

# COUNTY OF CAYUGA

Auburn, New York

FINANCIAL REPORT

DECEMBER 31, 2016



# COUNTY OF CAYUGA

## TABLE OF CONTENTS DECEMBER 31, 2016

Independent Auditor's Report .....	1-3
Required Supplementary Information	
Management's Discussion and Analysis .....	4-41
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position .....	5-5a
Statement of Activities .....	6-6a
Fund Financial Statements	
Balance Sheet - Governmental Funds .....	7
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position .....	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	9
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	10
Statement of Net Position - Proprietary Fund .....	11
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund .....	12
Statement of Cash Flows - Proprietary Fund .....	13
Combining Statement of Net Position - Proprietary Component Units .....	14
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Component Units .....	15
Statement of Fiduciary Net Position - Fiduciary Funds .....	16
Notes to Financial Statements .....	17-58
Required Supplementary Information	
Budgetary Comparison Schedule (Non-GAAP) - General Fund .....	59-59a
Schedule of Funding Progress - Other Postemployment Benefits .....	60
Schedule of County's Contributions - NYSLRS Pension Plan .....	61-61a
Schedule of the County's Proportionate Share of the Net Pension Liability - NYSLRS Pension Plan .....	62
Notes to Required Supplementary Information .....	63-64
Supplementary Information	
Combining Balance Sheet - Non-Major Governmental Funds .....	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds .....	66
Report Required Under <i>Government Auditing Standards</i>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	67-68
Reports Required Under the Single Audit Act (Uniform Guidance)	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance .....	69-70
Schedule of Expenditures of Federal Awards .....	71-73
Notes to Schedule of Expenditures of Federal Awards .....	74-75
Schedule of Findings and Questioned Costs .....	76

**INDEPENDENT AUDITOR’S REPORT**

Honorable Keith Batman, Chairman  
 and Honorable Members of the County Legislature  
 County of Cayuga  
 Auburn, 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 Cayuga, New York (the County), as of and for the year ended December 31, 2016, 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 Cayuga Tobacco Asset Securitization Corporation (aggregate remaining fund information), Cayuga Community College, Cayuga County Industrial Development Agency or Cayuga County Development Corporation (discretely presented component units), which represent the percentages of the total assets, net position/fund balance, and total revenues of the following opinion units as follows:

	<u>Total Assets</u>	<u>Total Net Position/ Fund Balance</u>	<u>Total Revenues</u>
Governmental activities	2%	10%	2%
Aggregate remaining fund information	4%	7%	2%
Aggregate discretely presented business-type component units	73%	67%	95%

Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, are based solely upon 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. The financial statements of Cayuga County Development Corporation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 reports 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 of Cayuga, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

During the year ended December 31, 2016, the County adopted Government Accounting Standards Board (GASB) Statement No. 77, "Tax Abatement Disclosures." Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of County Contributions, Schedule of County's Proportionate Share of the Net Pension Liability, Budgetary Comparison Schedule, Schedule of Funding Progress, and the related notes to the required supplementary information on pages 4-41, and 59-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining non-major fund financial statements 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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining non-major fund financial statements and the Schedule of Expenditures of Federal Awards 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 combining non-major fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2017, on our consideration of Cayuga 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 Cayuga County's internal control over financial reporting and compliance.

Respectfully Submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
July 31, 2017

# **COUNTY OF CAYUGA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016**

Our discussion and analysis of the County of Cayuga's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2016. Please read this information in conjunction with the County's financial statements, which begin on page 5.

### **FINANCIAL HIGHLIGHTS**

- Liabilities and deferred inflows of the County exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$(28,011,098) (net deficit). The deficit is primarily attributable to the County's liabilities for other post-employment benefits (OPEB) of \$69,144,910.
- The County's overall net position decreased by \$(4,282,033), or (18.05)%, primarily due to increases in noncurrent liabilities as discussed below.
- The General Fund recorded an increase of \$317,614 in 2016 and ended the year with a fund balance of \$26,438,447. Of this fund balance, \$21,933,073 was unassigned.
- The County's short-term and long-term obligations at year end totaled \$156,269,994, an increase of \$17,215,232 from 2015. This increase is primarily attributable to increases in OPEB payable of \$5,496,638, and an increase in the County's proportionate share of the NYSLRS net pension liability of \$15,874,807.
- Capital assets decreased \$(487,028) due to depreciation expense of \$3,652,375 in excess of capital outlay of \$3,320,325, as well as other changes in the amount of \$(154,978).

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 5-6a) provide information about the County as a whole and present a longer-term view of the County's finances. Governmental Fund financial statements start on page 7. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the County's operations in greater detail than the Government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the Government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements. 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 General Fund budget for the year, a Schedule of Funding Progress related to the County's other postemployment benefits, a Schedule of County's Contributions related to pensions, and a Schedule of the County's Proportionate Share of Net Pension Liability.

In addition to the basic financial statements, the annual report contains other information in the form of combining statements for those funds that are not considered Major Funds and, therefore, are not presented individually in the basic financial statements.

# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

### Reporting the County as a Whole

Analysis of the County as a whole begins on page 5, with the Government-wide financial statements. The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer the question of whether the County, as a whole, is better off or worse off as a result of the year's activities. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the County's net resources and changes in them. The County's net position, the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources is one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating.

One needs to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

In the Statement of Net Position and the Statement of Activities, the County reports:

- **Governmental Activities:** Most of the County's services are reported in this category, including public safety, public health, economic assistance, transportation, and general administration. Property and sales taxes, and state and federal grants finance most of these activities.
- **Business-type Activities:** The County charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Cayuga County Health Consortium is reported here. Complete financial statements for the Consortium can be obtained from the County Treasurer's office.
- **Component Units:** The County includes seven separate legal entities in its report - Cayuga County Health Insurance Consortium (reported as a business-type activity), Cayuga Tobacco Asset Securitization Corporation (reported as a blended governmental fund), Cayuga County Soil and Water Conservation District, Cayuga County Water and Sewer Authority, Cayuga Community College, Cayuga County Industrial Development Agency and Cayuga County Development Corporation (discretely presented component units). Although legally separate, these component units are important because the County is financially accountable for them. Complete financial statements can be obtained from their administrative offices.

# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

### Reporting the County's Most Significant Funds

#### Fund Financial Statements

Analysis of the County's Major Funds begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants. The County's three types of funds - Governmental, Fiduciary, and Proprietary - use different accounting approaches.

**Governmental Funds:** All of the County's services are reported in the Governmental Funds which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting* which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The relationship (or differences) between *Governmental Activities* (reported in the Government-wide statements) and *Governmental Funds* is explained in a reconciliation following the Governmental Fund financial statements.

**Proprietary Funds:** When the County charges customers for the services it provides - whether to outside customers or to other units of the County - these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Cayuga County Health Insurance Consortium is reported as a Proprietary Fund.

**The County as Trustee:** The County is the trustee, or fiduciary, for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's Agency Fund is reported as a Fiduciary Fund.

### THE COUNTY AS A WHOLE

#### Governmental Activities:

Net position may serve over time as a useful indicator of a government's financial position. The County's net position for the fiscal year ended December 31, 2016 decreased \$(4,282,033), from \$(23,729,065) to \$(28,011,098). In contrast, net position decreased by \$(2,787,823) during 2015. As stated earlier, the primary cause of this decrease in net position is due to the growing liability associated with other postemployment benefits as well as the increase in the County's proportionate share of the NYSLRS net pension liability. The OPEB liability will continue to grow, as there is currently no legal mechanism for the County to fund it.

# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

The largest portion of the County's net position of \$29,645,323 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position of \$3,220,976, represents resources subject to external restrictions on how they may be used and are reported as restricted.

The remaining category of total net position is unrestricted net position (deficit) of \$(60,877,397), largely due to the liability for other postemployment benefits and County's proportionate share of the NYSLRS net pension liability. Included in unrestricted net position is the County's appropriation of \$480,382 to fund the subsequent year's budget, funds committed for capital projects of \$721,022 and encumbrances of \$563,908. An additional \$1,443,543 has been designated for specific purposes, including claims, liabilities, and unemployment costs.

Our analysis below focuses on the net position (Figure 1), and changes in net position (Figure 2), of the County's Governmental Activities.

**Figure 1 - Governmental Activities Net Position**

	<i>Governmental Activities</i>		<i>Dollar Change</i>	<i>Percent Change</i>
	<i>Restated 2015</i>	<i>2016</i>	<i>2015-2016</i>	<i>2015-2016</i>
<i>Current assets</i>	\$ 55,931,870	\$ 49,274,138	(6,657,732)	-11.90%
<i>Capital assets, net</i>	61,353,852	60,866,824	(487,028)	-0.79%
<i>Other noncurrent assets</i>	8,152,811	12,520,344	4,367,533	53.57%
<b><i>Total Assets</i></b>	<b>125,438,533</b>	<b>122,661,306</b>	<b>(2,777,227)</b>	<b>-2.21%</b>
<i>Pensions</i>	4,288,999	21,437,259	17,148,260	399.82%
<i>Deferred charges on defeased debt</i>	-	290,711	290,711	100.00%
<b><i>Total Deferred Outflows of Resources</i></b>	<b>4,288,999</b>	<b>21,727,970</b>	<b>17,438,971</b>	<b>406.60%</b>
<i>Current liabilities</i>	17,489,996	16,312,837	(1,177,159)	-6.73%
<i>Noncurrent liabilities</i>	135,184,535	151,848,755	16,664,220	12.33%
<b><i>Total Liabilities</i></b>	<b>152,674,531</b>	<b>168,161,592</b>	<b>15,487,061</b>	<b>10.14%</b>
<i>Pensions</i>	782,066	4,238,782	3,456,716	442.00%
<b><i>Total Deferred Inflows of Resources</i></b>	<b>782,066</b>	<b>4,238,782</b>	<b>3,456,716</b>	<b>442.00%</b>
<i>Net investment in capital assets</i>	28,703,852	29,645,323	941,471	3.28%
<i>Restricted</i>	2,845,682	3,220,976	375,294	13.19%
<i>Unrestricted</i>	(55,278,599)	(60,877,397)	(5,598,798)	10.13%
<b><i>Total Net Position (Deficit)</i></b>	<b>\$ (23,729,065)</b>	<b>\$ (28,011,098)</b>	<b>(4,282,033)</b>	<b>18.05%</b>

# ***COUNTY OF CAYUGA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016**

Current assets decreased and other non-current assets increased due to purchase of long term certificates of deposit classified as non-current assets totaling \$3,743,542. Additionally, current assets decreased due to the decrease in current restricted cash of \$1,306,576 as a result of capital lease expenditures, as well as the classification of internal balances component units of \$1,295,000 as a noncurrent asset in the current year.

Deferred outflows of resources increased based on the net difference between projected and actual investment earnings on pension plan investments for the NYSLRS pension plan totaling \$12,308,112, in addition to deferred charges on defeased debt from the refunding of bonds that occurred during the year. Deferred inflows of resources increased primarily due to differences between expected and actual experience and earnings of the NYSLRS pension plan and changes in the County's proportionate share, and differences between employer contributions and proportionate share of contributions for the NYSLRS pension plan.

Current liabilities decreased primarily due to a decrease in accounts payable of \$742,339, resulting from payments made at yearend. Noncurrent liabilities increased primarily due to the increase in the County's proportionate share of the net pension liability of \$15,874,807, as well an increase in the OPEB liability of \$5,496,638.

Net investment in capital assets increased based on normal principal payments of long term debt, offset by the decrease in capital assets.

# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

The County's total revenues decreased by (0.84)%, while the total cost of all programs and services increased by 1.90%. Our analysis in Figure 2 separately considers the operations of Governmental Activities.

