - 2009 | 97.067 | C837790 | 10,583 |
| Homeland Security Grant Program - 2010 | 97.067 | C837700 | 22,753 |
| Homeland Security Grant Program - 2011 | 97.067 | C970710 | 18,503 |
| Homeland Security Grant Program - 2012 | 97.067 | C970720 | 28,136 |
| Homeland Security Grant Program - SLETPP 2010 | 97.067 | T837702 | 6,269 |
| Homeland Security Grant Program - SLETPP 2011 | 97.067 | C970712 | 33,704 |
| Homeland Security Grant Program - SLETPP 2012 | 97.067 | T970722 | 5,029 |
| Citizen Corps Grant Program (CCGP) 2010 | 97.053 | T000470 | 292 |
| <i>Total U.S. Department of Homeland Security</i> | | | <u>152,129</u> |
| Total Expenditures of Federal Awards | | | <u>12,449,813</u> |

COUNTY OF GENESEE, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - BASIS OF ACCOUNTING

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

NOTE 3 - SUBRECIPIENTS

The County provided federal awards to subrecipients as follows:

| <u>Program Title</u> | <u>Federal CFDA Number</u> | <u>Amount Provided</u> |
|---|----------------------------|------------------------|
| State Administrative Expenses For Child Nutrition | 10.560 | \$ 71,402 |
| Medical Assistance Program - Early Intervention Program | 93.778 | 76,228 |
| Senior Community Services Employment Program | 17.235 | 28,971 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 824,170 |

NOTE 4 - MAJOR PROGRAM DETERMINATION

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

SECTION C
INTERNAL CONTROL AND COMPLIANCE

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Genesee, New York (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 7, 2014. Other auditors audited the financial statements of Genesee Community College, Genesee County Economic Development Center, and Genesee Tobacco Asset Securitization Corporation (TASC), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Genesee County Nursing Home were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Genesee County Nursing Home.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Freed Maxick CPAs, P.C.

Batavia, New York
August 7, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of County Legislature
County of Genesee

Report on Compliance for Each Major Federal Program

We have audited the County of Genesee, New York's (the County) compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

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

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

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

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

Freed Maxick CPAs, P.C.

Batavia, New York
August 7, 2014

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

___ Yes √No

Federal Awards

Internal control over major programs:

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

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

Unmodified

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

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 10.561 | SNAP Cluster |
| 20.205 | Highway Planning and Construction |
| 93.558 | Temporary Assistance for Needy Families |
| 93.959 | Treatment of Substance Abuse |

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

\$ 373,494

Auditee qualified as low-risk auditee?

√Yes ___ No

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

II. FINDINGS - FINANCIAL STATEMENT AUDIT

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

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

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

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

I. FINDINGS - FINANCIAL STATEMENT AUDIT

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

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

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

SECTION D
NYSDOT STATE SINGLE AUDIT PROGRAM

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

INDEPENDENT AUDITOR'S REPORT

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

Report On Compliance For Each Major Federal Program

We have audited the County of Genesee, New York's, (the County) compliance with the types of compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that could have a direct and material effect on the major state transportation assistance program tested for the year ended December 31, 2013. The program tested is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each 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 program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with types of requirements that could have a direct and material effect on the 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 Draft Part 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

Freed Maxick CPAs, P.C.

Batavia, New York
August 7, 2014

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2013

| <u>Grantor/Program Title</u> | <u>NYSDOT Contract/Reference Number</u> | <u>Expenditures</u> |
|--|---|------------------------|
| <u>U.S. Department of Transportation</u> | | |
| <i>Passed through New York State Department of Transportation:</i> | | |
| CHIPs Aid | N/A* | \$1,491,690 |
| Airport Rehabilitation | K550772 | 7,329 |
| Bridges | D032748/D033651/D033711/ D033652 | <u>244,365</u> |
| Total Expenditures of NYSDOT Assistance | | <u>\$1,743,384</u> |

*Denotes major program.

COUNTY OF GENESEE, NEW YORK
NOTES TO SCHEDULE OF STATE TRANSPORTATION
ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - BASIS OF ACCOUNTING

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

COUNTY OF GENESEE, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR
STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2013

I. SUMMARY OF AUDITOR'S RESULTS

Internal control over state transportation assistance expended:

- Material weakness(es) identified? Yes $\sqrt{\text{No}}$
- Significant deficiency(ies) identified? Yes $\sqrt{\text{None Reported}}$

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

Identification of State Transportation Assistance Programs tested:

Name of State Program

CHIPs Aid

II. FINDINGS AND QUESTIONED COSTS

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