**Figure 2 - Changes in Net Position**

	<i>Governmental Activities</i>		<i>Dollar Change</i>	<i>Percent Change</i>
	<i>Restated 2015</i>	<i>2016</i>	<i>2015-2016</i>	<i>2015 - 2016</i>
<b>REVENUES</b>				
<i>Program Revenues:</i>				
<i>Charges for services</i>	\$ 13,917,475	\$ 13,343,590	\$ (573,885)	-4.12%
<i>Operating grants</i>	33,070,325	33,428,825	358,500	1.08%
<i>Capital grants</i>	2,033,574	3,780,356	1,746,782	85.90%
<i>General Revenues:</i>				
<i>Property taxes and tax items</i>	40,174,528	40,422,320	247,792	0.62%
<i>Sales and other taxes</i>	43,125,265	43,060,502	(64,763)	-0.15%
<i>Tobacco settlement payments</i>	2,015,166	1,363,714	(651,452)	-32.33%
<i>Sale of property and compensation for</i>	5,965	229,659	223,694	3750.11%
<i>Use of money and property</i>	220,669	340,010	119,341	54.08%
<i>Other</i>	1,230,546	965,813	(264,733)	-21.51%
<b>Total Revenues</b>	<b>135,793,513</b>	<b>136,934,789</b>	<b>1,141,276</b>	<b>0.84%</b>
<b>PROGRAM EXPENSES</b>				
<i>General government</i>	37,851,648	38,053,644	201,996	0.53%
<i>Education</i>	6,118,643	5,817,961	(300,682)	-4.91%
<i>Public safety</i>	20,251,445	21,312,090	1,060,645	5.24%
<i>Public health</i>	10,713,130	11,013,542	300,412	2.80%
<i>Transportation</i>	14,443,008	13,784,537	(658,471)	-4.56%
<i>Economic assistance and opportunity</i>	42,922,782	45,381,661	2,458,879	5.73%
<i>Culture and recreation</i>	1,654,817	1,171,129	(483,688)	-29.23%
<i>Home and community services</i>	1,818,495	1,906,312	87,817	4.83%
<i>Interest on debt</i>	2,807,368	2,775,946	(31,422)	-1.12%
<b>Total Expenses</b>	<b>138,581,336</b>	<b>141,216,822</b>	<b>2,635,486</b>	<b>1.90%</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (2,787,823)</b>	<b>\$ (4,282,033)</b>	<b>\$ (1,494,210)</b>	<b>53.60%</b>

The increase in revenues was primarily due to an increase in capital grants related to state aided transportation capital projects, as well as increases in insurance recoveries.

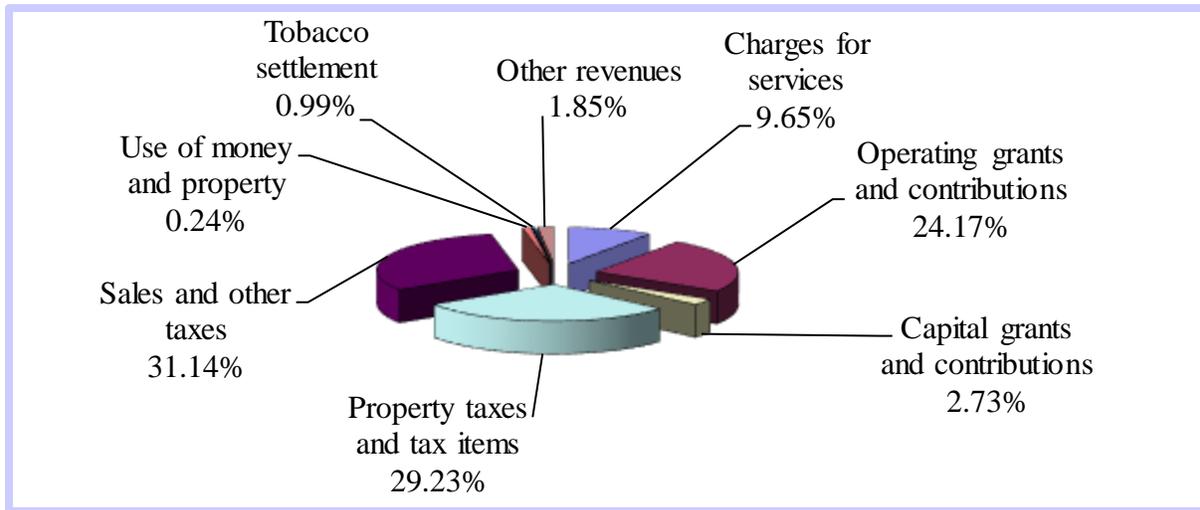
Expenses primarily increased due to increases in economic assistance and opportunity expenditures, including increases in salary expense as well as family assistance contractual expenditures. Additionally, increased public safety expenditures relating to the increase in employee benefits and depreciation expense were a factor in the increase.

# COUNTY OF CAYUGA

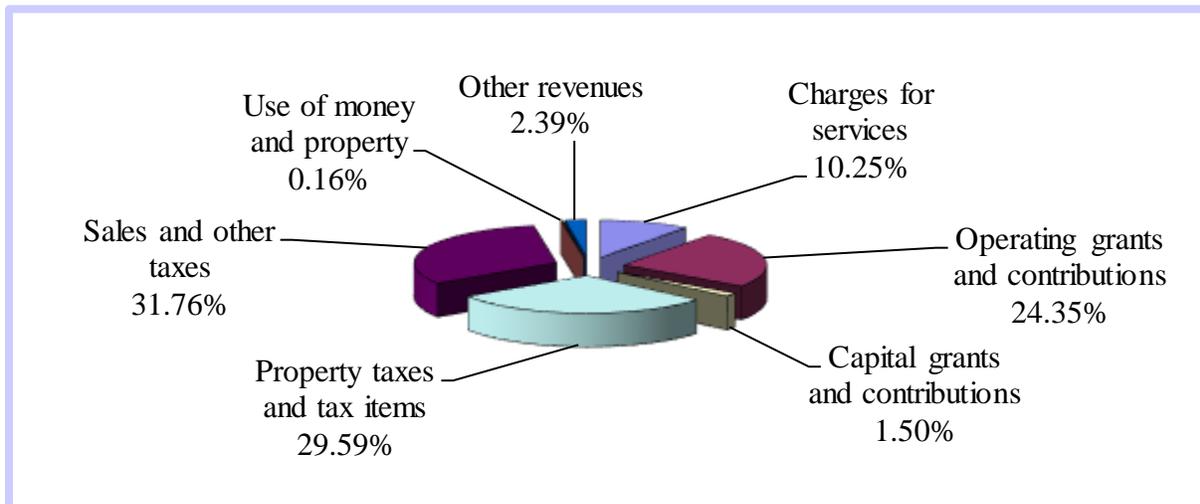
## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

Figures 3 and 4 show in percentages the sources of revenue for 2016 and 2015.

**Figure 3 - Revenue by Source  
Governmental Activities - 2016**



**Figure 4 - Revenue by Source  
Governmental Activities - 2015**



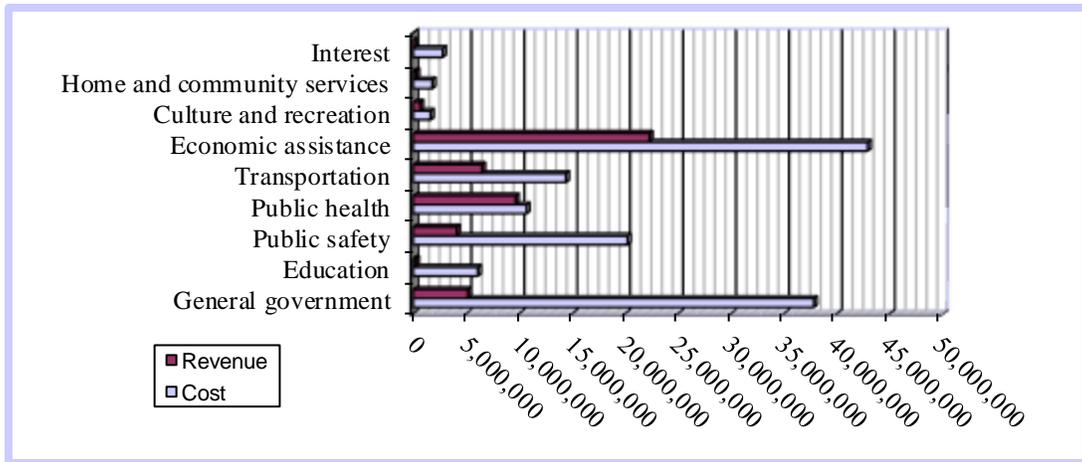
The cost of all Governmental Activities this year was \$141,216,822. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County property and other tax revenues was \$86,382,018, because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Overall, the County's governmental program revenues were \$50,552,771.

# COUNTY OF CAYUGA

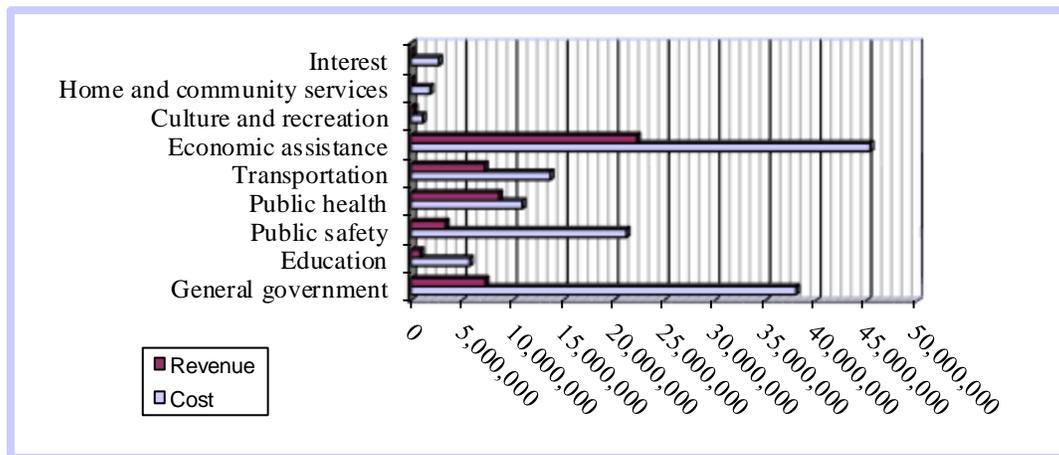
## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

The total cost versus revenue generated by activities for the County's largest programs is presented below. The difference between the cost and revenue shows the relative financial burden placed on the County's taxpayers by each of these functions.

**Figure 5 - Net Program Cost  
Governmental Activities - 2016**



**Figure 6 - Net Program Cost  
Governmental Activities - 2015**



### Business-type Activities

During the current fiscal year, the Consortium's total assets decreased by \$(1,305,221), or (9.4)%, from the prior year. The table below reflects, in summary, the financial position of the Consortium at December 31. Total net position decreased \$(1,584,432) or (12.5)%.

# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

*Figure 7 - Business-type Activities Net Position*

	2015	2016
<i>Current assets</i>	\$ 11,065,105	\$ 9,117,247
<i>Noncurrent assets</i>	4,122,803	4,765,440
<b><i>Total Assets</i></b>	<b>15,187,908</b>	<b>13,882,687</b>
<b><i>Total Liabilities</i></b>	<b>930,595</b>	<b>1,209,806</b>
<b><i>Net Position</i></b>	<b>\$ 14,257,313</b>	<b>\$ 12,672,881</b>

Total operating and nonoperating revenues increased by \$339,549, or 2.6% at December 31, 2016. The increase is primarily due to an increase in premiums and insurance rebates. Total expenses were up \$887,821, or 6.3% due to increased health care claims for the year.

*Figure 8 - Business-type Activities Changes in Net Position*

	2015	2016
<i>Operating revenues</i>	\$ 12,904,972	\$ 13,244,185
<i>Nonoperating revenues</i>	43,375	43,711
<b><i>Total Revenues</i></b>	<b>12,948,347</b>	<b>13,287,896</b>
<i>Operating expenses</i>	13,984,507	14,872,328
<b><i>(Decrease) in Net Position</i></b>	<b>\$ (1,036,160)</b>	<b>\$ (1,584,432)</b>

# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

### THE COUNTY'S FUNDS

At December 31, 2016, the County's Governmental Funds, as presented in the Balance Sheets on page 7, reported a combined fund balance of \$38,515,078, which is an increase of 6.3% from the prior year. Of this amount, \$2,542,732 was non-spendable, \$3,220,976 was restricted, \$721,022 was committed, and \$10,097,275 was assigned, leaving \$21,933,073 in unassigned fund balance. Figure 7 shows the changes in fund balance for the County's Governmental Funds.

*Figure 9 - Governmental Funds  
Fund Balance at Years Ended*

	<i>Restated 2015</i>	<i>2016</i>	<i>Dollar Change</i>	<i>Percent Change</i>
<i>Major Funds :</i>				
<i>General Fund</i>	\$ 26,120,833	\$ 26,438,447	\$ 317,614	1.22%
<i>Non-Major Funds :</i>				
<i>Capital Fund</i>	1,927,534	2,166,179	238,645	12.38%
<i>County Road Fund</i>	1,558,792	2,742,629	1,183,837	75.95%
<i>Special Grant Fund</i>	2,220,505	2,195,531	(24,974)	-1.12%
<i>Road Machinery Fund</i>	1,324,599	1,559,406	234,807	17.73%
<i>Miscellaneous Special Revenue Fund</i>	406,840	720,768	313,928	77.16%
<i>Debt Service Fund</i>	-	-	-	
<i>CTASC Debt Service Fund</i>	2,663,777	2,692,118	28,341	1.06%
<b><i>Totals</i></b>	<b>\$ 36,222,880</b>	<b>\$ 38,515,078</b>	<b>\$ 2,292,198</b>	<b>6.33%</b>

Fund balance of the County's major and non-major funds increased primarily due to an increase in fund balance of the County Road Fund. The increase in the County Road Fund is primarily related to revenue generated by transfers from other funds.

### General Fund Budgetary Highlights

Over the course of the year, the County Legislature revised the County budget several times. These budget amendments consist of budget transfers between functions, which do not increase the overall budget. In addition to these transfers, the County Legislature increased the overall budget to provide for unspent appropriations from the previous year (encumbrances) and various grants where the majority of the funding came from federal and state sources.

# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

**Figure 10 - Budgetary Comparison Schedule - General Fund  
December 31, 2016**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance Fav.(Unfav.)</i>
<b>REVENUES</b>				
<i>Real property taxes and tax items</i>	\$ 40,535,872	\$ 40,535,872	\$ 40,792,856	\$ 256,984
<i>Nonproperty tax items</i>	45,247,253	45,247,253	43,319,321	(1,927,932)
<i>Departmental income</i>	10,746,739	10,798,165	10,241,208	(556,957)
<i>Intergovernmental charges</i>	2,311,427	2,311,427	2,101,265	(210,162)
<i>Use of money and property</i>	226,427	226,427	330,288	103,861
<i>Licenses and permits</i>	13,000	13,000	22,213	9,213
<i>Fines and forfeitures</i>	165,820	165,820	178,485	12,665
<i>Sale of property and compensation for loss</i>	60,000	60,000	224,619	164,619
<i>Miscellaneous local sources</i>	127,700	149,132	264,434	115,302
<i>State sources</i>	15,502,696	18,147,237	15,967,078	(2,180,159)
<i>Federal sources</i>	12,181,880	14,077,500	12,561,841	(1,515,659)
<i>Interfund transfers in</i>	302,302	375,707	946,983	571,276
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 127,421,116</b>	<b>\$ 132,107,540</b>	<b>\$ 126,950,591</b>	<b>\$ (5,156,949)</b>
<b>Appropriated Fund Balances</b>	<b>\$ 1,745,399</b>	<b>\$ 1,746,659</b>		
<b>EXPENDITURES</b>				
<i>General government</i>	\$ 34,204,624	\$ 33,831,345	\$ 31,925,822	\$ 1,905,523
<i>Education</i>	5,676,020	5,676,020	5,395,826	280,194
<i>Public safety</i>	13,338,491	14,213,864	13,141,235	1,072,629
<i>Public health</i>	7,726,877	10,163,901	7,624,866	2,539,035
<i>Transportation</i>	163,200	163,200	162,396	804
<i>Economic assistance and opportunity</i>	38,105,031	39,472,939	38,856,667	616,272
<i>Culture and recreation</i>	790,905	839,354	822,988	16,366
<i>Home and community services</i>	1,356,058	1,495,243	1,398,547	96,696
<i>Employee benefits</i>	14,476,017	14,378,668	14,046,761	331,907
<i>Debt Service</i>	5,116,941	5,116,941	4,900,847	216,094
<i>Interfund transfers out</i>	8,212,351	8,502,724	8,502,724	-
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 129,166,515</b>	<b>\$ 133,854,199</b>	<b>\$ 126,778,679</b>	<b>\$ 7,075,520</b>
<i>Excess of Revenues and Other Financing Uses</i>	\$ -	\$ -	\$ 171,912	\$ 1,918,571

# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of December 31, 2016, the County had \$123,035,665, net of accumulated depreciation of \$(62,168,841), invested in a broad range of capital assets, including buildings, machinery and equipment, roads and bridges. This amount represents a net decrease (including additions, disposals, and depreciation) of \$(487,028) from the prior year.

*Figure 11 - Capital Assets, Net of Depreciation*

	<i>Governmental Activities</i>		<i>Dollar Change</i>	<i>Percent Change</i>
	<i>2015</i>	<i>2016</i>	<i>2015-2016</i>	<i>2015 - 2016</i>
<i>Land</i>	\$ 2,866,463	\$ 2,866,463	\$ -	0.00%
<i>Construction in progress</i>	3,555,280	5,789,360	2,234,080	62.84%
<i>Buildings and improvements</i>	46,158,729	44,128,395	(2,030,334)	-4.40%
<i>Equipment</i>	2,954,214	2,785,028	(169,186)	-5.73%
<i>Infrastructure</i>	5,819,166	5,297,578	(521,588)	-8.96%
<b><i>Totals</i></b>	<b>\$ 61,353,852</b>	<b>\$ 60,866,824</b>	<b>\$ (487,028)</b>	<b>-0.79%</b>

Construction in progress	\$ 2,363,023
Buildings and building improvements	128,943
Machinery and equipment	828,359
Total Additions	3,320,325
Less reclassifications from construction in progress	(128,943)
Less depreciation expense	(3,652,375)
Less loss on disposal	(26,035)
<b>Change in Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ (487,028)</b>

#### Debt Administration

The County's total debt obligations and other long-term liabilities increased in 2016 by \$17,215,232, as shown in Figure 12. Of the total indebtedness of the County, \$30,065,000 was subject to the constitutional debt limit and represented approximately 9.96% of the County's statutory debt limit. Tobacco settlement pass-through bonds are debt of the Cayuga Tobacco Asset Securitization Corporation (CTASC), under which the County's future tobacco settlement proceeds were securitized. The County is not responsible for this debt in the event the CTASC were to default on repayment of the bonds.

# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

*Figure 12 - Outstanding Debt at Years Ended*

	<i>Governmental Activities</i>		<i>Dollar Change</i>	<i>Percent Change</i>
	<i>2015</i>	<i>2016</i>	<i>2015 - 2016</i>	<i>2015 - 2016</i>
<i>Serial bonds</i>	\$ 33,389,000	\$ 31,512,212	\$ (1,876,788)	\$ -5.62%
<i>Tobacco settlement pass through bonds</i>	25,611,304	25,098,481	(512,823)	-2.00%
<i>Certificates of participation - Hospital</i>	7,915,000	6,350,000	(1,565,000)	-19.77%
<i>Pollution remediation obligation</i>	66,000	26,000	(40,000)	-60.61%
<i>Compensated absences</i>	2,417,545	2,286,000	(131,545)	-5.44%
<i>Other postemployment benefits</i>	63,648,272	69,144,910	5,496,638	8.64%
<i>Installment purchase</i>	1,135,695	1,105,638	(30,057)	-2.65%
<i>Net pension liability - proportionate share</i>	4,871,946	20,746,753	15,874,807	325.84%
<b><i>Totals</i></b>	<b>\$ 139,054,762</b>	<b>\$ 156,269,994</b>	<b>\$ 17,215,232</b>	<b>\$ 12.38%</b>

The County continues to maintain excellent financial credit as reflected by a Moody's bond rating of A1. More detailed information about the County's long-term liabilities is presented in Notes 8, 9, 10 and 13 to the basic financial statements.

### **ECONOMIC FACTORS**

Other than a slight decrease in the unemployment rate, there have been no significant changes in economic factors that would affect the County either negatively or positively.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact the Office of the Cayuga County Treasurer, 160 Genesee Street, 5th Floor, Auburn, New York 13021.

# COUNTY OF CAYUGA

## STATEMENT OF NET POSITION DECEMBER 31, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental	Business-type
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 19,234,256	\$ 2,855,618	\$ 22,089,874	\$ 147,309	\$ 6,356,345
Restricted cash and cash equivalents	318,352		318,352	1,534,054	222,422
Investments	3,250,000	6,248,328	9,498,328		
Taxes receivable, net	8,395,826		8,395,826		
Other receivables, net	1,754,593	13,301	1,767,894	25,216	2,552,271
Due from State and Federal governments	12,521,732		12,521,732	85,018	631,473
Due from other governments	741,509		741,509		1,398,750
Loans and notes receivable, current portion	1,810,138		1,810,138		12,103
Internal balances			-	342,798	(342,798)
Due from Cayuga County Soil and Water Conservation District, current portion	55,000		55,000		(55,000)
Prepaid expenses	1,192,732		1,192,732		224,843
<b>Total Current Assets</b>	49,274,138	9,117,247	58,391,385	2,134,395	11,000,409
<b>Noncurrent Assets</b>					
Restricted cash and cash equivalents	1,702,624		1,702,624		424,914
Restricted investments		3,677,240	3,677,240		12,731,398
Investments	3,743,542		3,743,542		
Loans and notes receivable, long-term portion	5,779,178		5,779,178		121,998
Due from Cayuga County Soil and Water Conservation District	1,295,000		1,295,000		(1,295,000)
Other assets		1,088,200	1,088,200		1,241,091
Capital assets, net of accumulated depreciation	60,866,824		60,866,824	71,309	53,695,817
<b>Total Noncurrent Assets</b>	73,387,168	4,765,440	78,152,608	71,309	66,920,218
<b>Total Assets</b>	122,661,306	13,882,687	136,543,993	2,205,704	77,920,627
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	21,437,259		21,437,259	530,112	6,056,748
Deferred charges on defeased debt	290,711		290,711		
<b>Total Deferred Outflows of Resources</b>	21,727,970	-	21,727,970	530,112	6,056,748

# COUNTY OF CAYUGA

## STATEMENT OF NET POSITION (Continued) DECEMBER 31, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental	Business-type
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	1,206,671	5,149	1,211,820	17,009	1,922,306
Accrued liabilities	2,211,891	1,175,000	3,386,891	5,900	497,262
Accrued interest payable	331,591		331,591		69,436
Due to other governments	5,765,941		5,765,941		156,312
Due to employees' retirement system			-	82,810	433,283
Other liabilities			-		415,750
Notes payable			-		2,041,750
Unearned revenue	2,375,504	29,657	2,405,161	1,211,545	10,000
Long-term obligations due within one year	4,421,239		4,421,239		7,125,108
<b>Total Current Liabilities</b>	<b>16,312,837</b>	<b>1,209,806</b>	<b>17,522,643</b>	<b>1,317,264</b>	<b>12,671,207</b>
<b>Long-term obligations due in more than one year</b>	<b>151,848,755</b>		<b>151,848,755</b>	<b>2,951,061</b>	<b>23,098,372</b>
<b>Total Liabilities</b>	<b>168,161,592</b>	<b>1,209,806</b>	<b>169,371,398</b>	<b>4,268,325</b>	<b>35,769,579</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	4,238,782		4,238,782	69,848	856,773
Deferred tuition assistance program			-		795,950
<b>Total Deferred Inflows of Resources</b>	<b>4,238,782</b>	<b>-</b>	<b>4,238,782</b>	<b>69,848</b>	<b>1,652,723</b>
<b>NET POSITION</b>					
Net investment in capital assets	29,645,323		29,645,323	71,309	37,252,110
Restricted:					
Capital projects	318,352		318,352		
Debt service	2,692,118		2,692,118		
Other	210,506		210,506	751,188	9,472,818
Unrestricted	(60,877,397)	12,672,881	(48,204,516)	(2,424,854)	(169,855)
<b>Total Net (Deficit) Position</b>	<b>\$ (28,011,098)</b>	<b>\$ 12,672,881</b>	<b>\$ (15,338,217)</b>	<b>\$ (1,602,357)</b>	<b>\$ 46,555,073</b>

*See Independent Auditor's Report and Notes to Financial Statements*

# COUNTY OF CAYUGA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General government	\$ (38,053,644)	\$ 3,150,430	1,609,268	2,616,536
Education	(5,817,961)	_____	935,719	_____
Public safety	(21,312,090)	2,766,485	671,174	_____
Public health	(11,013,542)	3,927,098	4,805,140	_____
Transportation	(13,784,537)	2,112,039	4,028,040	1,163,820
Economic assistance and opportunity	(45,381,661)	1,133,972	21,209,339	_____
Culture and recreation	(1,171,129)	253,566	92,779	_____
Home and community services	(1,906,312)	_____	77,366	_____
Interest on long-term debt	(2,775,946)	_____	_____	_____
Total Governmental Activities	(141,216,822)	13,343,590	33,428,825	3,780,356
Business-type Activities:				
Cayuga County Health Insurance Consortium	(14,872,328)	13,039,718	204,467	_____
<b>Total Primary Government</b>	<b>\$ (156,089,150)</b>	<b>\$ 26,383,308</b>	<b>\$ 33,633,292</b>	<b>\$ 3,780,356</b>
<b>Component Units</b>				
Governmental:				
Soil and Water Conservation District	\$ (2,794,504)	\$ 430,484	\$ 1,915,360	\$ _____
Business-type:				
CC Soil and Water Conservation District	(131,623)	45,744	2,793	_____
CC Water and Sewer Authority	(1,851,584)	1,443,998	_____	_____
Cayuga Community College	(43,134,247)	9,245,102	4,291,747	_____
CC Industrial Development Agency	(57,602)	16,557	9,926	_____
CC Development Corporation	(18,495)	7,850	2,407	_____
<b>Total Component Units</b>	<b>\$ (47,988,055)</b>	<b>\$ 11,189,735</b>	<b>\$ 6,222,233</b>	<b>\$ -</b>

Net (Expense) Revenue and Changes in Net Position brought forward

**GENERAL REVENUES**

Property taxes, levied for general purposes  
 Property tax items  
 Sales taxes  
 Tobacco settlement payments  
 Grants and contributions not restricted to specific programs  
 Use of money and property  
 Miscellaneous  
 Sale of property and compensation for loss  
 General Revenues before Transfers  
 Transfers, net

Total General Revenues and Transfers

Change in Net Position

Special Item - Loss on land lease agreement

Net (Deficit) Position - Beginning of Year, as Restated

**Net (Deficit) Position - End of Year**

*See Independent Auditor's Report and Notes to Financial Statements*

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Governmental</b>	<b>Business-type</b>
\$ (30,677,410)	\$ _____	\$ (30,677,410)	\$ _____	\$ _____
(4,882,242)	_____	(4,882,242)	_____	_____
(17,874,431)	_____	(17,874,431)	_____	_____
(2,281,304)	_____	(2,281,304)	_____	_____
(6,480,638)	_____	(6,480,638)	_____	_____
(23,038,350)	_____	(23,038,350)	_____	_____
(824,784)	_____	(824,784)	_____	_____
(1,828,946)	_____	(1,828,946)	_____	_____
(2,775,946)	_____	(2,775,946)	_____	_____
(90,664,051)	_____	(90,664,051)	_____	_____
_____	(1,628,143)	(1,628,143)	_____	_____
(90,664,051)	(1,628,143)	(92,292,194)	_____	_____
_____	_____	_____	(448,660)	_____
_____	_____	_____	_____	(83,086)
_____	_____	_____	_____	(407,586)
_____	_____	_____	_____	(29,597,398)
_____	_____	_____	_____	(31,119)
_____	_____	_____	_____	(8,238)
_____	_____	_____	(448,660)	(30,127,427)
_____	_____	_____	(448,660)	(30,127,427)
38,635,881	_____	38,635,881	_____	207,437
1,786,439	_____	1,786,439	_____	_____
43,060,502	_____	43,060,502	_____	_____
1,363,714	_____	1,363,714	_____	_____
228,324	_____	228,324	_____	24,673,808
340,010	43,021	383,031	89,897	710,802
737,489	690	738,179	_____	474,026
229,659	_____	229,659	38,231	_____
86,382,018	43,711	86,425,729	128,128	26,066,073
_____	_____	-	_____	8,000
86,382,018	43,711	86,425,729	128,128	26,074,073
(4,282,033)	(1,584,432)	(5,866,465)	(320,532)	(4,053,354)
_____	_____	-	_____	(6,902,401)
(23,729,065)	14,257,313	(9,471,752)	(1,281,825)	57,510,828
<b>\$ (28,011,098)</b>	<b>\$ 12,672,881</b>	<b>\$ (15,338,217)</b>	<b>\$ (1,602,357)</b>	<b>\$ 46,555,073</b>

# COUNTY OF CAYUGA

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2016

	<b>Major Fund</b>	<b>Total</b>	<b>Total</b>
	<b>General</b>	<b>Non-Major</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Funds</b>	<b>Governmental</b>
			<b>Funds</b>
<b>ASSETS</b>			
<b>Assets</b>			
Cash and cash equivalents - Unrestricted	\$ 12,076,578	\$ 7,157,678	\$ 19,234,256
- Restricted	210,506	1,810,470	2,020,976
Investments	6,993,542		6,993,542
Taxes receivable, net	8,395,826		8,395,826
Other receivables, net	235,395	1,519,198	1,754,593
Due from state and federal governments	9,494,686	3,027,046	12,521,732
Due from other governments	534,683	206,826	741,509
Due from other funds	2,632,710	35,000	2,667,710
Due from Soil and Water		1,350,000	1,350,000
Prepaid expenses	1,086,013	106,719	1,192,732
Loans and notes receivable	7,455,638	133,678	7,589,316
<b>Total Assets</b>	<b>\$ 49,115,577</b>	<b>\$ 15,346,615</b>	<b>\$ 64,462,192</b>
<b>LIABILITIES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 970,774	\$ 235,897	\$ 1,206,671
Accrued liabilities	1,997,095	214,796	2,211,891
Due to other funds	54,211	2,613,499	2,667,710
Due to other governments	5,693,827	72,114	5,765,941
Unearned revenues	2,375,504		2,375,504
<b>Total Liabilities</b>	<b>11,091,411</b>	<b>3,136,306</b>	<b>14,227,717</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	11,585,719	133,678	11,719,397
<b>FUND BALANCES</b>			
Nonspendable	1,086,013	1,456,719	2,542,732
Restricted	210,506	3,010,470	3,220,976
Committed	721,022		721,022
Assigned	2,487,833	7,609,442	10,097,275
Unassigned	21,933,073		21,933,073
<b>Total Fund Balances</b>	<b>26,438,447</b>	<b>12,076,631</b>	<b>38,515,078</b>
<b>Total Deferred Inflows of Resources, Liabilities, and Fund Balances</b>	<b>\$ 49,115,577</b>	<b>\$ 15,346,615</b>	<b>\$ 64,462,192</b>

*See Independent Auditor's Report and Notes to Financial Statements*

# COUNTY OF CAYUGA

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2016

**Total Governmental Fund Balances** \$ 38,515,078

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets with a historical cost used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Historical cost	\$ 123,035,665	
Accumulated depreciation	<u>(62,168,841)</u>	<u>60,866,824</u>

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

11,719,397

Deferred outflows of resources, including deferred charges on defeased debt and pensions, represent a consumption of net position that applies to future periods and, therefore, is not reported in governmental funds. Deferred inflows of resources, including pensions, represent an acquisition of net position that applies to future periods and, therefore, is not reported in governmental funds.

Deferred outflows of resources-Pensions	\$ 21,437,259	
Deferred inflows of resources-Pensions	(4,238,782)	
Deferred outflows of resources-amortized deferred charges on defeased debt	<u>290,711</u>	<u>17,489,188</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	\$ (30,865,000)	
Unamortized bond premium	(647,212)	
Bonds payable - CTASC	(25,098,481)	
Certificates of participation - Hospital	(6,350,000)	
Capital lease - Cayuga Community College	(1,105,638)	
Pollution remediation liabilities	(26,000)	
Other postemployment benefits	(69,144,910)	
Pension liability - Employer's proportionate share	(20,746,753)	
Compensated absences	<u>(2,286,000)</u>	<u>(156,269,994)</u>

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the governmental funds.

Accrued interest payable		<u>(331,591)</u>
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**Net (Deficit) of Governmental Activities** \$ (28,011,098)

*See Independent Auditor's Report and Notes to Financial Statements*

# COUNTY OF CAYUGA

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Major Funds</u>	<u>Total Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>		
<b>REVENUES</b>			
Real property taxes	\$ 39,006,417	\$	\$ 39,006,417
Real property tax items	1,786,439		1,786,439
Nonproperty tax items	43,319,321		43,319,321
Departmental income	10,250,150	451,127	10,701,277
Intergovernmental charges	2,101,265	722,816	2,824,081
Use of money and property	331,381	8,307	339,688
Licenses and permits	22,213	110	22,323
Fines and forfeitures	178,485		178,485
Sale of property and compensation for loss	224,619	2,307,789	2,532,408
Miscellaneous local sources	264,434	432,708	697,142
Interfund revenues		1,389,545	1,389,545
State sources	15,967,078	7,702,521	23,669,599
Federal sources	12,561,841	804,651	13,366,492
<b>Total Revenues</b>	<u>126,013,643</u>	<u>13,819,574</u>	<u>139,833,217</u>
<b>EXPENDITURES</b>			
Current:			
General governmental support	31,660,127	169,560	31,829,687
Education	5,395,826		5,395,826
Public safety	13,068,072		13,068,072
Public health	7,525,805		7,525,805
Transportation	162,396	12,108,512	12,270,908
Economic assistance and opportunity	38,839,369	549,134	39,388,503
Culture and recreation	818,246		818,246
Home and community services	1,398,547	85,856	1,484,403
Employee benefits	14,046,761	1,790,828	15,837,589
Debt service principal and interest	4,900,847	2,220,928	7,121,775
Capital outlay		2,852,488	2,852,488
<b>Total Expenditures</b>	<u>117,815,996</u>	<u>19,777,306</u>	<u>137,593,302</u>
Excess of Revenues (Expenditures)	<u>8,197,647</u>	<u>(5,957,732)</u>	<u>2,239,915</u>
<b>OTHER FINANCING (USES) SOURCES</b>			
Interfund transfers in	946,983	8,272,924	9,219,907
Interfund transfers (out)	(8,827,016)	(392,891)	(9,219,907)
Premium on obligations		675,864	675,864
Proceeds of obligations		8,100,000	8,100,000
Payment to escrow		(8,723,581)	(8,723,581)
<b>Total Other Financing (Uses) Sources</b>	<u>(7,880,033)</u>	<u>7,932,316</u>	<u>52,283</u>
Excess of Revenues over Other Financing Sources	<u>317,614</u>	<u>1,974,584</u>	<u>2,292,198</u>
Fund Balances, Beginning of Year, as Restated	<u>26,120,833</u>	<u>10,102,047</u>	<u>36,222,880</u>
<b>Fund Balances, End of Year</b>	<u>\$ 26,438,447</u>	<u>\$ 12,076,631</u>	<u>\$ 38,515,078</u>

*See Independent Auditor's Report and Notes to Financial Statements*

# COUNTY OF CAYUGA

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016

**Net Change in Fund Balances - Total Governmental Funds** \$ 2,292,198

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay, net of disposals, exceeded depreciation in the current period.

Capital outlay, net	\$ 3,191,382	
Net book value of disposals	(26,035)	
Depreciation expense	<u>(3,652,375)</u>	<u>(487,028)</u>

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred taxes	\$ (370,536)	
Change in receivable for tobacco settlement revenues	(913,000)	
Change in unavailable revenue	(7,770)	
Changes in other loans and notes receivable	(1,595,057)	
Principal payments on community development loans net of new loans	<u>13,970</u>	<u>(2,872,393)</u>

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds from installment purchase debt exceed repayments of bond principal and installment purchase debt.

Proceeds from the issuance of debt	\$ (8,100,000)	
Principal payments on debt	5,289,057	
Premium on obligations	(675,864)	
Transfer to escrow agent	<u>8,723,581</u>	<u>5,236,774</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.

Change in accrued interest payable	\$ 18,167	
Amortization of bond discount	(9,280)	
Amortization of bond premium	28,652	
Amortization of deferred charges on defeased debt	(12,870)	
Increase in accreted interest on capital appreciation bonds	(967,897)	
Change in pollution remediation liabilities	40,000	
Change in compensated absences	131,545	
Changes in the proportionate share of pension liabilities and associated deferred outflows and inflows of resources	(2,183,263)	
Change in other postemployment benefits payable	<u>(5,496,638)</u>	<u>(8,451,584)</u>

**Change in Net Position of Governmental Activities** \$ (4,282,033)

*See Independent Auditor's Report and Notes to Financial Statements*

# COUNTY OF CAYUGA

## STATEMENT OF NET POSITION PROPRIETARY FUND DECEMBER 31, 2016

	<u>Cayuga County Health Insurance Consortium</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 2,855,618
Investments	<u>6,248,328</u>
Accounts receivable, net	<u>13,301</u>
<b>Total Current Assets</b>	<u>9,117,247</u>
<b>Noncurrent Assets</b>	
Other assets - Premium claims deposit	<u>1,088,200</u>
Restricted investments	<u>3,677,240</u>
<b>Total Noncurrent Assets</b>	<u>4,765,440</u>
<b>Total Assets</b>	<u>13,882,687</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	<u>5,149</u>
Accrued liabilities	<u>1,175,000</u>
Unearned revenues	<u>29,657</u>
<b>Total Current Liabilities</b>	<u>1,209,806</u>
<b>NET POSITION</b>	
<b>Unrestricted</b>	
Rate stabilization reserve	<u>1,859,396</u>
Catastrophic claims reserve	<u>1,817,844</u>
Remaining net position	<u>8,995,641</u>
<b>Total Net Position</b>	<u>\$ 12,672,881</u>

*See Independent Auditor's Report and Notes to Financial Statements*

# COUNTY OF CAYUGA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Cayuga County Health Insurance Consortium</u>
<b>OPERATING REVENUES</b>	
<b>Charges for services - Premiums</b>	
County	\$ 7,653,186
Other governments	3,452,405
Participants	1,934,127
<b>Total Charges for Services</b>	<u>13,039,718</u>
Other operating revenues - Insurance rebates	<u>204,467</u>
<b>Total Operating Revenues</b>	<u>13,244,185</u>
<b>OPERATING EXPENSES</b>	
<b>Benefit costs</b>	
Health claims expense	13,503,126
Dental claims expense	446,447
<b>Total Benefit Costs</b>	<u>13,949,573</u>
Health claims administrative expense	<u>598,030</u>
Dental claims administrative expense	<u>31,258</u>
Operations	<u>293,467</u>
<b>Total Operating Expenses</b>	<u>14,872,328</u>
Loss on Operations	<u>(1,628,143)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	43,021
Other unclassified revenue	690
<b>Total Nonoperating Revenues</b>	<u>43,711</u>
Change in Net Position	<u>(1,584,432)</u>
Total Net Position, Beginning of Year	<u>14,257,313</u>
<b>Total Net Position, End of Year</b>	<u><u>\$ 12,672,881</u></u>

*See Independent Auditor's Report and Notes to Financial Statements*

# COUNTY OF CAYUGA

## STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Cayuga County Health Insurance Consortium</u>
<b>Cash Flows from Operating Activities</b>	
Premiums collected from:	
County	\$ 7,653,186
Other governments	<u>3,705,069</u>
Participants	<u>1,931,473</u>
Rebates received	<u>204,467</u>
Health claims paid	<u>(13,228,126)</u>
Dental claims paid	<u>(446,447)</u>
Other operating expenses paid	<u>(920,203)</u>
<b>Net Cash (Used) by Operating Activities</b>	<u>(1,100,581)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	<u>-</u>
<b>Cash Flows from Investing Activities</b>	
Interest income received	<u>62,445</u>
Other revenue	<u>690</u>
Proceeds from sale of certificates of deposit	<u>476,246</u>
Purchase of certificates of deposit	<u>(9,033,939)</u>
Proceeds from sale of investments	<u>300,000</u>
<b>Net Cash (Used) by Investing Activities</b>	<u>(8,194,558)</u>
Cash and Cash Equivalents, January 1,	<u>12,150,757</u>
<b>Cash and Cash Equivalents, December 31,</b>	<b><u>\$ 2,855,618</u></b>
<b>Reconciliation of (Deficit) of Operating Revenues under (Expenses) to Net Cash (Used) by Operating Activities</b>	
(Deficit) operating revenues under expenses	\$ (1,628,143)
Decrease in premiums receivable	<u>252,664</u>
(Increase) in accounts receivable	<u>(4,313)</u>
Increase in accounts payable	<u>2,552</u>
Increase in incurred but not reported health claims	<u>275,000</u>
Increase in unearned revenue	<u>1,659</u>
<b>Net Cash (Used) by Operating Activities</b>	<b><u>\$ (1,100,581)</u></b>

*See Independent Auditor's Report and Notes to Financial Statements*

# COUNTY OF CAYUGA

## COMBINING STATEMENT OF NET POSITION PROPRIETARY COMPONENT UNITS DECEMBER 31, 2016

	Cayuga County Soil and Water Conservation District	Cayuga County Water and Sewer Authority	Cayuga Community College	Cayuga County Industrial Development Agency	Cayuga County Development Corporation	Total Business-type Component Units
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents - Unrestricted	\$ 59,882	\$ 1,346,918	\$ 4,158,508	\$ 715,842	\$ 75,195	\$ 6,356,345
Cash and cash equivalents - Restricted				222,422		222,422
Other receivables, net	162	173,226	2,368,223	10,660		2,552,271
Due from State and Federal governments			631,473			631,473
Due from other governments			1,398,750			1,398,750
Prepaid expenses		19,118	205,725			224,843
Loans and notes receivable, current portion					12,103	12,103
<b>Total Current Assets</b>	<b>60,044</b>	<b>1,539,262</b>	<b>8,762,679</b>	<b>948,924</b>	<b>87,298</b>	<b>11,398,207</b>
<b>Noncurrent Assets</b>						
Cash and cash equivalents - Restricted		424,914				424,914
Investments - Restricted			12,731,398			12,731,398
Other assets			1,241,091			1,241,091
Capital assets, net of accumulated depreciation	2,508,911	15,623,681	35,018,330	544,895		53,695,817
Loans receivable, net, long-term portion					121,998	121,998
<b>Total Noncurrent Assets</b>	<b>2,508,911</b>	<b>16,048,595</b>	<b>48,990,819</b>	<b>544,895</b>	<b>121,998</b>	<b>68,215,218</b>
<b>Total Assets</b>	<b>2,568,955</b>	<b>17,587,857</b>	<b>57,753,498</b>	<b>1,493,819</b>	<b>209,296</b>	<b>79,613,425</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pensions		91,646	5,965,102			6,056,748
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable		91,425	1,778,922	51,879	80	1,922,306
Accrued liabilities		16,117	481,145			497,262
Accrued interest payable	69,436					69,436
Due to other funds	342,798					342,798
Due to other governments			156,312			156,312
Due to Cayuga County	55,000					55,000
Due to employees' retirement system			433,283			433,283
Other liabilities			415,750			415,750
Notes payable			2,041,750			2,041,750
Unearned revenues				10,000		10,000
Long-term liabilities due within one year		307,694	6,817,414			7,125,108
<b>Total Current Liabilities</b>	<b>467,234</b>	<b>415,236</b>	<b>12,124,576</b>	<b>61,879</b>	<b>80</b>	<b>13,069,005</b>
<b>Long-term Liabilities</b>						
Due to Cayuga County	1,295,000					1,295,000
Due in more than one year	293,002	3,813,596	18,991,774			23,098,372
<b>Total Noncurrent Liabilities</b>	<b>1,588,002</b>	<b>3,813,596</b>	<b>18,991,774</b>			<b>24,393,372</b>
<b>Total Liabilities</b>	<b>2,055,236</b>	<b>4,228,832</b>	<b>31,116,350</b>	<b>61,879</b>	<b>80</b>	<b>37,462,377</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pensions		17,988	838,785			856,773
Deferred tuition assistance program			795,950			795,950
<b>Total Deferred Inflows of Resources</b>		<b>17,988</b>	<b>1,634,735</b>			<b>1,652,723</b>
<b>NET POSITION</b>						
Net investment in capital assets	1,998	11,587,191	25,662,921			37,252,110
Restricted		223,207	9,249,611			9,472,818
Unrestricted	511,721	1,622,285	(3,945,017)	1,431,940	209,216	(169,855)
<b>Total Net Position</b>	<b>\$ 513,719</b>	<b>\$ 13,432,683</b>	<b>\$ 30,967,515</b>	<b>\$ 1,431,940</b>	<b>\$ 209,216</b>	<b>\$ 46,555,073</b>

See Independent Auditor's Report and Notes to Financial Statements

# COUNTY OF CAYUGA

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY COMPONENT UNITS FOR THE YEAR ENDED DECEMBER 31, 2016

	Cayuga County Soil and Water Conservation District	Cayuga County Water and Sewer Authority	Cayuga Community College	Cayuga County Industrial Development Agency	Cayuga County Development Corporation	Total Business-type Component Units
<b>REVENUES</b>						
Charges for services	\$ 45,744	\$ 1,443,998	\$ 9,245,102	\$ 16,557	\$ 7,850	\$ 10,759,251
Use of money and property					2,407	2,407
State sources			1,177,371			1,177,371
Federal sources			607,302			607,302
Other grants			727,761			727,761
Other operating revenue	2,793		1,779,313	9,926		1,792,032
<b>Total Revenues</b>	<b>48,537</b>	<b>1,443,998</b>	<b>13,536,849</b>	<b>26,483</b>	<b>10,257</b>	<b>15,066,124</b>
<b>EXPENSES</b>						
Instruction			12,863,911			12,863,911
Public service			238,412			238,412
Academic support			5,275,175			5,275,175
Student services			3,926,930			3,926,930
Operation and maintenance			5,395,961			5,395,961
Administration	31	58,838	7,338,772	41,126		7,438,767
Student aid payments			5,017,961			5,017,961
Auxiliary enterprises			1,657,551			1,657,551
Water and sewer		671,304				671,304
Salaries and employee benefits		252,071				252,071
Utilities	59,093	30,823				89,916
Other contractual	9,936	26,573		16,476	18,495	71,480
Depreciation	11,250	717,416	1,419,574			2,148,240
Capital outlay						
<b>Total Expenditures</b>	<b>80,310</b>	<b>1,757,025</b>	<b>43,134,247</b>	<b>57,602</b>	<b>18,495</b>	<b>45,047,679</b>
Excess of (Expenditures) Revenues	(31,773)	(313,027)	(29,597,398)	(31,119)	(8,238)	(29,981,555)
<b>NON OPERATING REVENUES (EXPENSES)</b>						
Interest income	31,537	3,216	669,143	6,881	25	710,802
Federal and State financial aid			8,939,237			8,939,237
State appropriations			8,396,281			8,396,281
Local appropriations			6,843,994			6,843,994
Private contributions			312,912			312,912
Property taxes		207,437				207,437
Interest expense	(51,313)	(94,559)				(145,872)
Other non operating revenues (expenses)	250,000	8,687	215,339			474,026
<b>Total Non-operating revenues (expenses)</b>	<b>230,224</b>	<b>124,781</b>	<b>25,376,906</b>	<b>6,881</b>	<b>25</b>	<b>25,738,817</b>
Net Gain (Loss) before Contributions and Transfers	198,451	(188,246)	(4,220,492)	(24,238)	(8,213)	(4,242,738)
Transfers	8,000					8,000
Capital contributions			181,384			181,384
Change in Net Position	206,451	(188,246)	(4,039,108)	(24,238)	(8,213)	(4,053,354)
Special Item - Loss on land lease agreement	(6,902,401)					(6,902,401)
Net Position Beginning of Year	7,209,669	13,620,929	35,006,623	1,456,178	217,429	57,510,828
<b>Net Position, End of Year</b>	<b>\$ 513,719</b>	<b>\$ 13,432,683</b>	<b>\$ 30,967,515</b>	<b>\$ 1,431,940</b>	<b>\$ 209,216</b>	<b>\$ 46,555,073</b>

See Independent Auditor's Report and Notes to Financial Statements

# COUNTY OF CAYUGA

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2016

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents - Unrestricted	\$ <u>1,985,842</u>
<b>Total Assets</b>	<b>\$ <u><u>1,985,842</u></u></b>
<b>LIABILITIES</b>	
Agency liabilities	\$ <u>1,985,842</u>
<b>Total Liabilities</b>	<b>\$ <u><u>1,985,842</u></u></b>

*See Independent Auditor's Report and Notes to Financial Statements*

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### **Note 1 Nature of Business and Summary of Significant Accounting Policies**

The financial statements of the County of Cayuga (the County) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the County's accounting policies are described below.

#### **Financial Reporting Entity**

The County of Cayuga, New York (the County) is governed by County law, general laws of the State of New York and various local laws and ordinances. The County Board of Legislators (Board of Legislators), which is the legislative body responsible for the overall operation of the County, consists of the fifteen legislators representing the districts in the County. The Chairman of the Board of Legislators serves as chief executive officer and the County Treasurer serves as chief fiscal officer of the County.

The County provides the following basic services: general governmental support, education, public safety, health, transportation, highways and streets, economic assistance and opportunity, culture and recreation, and home and community services.

All Governmental Activities and functions performed for the County are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the County of Cayuga, (b) organizations for which the primary government is financially accountable, and (c) other 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 as set forth in GASB Statement Number 14, "The Financial Reporting Entity," as amended by GASB Statement Number 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement Number 61, "The Financial Reporting Entity: Omnibus."

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB Statement Number 14, "The Financial Reporting Entity," as amended by GASB Statement Numbers 39 and 61, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following are included as component units:

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### **Note 1 Nature of Business and Summary of Significant Accounting Policies - Continued**

#### **Blended Component Units**

##### Cayuga Tobacco Asset Securitization Corporation (CTASC)

CTASC is a special purpose, bankruptcy-remote local development corporation organized under the Not-For-Profit Corporation Law of the State of New York. CTASC was established in October 2000. CTASC is presented in the financial reporting entity as a blended component unit based on the criteria that CTASC serves and benefits the County exclusively. CTASC is presented as a governmental fund type and blended with the Debt Service Fund. Separate audited financial statements for CTASC may be obtained by contacting CTASC directly.

On December 7, 2000, pursuant to a Purchase and Sale Agreement with the County, the County sold to CTASC all of its future rights, title and interest in the Tobacco Settlement Revenues (TSRs) under the Master Settlement Agreement between the settling states and the Participating Manufacturers (PMs), and the decree and final judgment.

The purchase price of the County's future right, title and interest in the TSRs has been financed by the issuance of serial bonds. A Residual Certificate exists which represents the entitlement to receive all amounts required to be distributed after payment of debt service, operating expenses and certain other costs as set forth in the indenture. Payments on the Residual Certificate from TSR collections are subordinate to payments on the bonds and payment of certain other costs specified in the indenture. Excess TSRs not required by CTASC to pay various expenses, debt service or required reserves with respect to the bonds are transferred to the CTASC Residual Trust (the Trust). The County is the beneficial owner of the Trust and thus the funds received by the Trust will ultimately transfer to the County

##### Cayuga County Health Insurance Consortium (the Consortium)

The County, CCC, and the SWCD are all participants in a municipal cooperation agreement to create the Consortium for the sole purpose of purchasing a health insurance policy for its members. The participants have established a joint body which oversees administration of the plan. Each participant shares in the cost of, and assumes the liabilities for medical, surgical, hospital, and prescription drug benefits provided under the plan. The Consortium is presented in the financial reporting entity as a blended component unit based on the criteria that the Consortium serves and benefits the County almost exclusively. The Consortium is presented as a blended proprietary fund type. Separate audited financial statements for the Consortium may be obtained by contacting the Consortium directly.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### *Note 1* **Nature of Business and Summary of Significant Accounting Policies - Continued**

#### **Blended Component Units - Continued**

Each participating municipal corporation joining the Consortium must remain a member for a minimum of three years; a municipality may withdraw with written notice prior to October 31<sup>st</sup> of the end of the Consortium year. Municipalities applying for membership in the Consortium may do so on approval of two-thirds of the entire Board. Consortium underwriting and rate setting policies have been established after consultation with actuaries. Consortium members are subject to supplemental assessment in the event of deficiencies. Premium assessments are determined annually, and should the assets of the Consortium be exhausted, members would be responsible for the Consortium's liabilities. The Consortium's members currently include the County of Cayuga, Cayuga County Soil and Water Conservation District, and Cayuga Community College.

#### **Discretely Presented Component Units**

##### Cayuga County Soil and Water Conservation District (SWCD)

SWCD was established in September 1940, in accordance with the Soil and Water Conservation Districts Law, to provide for the conservation of the County's soil and water resources. SWCD is presented in the financial reporting entity as a discretely presented component unit based on the criteria that members of the SWCD's Board of Directors are appointed by the Board of Legislators, and the County has the potential to provide a financial benefit or burden on SWCD. SWCD has both governmental and proprietary fund types and as such is presented as a proprietary fund type and in the governmental activities. Separate audited financial statements for the SWCD may be obtained by contacting SWCD directly.

In 2011, SWCD borrowed \$1,500,000 from the County. At December 31, 2016, remaining balance due was \$1,350,000. SWCD total interest expense during the fiscal year ending December 31, 2016 was \$51,162. At December 31, 2016, total accrued interest since the inception of the loan was \$69,436. SWCD recorded revenue from the County in the amount of \$652,642 for the year ending December 31, 2016.

##### Cayuga County Water and Sewer Authority (CCWSA)

CCWSA is a public benefit corporation organized in July 1995 pursuant to Title 8-G of the Public Authorities Law of the State of New York. The CCWSA was created to finance, construct, operate, and maintain water and sewage facilities for the benefit of the residents of the County. CCWSA is presented in the financial reporting entity as a discretely presented component unit based on the criteria that members of the CCWSA are appointed by the County Board of Legislators and the County has the potential to provide a financial benefit or burden on CCWSA. CCWSA is presented as a proprietary fund type. Separate audited financial statements for the CCWSA may be obtained by contacting CCWSA directly.

During the fiscal year ending December 31, 2016, CCWSA did not receive intergovernmental assistance from the County.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### *Note 1* **Nature of Business and Summary of Significant Accounting Policies - Continued**

#### **Discretely Presented Component Units - Continued**

##### Cayuga Community College (CCC)

CCC was established in 1975 with the County as the local sponsor under the provisions of Article 126 of the Education Law. A Board of Trustees consisting of ten voting members administers the CCC; five are appointed by the Cayuga Legislature, four by the governor and one is elected by the students of CCC. The CCC budget is subject to approval of the County Legislature. The County provides approximately one-half of the capital costs and one-third of the operating costs for CCC. Real property of CCC vests with the County. Certain bonds and notes for CCC capital costs are issued and guaranteed by the County. Although these assets and related debt are recorded on the financial statements of CCC, they are considered to be assets and debt of the County. To avoid recording these transactions twice, the Statement of Net Position reflects these items in the CCC column and are eliminated from the Governmental Activities column. The County also pays a portion of tuition and capital costs charged for County residents attending other community colleges. CCC is presented in the financial reporting entity as a discretely presented component unit based on the criteria that CCC is fiscally dependent on the County and the County has the potential to provide a financial benefit or burden on CCC. CCC is presented as a proprietary fund type.

The CCC financial statements include two discretely reported component units; the Cayuga County Community College Foundation, Inc. and the Faculty Student Association of Cayuga County Community College, Inc. of which are included in this financial reporting entity as part of CCC. The CCC has a fiscal year ending August 31. Balances for CCC in the County's December 31, 2016 financial statements reflect balances at August 31, 2016. Separate audited financial statements for CCC may be obtained by contacting CCC directly.

##### Cayuga County Industrial Development Agency (CCIDA)

CCIDA is a public benefit corporation created by state legislation to promote the economic welfare, opportunities, and prosperity of the County's inhabitants. CCIDA has the authority to issue tax exempt and taxable industrial revenue bonds for eligible projects in the County. CCIDA is presented in the financial reporting entity as a discretely presented component unit based on the criteria that members of CCIDA are appointed by the Board of Legislators and the County has the potential to provide a financial benefit or burden on the CCIDA. CCIDA is presented as a proprietary fund type. Separate audited financial statements for the CCIDA may be obtained by contacting CCIDA directly.

##### Cayuga County Development Corporation (CCDC)

CCDC is a local development corporation whose purpose is to relieve and reduce unemployment; promote and provide for additional employment and maintain job opportunities; lessen the burden of government, and act in the public interest. CCDC is presented in the financial reporting entity as a discretely presented component unit based on the criteria that the County appoints a voting majority of CCDC's governing body and there is a potential for the County to impose its will on CCDC as the County is the sole member of CCDC. CCDC is presented as a proprietary fund type. Separate audited financial statements for the CCDC may be obtained by contacting CCDC directly.

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### **Note 1 Nature of Business and Summary of Significant Accounting Policies - Continued**

#### **Basic Financial Statements**

The County's basic financial statements include both Government-wide (reporting the County as a whole) and fund financial statements (reporting the County's Major Funds). Both the Government-wide and fund financial statements categorize primary activities as either governmental or business type. The County's general governmental support, education, public safety, health, transportation, highways and streets, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities. Services relating to the Consortium are classified as Business-type Activities.

#### **Government-wide Financial Statements**

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government (Governmental and Business-type) and for the County's discretely presented component units.

Government-wide financial statements do not include the activities reported in the Fiduciary Funds or fiduciary component units. This Government-wide focus is more 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.

In the Government-wide Statement of Net Position, both the Governmental and Business-type Activities columns are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts - net investment in capital assets; restricted; and unrestricted. The County first utilizes restricted resources to finance qualifying activities.

The Statement of Activities reports both the gross and net cost for each of the County's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the program or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the County.

The County does not allocate indirect costs. Indirect costs are reported in the function entitled "general government."

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### **Note 1 Nature of Business and Summary of Significant Accounting Policies - Continued**

#### **Governmental Fund Financial Statements**

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The County records its transactions in the fund types described below:

#### **Governmental Funds**

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

#### **Major Funds**

- General Fund - principal fund of the County and includes all operations not required to be recorded in other funds. The self-insurance fund of the County is reported here for financial reporting purposes, but is excluded from the budgetary comparison, as it does not have a legally adopted budget.

#### **Non-Major Funds**

- Capital Fund - accounts for financial resources to be used for the acquisition, construction or renovation of capital facilities, or acquisition of equipment.
- Special Revenue Funds - account for proceeds of specific revenue sources legally restricted to expenditures for specified purposes.
  - County Road Fund - Accounts for expenditures for highway purposes authorized by Section 114 of the Highway Law.
  - Road Machinery Fund - Accounts for the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment pursuant to Section 133 of the Highway Law.
  - Special Grant Fund - Accounts for funds received under the Workforce Investment Act (WIA) and from the Department of Housing and Urban Development (HUD).
  - Miscellaneous Special Revenue Fund - Accounts for funds received for various purposes.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### *Note 1* Nature of Business and Summary of Significant Accounting Policies - Continued

#### **Non-Major Funds - Continued**

- Debt Service Fund - Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt.
- CTASC Debt Service Fund - Used to account for current payments of principal and interest on general obligation long-term debt and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness not being financed by proprietary funds. As noted previously, CTASC is reported as a blended component unit.

#### **Proprietary Funds**

Account for activities similar to those often found in the private sector. The costs of providing goods or services to the general public are financed or recovered primarily through user fees. The measurement focus is upon determination of operating income, changes in net assets, financial position, and cash flows. The following Proprietary Funds are utilized:

- Consortium - Accounts for activities of the Consortium. See description under Blended Component Units.

**Fiduciary Funds** - Account for assets held by the local government in a trustee or custodial capacity.

- Agency Funds - Account for money (and/or property) received and held in the capacity of trustee, custodian or agent.

#### **Basis of Accounting/Measurement Focus**

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

#### **Accrual Basis**

The Government-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly all of the County's assets, deferred outflows and inflows of resources and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### **Note 1 Nature of Business and Summary of Significant Accounting Policies - Continued**

#### **Modified Accrual Basis**

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The County considers property tax receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. All other revenues deemed collectible within one year after year-end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when received. Exceptions to this general rule are that 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

#### **Government-wide Financial Statements**

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

- 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 bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of net resources with constraints placed 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.
- Unrestricted - Consists of all other net resources that do not meet the definition of "restricted" or "net investment in capital assets."

#### **Governmental Fund Financial Statements**

Fund balance constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### **Note 1 Nature of Business and Summary of Significant Accounting Policies - Continued**

#### **Governmental Fund Financial Statements - Continued**

- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the County's legally adopted reserves are reported here.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The County commits fund balance by adopting resolutions by the County Legislature. Currently, fund balance is assigned by the County Treasurer for encumbrances and designations and the County Legislature, by resolution, approves fund balance appropriations for next year's budget. The County has not formally adopted a policy defining the order in which to apply expenditures against fund balances. However, the County's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

#### **Fund Balance Policy**

It is the policy of the County Legislature to maintain an unappropriated unassigned fund balance at a level that falls between a maximum of 15% of General Fund revenues and a minimum of 10% of General Fund revenues. In the event the fund balance falls below or above this goal, the County Administrator will submit to the Ways and Means Committee a plan to restore fund balance to the stated goal. The Ways and Means Committee will recommend this plan to the County Legislature for complementation during the annual budget process.

#### **Cash and Cash Equivalents/Investments**

For financial statement purposes, the County considers all highly liquid investments with original maturities of three months or less as cash equivalents. Investments consist of certificates of deposit with original maturities greater than three months and are valued at cost, which approximates fair value.

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### **Note 1 Nature of Business and Summary of Significant Accounting Policies - Continued**

#### **Cash and Cash Equivalents/Investments - Continued**

Certificates of deposit held for investment are included in investments. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as investments within current assets on the Statement of Net Position. Certificates of deposit with remaining maturities greater than one year are classified as investments within noncurrent assets on the Statement of Net Position.

Statutes authorize the County to invest its surplus cash in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities of the United States, public authorities, public housing authorities, urban renewal agencies, and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments. CTASC is authorized to invest its surplus cash in the same manner as the County as well as short-term commercial paper. Investments for the County, as well as for its component units, are reported at fair value.

#### **Other Receivables**

Accounts receivable in the primary government are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided in the General Fund or Capital Fund, as it is believed such allowance would not be material. Amounts due from State and Federal governments represent amounts owed to the County to reimburse it for expenditures incurred pursuant to state and federally funded programs.

Accounts receivable reported by CCC are reported net of an estimate of uncollectible student tuition and fees of \$2,368,223.

#### **Notes and Loans Receivable**

Notes and loans receivable consists of microenterprise development loans funded through the Small Cities Community Development Block Grant within the Special Grant Fund, and a sublease agreement with Auburn Memorial Hospital (the Hospital) initiated in 1994 to secure financing related to a Certificate of Participation (COP) issued by the County for hospital improvements recorded in the General Fund. During the year ended December 31, 2016, the County entered into a capital lease on behalf of CCC, for which the County recognizes a capital lease payable and a receivable from CCC. Receivables from Auburn Memorial Hospital and CCC are reported in the General Fund.

#### **Due From Other Governments**

Due from other governments includes reimbursement claims for various grant programs from State and Federal agencies.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### *Note 1* Nature of Business and Summary of Significant Accounting Policies - Continued

#### **Prepaid Expenses**

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

#### **Capital Assets**

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. All land and buildings originally purchased or acquired, equipment purchased or acquired with an original cost of over \$5,000, and improvements purchased or acquired with an original cost over \$10,000, and having a useful life of greater than one year are capitalized. The estimated useful lives for governmental capital assets of the primary government are as follows:

Buildings	30 years
Land improvements	20 years
Machinery and equipment	3 - 5 years
Infrastructure	20 years

Property, plant, and equipment acquired by Proprietary Funds is stated at cost, (or estimated historical cost) including interest capitalized during construction, where applicable. Contributed fixed assets are recorded at fair market value at the date received. Depreciation has been provided using the straight-line method over estimated useful lives ranging from two to 40 years.

When capital assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts, and any resulting gain or loss is reflected as a component of non-operating income for the period. Maintenance and repairs are charged to expense as incurred; significant renewals and improvements are capitalized.

#### **Compensatory Absences**

A liability for compensated absences (unused vacation and compensatory time) is attributable to services already rendered and is not contingent on a specific event that is outside the control of the employer or employee. Compensated absences are accrued as employees earn the rights to the benefits and are expended in the General, County Road, Road Machinery, and Special Grant Funds.

County employees are granted varying amounts of vacation, compensatory and sick leave in accordance with their employee group and various employee unions. Upon retirement, unused sick time may be applied towards additional service credit pursuant to Sections 33 and 41J of the Retirement and Social Security Law; therefore, no payments are made for unused sick leave.

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### **Note 1 Nature of Business and Summary of Significant Accounting Policies - Continued**

#### **Compensatory Absences - Continued**

The County has computed the value of earned and unused vacation and compensatory time related to the governmental activities as of December 31, 2016 to be \$2,286,000. This represents vacation and compensatory time earned but not usable until 2017. The earned and unused leave has been recorded as a liability in the government-wide financial statements. The expenditure for these fringe benefits is recorded in the applicable governmental fund at the time the benefit is paid.

#### **Postemployment Benefits**

In addition to providing pension benefits, the County provides health insurance coverage and survivor benefits for 461 retired employees and their survivors. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The County recognizes the cost of providing benefits by recording its share of insurance premiums as an expense in the year paid. The County's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with GASB Statement No. 45. See Note 9 for additional information.

#### **Deferred Outflows and Inflows of Resources**

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports a deferred outflow of resources associated with pensions and deferred charges on defeased debt in the government-wide statements.

In addition to liabilities, the Statement of Net Position and the Balance Sheet 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. On the Balance Sheet, the County reports unavailable revenue, one type of deferred inflow, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from loans receivable and taxes receivable that remain uncollected 60 days after year-end, as well as receivables from Auburn Memorial Hospital and CCC. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The County also reports a deferred inflow of resources related to pensions in the government-wide statements.

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### **Note 1 Nature of Business and Summary of Significant Accounting Policies - Continued**

#### **Unpaid Claims Liabilities**

The Consortium establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are periodically recomputed to produce current estimates that reflect recent settlements and other factors, and are adjusted. The liability for the year ended December 31, 2016 is based on the report of the actuary. The incurred but not reported health claims amounted to \$1,175,000 at December 31, 2016.

#### **Reinsurance**

The Consortium uses reinsurance agreements to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the primary liability of the Consortium as direct insurer of the risks reinsured. The Consortium does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by the reinsurer.

#### **Health and Dental Claims**

The Consortium uses a third party to process all claims incurred and are presented in the financial statements net of any refund credited to the Consortium. The third party charges the Consortium a fixed charge per current person enrolled in the plan. This per person charge is included with the costs of the health and dental claims reported in these financial statements.

#### **Revenues**

Substantially all Governmental Fund revenues are accrued. Property tax receivables expected to be received later than 60 days after year end are reported as deferred inflows of resources. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements are met. Resources transmitted before time eligibility requirements are met are reported as deferred outflows of resources by the provider and deferred inflows of resources revenue by the recipient. Resources transmitted before all other eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### **Note 1 Nature of Business and Summary of Significant Accounting Policies - Continued**

#### **Property Taxes**

County real property taxes are levied annually no later than December 31, become a lien on January 1 and are due within 30 days. Taxes are collected during the period January 1 to no later than November 30. Taxes for County purposes apportioned to the area of the County outside the City of Auburn are levied together with taxes for town and special district purposes as a single bill. Accordingly, property tax is recognized as revenue in the year for which the levy is made, and to the extent that such taxes are received within the reporting period of sixty days thereafter. Delinquent property taxes not collected at year-end (excluding collections in the 60-day subsequent period) are included in deferred inflow of resources. The County assumes enforcement responsibility for all taxes levied within the towns. The collection of County taxes levied on properties within the City of Auburn, are enforced by the city; the County receives the full amount of such taxes within the year of the levy. All unpaid non-city school district taxes and village taxes are turned over to the County and are relieved as County taxes in the subsequent year.

Returned school and delinquent town taxes represent the unpaid portion of taxes from other governments which will be added to the County levy on the following January 1. These assets are offset by an allowance for doubtful accounts of \$217,373 and deferred tax revenue of \$4,130,081 that represents the amount of taxes not expected to be collected within 60 days after year end.

The County is permitted by the New York State Constitution to levy taxes up to 2.0% of the most recent five-year average full valuation of taxable real property (the "legal margin").

#### **Sales Tax Revenues**

Sales tax revenues are reported on an accrual basis to include the portion of sales tax revenues attributable to the current year that is remitted to New York State and ultimately paid to the County in the subsequent year.

#### **Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Proprietary Fund are charged to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the County's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### **Note 1 Nature of Business and Summary of Significant Accounting Policies - Continued**

#### **Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements take place when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between Governmental and Proprietary Funds are netted as part of the reconciliation to the Government-wide financial statements.

#### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **Note 2 Cash and Investments**

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

Collateral (security) 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 its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. While the County does not have a specific policy for custodial credit risk, New York State statutes govern the County's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

Deposits and investments are valued at cost or cost plus interest, and are categorized as either (1) insured and for which the collateral is held by the County's agent in the County's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the County's name, or (3) uncollateralized.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 2 Cash and Investments - Continued**

Deposits and investments at year-end for the primary government and component units were entirely covered by FDIC insurance or by collateral held by custodial banks in the County's and its component units' names. Total financial institution (bank) balances of the primary government at December 31, 2016 per the bank were \$33,160,361, of which \$11,535,442 are certificates of deposit. In addition the County has unspent capital lease proceeds of \$318,352 held in cash with a fiscal agent, which are reported as restricted cash.

The Consortium's aggregate bank balances of \$2,855,618 at December 31, were either insured or collateralized with securities held by the pledging financial institution in the County of Cayuga's name.

The County also has investments in securities at December 31, 2016 of \$12,215,151 as deferred compensation assets. See Note 12.

**Restricted Cash**

Restricted cash and cash equivalents consists of \$2,020,976, which represents unspent capital lease proceeds of \$318,352, funds reserved for debt of \$1,492,118, and restricted for other of \$210,506.

**Investments**

Investments of the County's governmental activities consist of the following at December 31, 2016.

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
Certificates of deposit, short-term			
0.65% - 0.75%, maturing 8/30/17 - 9/8/17	\$ 3,250,000	\$ 3,250,000	\$ -
Certificates of deposit, long-term			
1.05% - 3.00%, maturing 4/23/19 - 11/27/26	<u>3,743,542</u>	<u>3,743,542</u>	<u>-</u>
<b>Total</b>	<b><u><u>\$ 6,993,542</u></u></b>	<b><u><u>\$ 6,993,542</u></u></b>	<b><u><u>\$ -</u></u></b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### Note 2 Cash and Investments - Continued

#### Consortium

The Consortium's investments consist of the following at December 31, 2016.

	Cost	Fair Value	Unrealized (Depreciation) Appreciation
U.S. Treasury Note 3.125% 4/30/17	\$ 254,561	\$ 252,100	\$ (2,461)
U.S. Treasury Note 2.75% 5/31/17	302,918	302,601	(317)
U.S. Treasury Note 2.25% 11/30/17	293,273	303,681	10,408
U.S. Treasury Note 2.375% 5/31/18	251,699	254,658	2,959
U.S. Treasury Note 2.375% 6/30/18	251,572	254,835	3,263
Total Government Obligations	1,354,023	1,367,875	13,852
Certificate of deposit 11/5/18	8,557,693	8,557,693	-
<b>Total Investments</b>	<b>\$ 9,911,716</b>	<b>\$ 9,925,568</b>	<b>\$ 13,852</b>

The Consortium has restricted investments of \$3,677,240. \$1,859,396 is restricted for a rate stabilization reserve and \$1,817,844 is restricted for a catastrophic claims reserve.

#### Cayuga County Community College Foundation, Inc.

CCC reports investments from the Cayuga County Community College Foundation, Inc. (the Foundation). In accordance with GAAP, gains (losses) on investments of permanently or temporarily restricted net assets are to be classified according to explicit donor stipulations. The Foundation has interpreted New York State law to allow the use of gains (losses) on investments of permanently or temporarily restricted net assets for specific operating purposes absent explicit donor stipulations that all or a portion of such gains (losses) be restricted. Accordingly, such gains (losses) on restricted net assets are reported as unrestricted net assets unless there is a presence of donor stipulation as to their use. The Foundation's investments consisted of the following at August 31, 2016.

	Fair Value
Cash and cash equivalents	\$ 655,522
Equity mutual funds	1,721,588
Exchange-traded funds	5,975,921
Common stock	3,710,964
Corporate bonds	667,403
<b>Total</b>	<b>\$ 12,731,398</b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 2 Cash and Investments - Continued**

**Fair Value Measurement**

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

The following table sets forth by level, within the fair value hierarchy, the Consortium's assets at fair value as of December 31, 2016.

<u>Government Obligations</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Note 3.125% 4/30/17	\$	\$ 252,100	\$	\$ 252,100
U.S. Treasury Note 2.75% 5/31/17		302,601		302,601
U.S. Treasury Note 2.25% 11/30/17		303,681		303,681
U.S. Treasury Note 2.375% 5/31/18		254,658		254,658
U.S. Treasury Note 2.375% 6/30/18		254,835		254,835
Total Government Obligations		<u>1,367,875</u>		<u>1,367,875</u>
Certificate of deposit 11/5/18		<u>8,557,693</u>		<u>8,557,693</u>
<b>Total</b>	<b>\$</b>	<b><u>9,925,568</u></b>	<b>\$</b>	<b><u>9,925,568</u></b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### *Note 2*    **Cash and Investments - Continued**

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2016.

Assets	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,721,588		\$	\$ 1,721,588
Exchange traded funds	5,975,921			5,975,921
Common stock	3,710,964			3,710,964
Corporate bond obligations		667,403		667,403
<b>Total</b>	<b>\$ 11,408,473</b>	<b>\$ 667,403</b>	<b>\$ -</b>	<b>\$ 12,075,876</b>

### *Note 3*    **Property Taxes**

At December 31, 2016, the County had total real property tax assets of \$8,395,826 and an allowance for doubtful accounts of \$217,373. Current year returned village and school taxes are offset by liabilities of \$3,729,829 to the villages and school districts which were paid no later than April 15, 2017. The remaining portion of tax assets is offset by deferred inflow of resources of \$4,130,081 in the fund financial statements (which represents an estimate of the taxes which will not be collected within the first sixty (60) days of the subsequent year).

The amount that may be raised by the County-wide tax levy on real estate in any fiscal year (for purposes other than debt service on County indebtedness) is limited to one and one-half per centum (subject to increase up to two per centum by resolution of the County Legislature) of the five-year average full valuation of taxable real estate of the County, per New York State statutes.

The County constitutional tax limit (per New York State statutes) for the fiscal year ended December 31, 2016 is computed as follows:

Five-Year Average Full Valuation of Taxable Real Estate	<b>\$ <u>4,427,033,983</u></b>
Tax limit @2.0%	\$ 88,540,680
Tax levy	39,190,516
Less exclusions	<u>(2,984,737)</u>
Tax levy subject to tax limit	<u>36,205,779</u>
<b>Tax Margin</b>	<b>\$ <u>52,334,901</u></b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### *Note 4*    **Other Receivables**

Other receivables of government activities consist of:

#### **Major Funds:**

General Fund:

Fees, fines and reimbursements	\$	235,395
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#### **Non-Major Funds:**

Capital Fund:

CCC Chargebacks		82,521
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County Road Fund:

Other		99
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Road Machinery Fund:

Gas sales		68,641
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Special Grant Fund:

Other		218
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Miscellaneous Special Revenue Fund:

Fees and reimbursements		167,719
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CTASC Debt Service Fund:

Tobacco revenue receipts		<u>1,200,000</u>
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<b>Total Other Receivables</b>	<b>\$</b>	<b><u><u>1,754,593</u></u></b>
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CCC other receivables consist of student tuition and fees receivable of \$1,747,513, net of an allowance for doubtful accounts of \$1,933,750.

### *Note 5*    **Loans and Notes Receivable**

The balance in loans and notes receivable of the primary government at December 31, 2016 was as follows:

Microenterprise development loans	\$	133,678
Hospital COPs		6,350,000
CCC capital lease		<u>1,105,638</u>
<b>Total</b>	<b>\$</b>	<b><u><u>7,589,316</u></u></b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 6 Sales Tax**

A 4% sales tax is levied in and for the County under general authority of Article 29 of the Tax Law and specific authority of local law. This tax is administered and collected by the State Sales Tax Commission in the same manner as the State imposed 4.25% sales and compensating use tax. Net collections, meaning monies collected after deducting therefrom expenses of administration and collection and amounts refunded or to be refunded, but inclusive of any applicable penalties and interest, are paid by the State to the County on a monthly basis. Of the \$42,501,237 total sales tax received by the County, \$21,250,719 was retained by the County, \$21,250,518 was distributed to the City of Auburn and the towns based upon assessed value as determined annually. The towns' share is divided and allocated between incorporated villages and the area of the towns outside said villages on the basis of population. All the villages and townships are paid their share in cash.

**Note 7 Capital Assets**

Capital asset activity for the year ended December 31, 2016, was as follows:

	<b>Balance at 12/31/2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 12/31/2016</b>
<b>Governmental Activities</b>				
Non-depreciable Capital Assets:				
Land	\$ 2,866,463	\$	\$	\$ 2,866,463
Construction in progress	3,555,280	2,363,023	(128,943)	5,789,360
Total Non-depreciable Capital Assets	6,421,743	2,363,023	(128,943)	8,655,823
Depreciable Capital Assets:				
Land improvements	788,708			788,708
Buildings	71,622,858	128,943		71,751,801
Machinery and equipment	17,423,791	828,359	(447,580)	17,804,570
Infrastructure	24,034,763			24,034,763
Total Depreciable Capital Assets	113,870,120	957,302	(447,580)	114,379,842
Total Historical Cost	120,291,863	3,320,325	(576,523)	123,035,665
Less Accumulated Depreciation:				
Land improvement	(734,819)	(8,205)		(743,024)
Buildings	(25,518,018)	(2,151,072)		(27,669,090)
Machinery and equipment	(14,469,577)	(971,510)	421,545	(15,019,542)
Infrastructure	(18,215,597)	(521,588)		(18,737,185)
Total Accumulated Depreciation	(58,938,011)	(3,652,375)	421,545	(62,168,841)
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 61,353,852</b>	<b>\$ (332,050)</b>	<b>\$ (154,978)</b>	<b>\$ 60,866,824</b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 7 Capital Assets - Continued**

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General governmental support	\$	2,270,865
Public safety		328,387
Public health		19,355
Transportation		955,261
Economic assistance and opportunity		55,017
Home and community services		<u>23,490</u>
<b>Total</b>	<b>\$</b>	<b><u><u>3,652,375</u></u></b>

Capital asset activity for the CCC for year ended August 31, 2016 was as follows:

	<u>Balance at 8/31/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 8/31/2016</u>
Non-depreciable Capital Assets:				
Land	\$ 1,283,163	\$	\$	\$ 1,283,163
Depreciable Capital Assets:				
Buildings	47,226,980	479,125		47,706,105
Machinery and equipment	4,488,673	48,747		4,537,420
Vehicles	103,278	28,097		131,375
Total Depreciable Capital Assets	<u>51,818,931</u>	<u>555,969</u>	-	<u>52,374,900</u>
Total Historical Cost	<u>53,102,094</u>	<u>555,969</u>	-	<u>53,658,063</u>
Less Accumulated Depreciation:				
Buildings	(23,188,719)	(783,395)		(23,972,114)
Machinery and equipment	(3,205,689)	(356,658)		(3,562,347)
Infrastructure	(77,574)	(8,522)		(86,096)
Total Accumulated Depreciation	<u>(26,471,982)</u>	<u>(1,148,575)</u>	-	<u>(27,620,557)</u>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ <u><u>26,630,112</u></u></b>	<b>\$ <u><u>(592,606)</u></u></b>	<b>\$ -</b>	<b>\$ <u><u>26,037,506</u></u></b>

The cost of capital assets, under the terms of capital lease agreements included buildings and related components, net of accumulated amortization, at August 31, 2016, was \$1,112,711.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### **Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS)**

#### **Employees' Retirement System (ERS)**

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

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

#### **Summary of Significant Accounting Policies**

The System's financial statements from which the System's fiduciary net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions.

Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the System's annual report.

#### **Contributions**

County is required to contribute at an actuarially determined rate. The County's contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	2016	2015	2014
ERS	\$ 4,382,451	\$ 6,078,507	\$ 6,114,554

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2016, the County reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The County's proportionate share of the net pension liability was based on a projection of the County's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from report provided to the County by the ERS System.

	ERS
Actuarial valuation date	4/1/2015
Net pension liability	\$ 16,050,279,000
County's proportionate share of the Plan's total net pension liability	20,746,753

For the year ended December 31, 2016, the County recognized pension expense of \$6,918,601 for ERS in the financial statements. At December 31, 2016 the County's reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	ERS
<b>Deferred Outflows of Resources:</b>	
Differences between expected and actual experience	\$ 104,839
Changes of assumptions	5,532,534
Net differences between projected and actual earnings on pension plan investments	12,308,112
County's contributions subsequent to the measurement date	3,491,774
<b>Total</b>	<b>\$ 21,437,259</b>
<b>Deferred Inflows of Resources:</b>	
Differences between expected and actual experience	\$ (2,459,182)
Changes in proportion and differences between the County's contributions and proportionate share of contributions	(1,779,600)
<b>Total</b>	<b>\$ (4,238,782)</b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued**

County contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	ERS
2017	\$ 3,434,607
2018	3,434,607
2019	3,434,607
2020	3,402,882
2021	
Thereafter	

**Actuarial Assumptions**

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	ERS
Measurement date	March 31, 2016
Actuarial valuation date	April 1, 2015
Investment rate of return	7.0%
Salary increases	3.8%
Inflation rate	2.5%
Cost of living adjustments	1.3%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based the Society of Actuaries' Scale on MP-2014.

The ERS, the actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### *Note 8* Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

#### Actuarial Assumptions - Continued

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

Measurement date	ERS
	March 31, 2016
Asset Type:	
Domestic equities	7.30%
International equities	8.55%
Real estate	8.25%
Private equity/Alternative	11.00%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Cash	2.25%
Inflation-indexed bonds	4.00%
Mortgages and bonds	4.00%

#### Discount Rate

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

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued**

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

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

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability	\$ 46,782,423	\$ 20,746,753	\$ (1,252,274)

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the employers as of the March 31, 2016 measurement date, were as follows:

	<b>Dollars in Thousands</b>
	ERS
Valuation date	April 1, 2015
Employers' total pension liability	\$ 172,303,544
Plan net position	(156,253,265)
Employers' Net Pension liability	\$ 16,050,279
Ratio of Plan Net Position to the Employers' Total Pension liability	90.7%

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of December 31, 2016 represent the projected employer contribution for the period of April 1, 2016 through December 31, 2016 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2016 amounted to \$-0-.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued**

**Effect on Net Position**

Changes in the net pension liability and deferred outflows and inflows of resources for the year ended December 31, 2016 resulted in the following effect on net position:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
Net pension liability	\$ (4,871,946)	\$ (15,874,807)	\$ (20,746,753)
Deferred outflows of resources	4,288,999	17,148,260	21,437,259
Deferred inflows of resources	(782,066)	(3,456,716)	(4,238,782)
<b>Total</b>	<b>\$ (1,365,013)</b>	<b>\$ (2,183,263)</b>	<b>\$ (3,548,276)</b>

Expenditures associated with GASB Statement Number 68 are liquidated in the General, County Road, Road Machinery, and Special Grant Funds.

**CCC**

CCC participates in the SUNY Optional Retirement Plan (ORP), ERS and the Teacher's Retirement System (TRS). CCC's contributions to these plans were as follows:

	<b>2016</b>	<b>2015</b>	<b>2014</b>
ORP	\$ 652,970	\$ 678,399	\$ 693,773
ERS	762,984	882,805	985,450
TRS	733,987	763,634	636,705

CCC had a pension liability (TRS) of \$269,918, a pension liability (ERS) of \$3,676,264, deferred outflows of resources related to pensions of \$5,965,102, and deferred inflows of resources related to pensions of \$838,785 at August 31, 2016.

**Note 9 Other Postemployment Benefits**

The County and CCC Healthcare Plans (the Plans) are single-employer defined benefit Healthcare Plans administered by the County. The Plans provide medical, vision, and reimbursement of Medicare Part B benefits to eligible retirees and their spouses. The County assigns the authority to establish and amend benefit provisions to the County Legislature. The Plans do not issue a stand-alone financial reports.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 9 Other Postemployment Benefits - Continued**

The contribution requirements of Plan members and the County and CCC are established and may be amended by the County Legislature and CCC Board. The County Legislature has negotiated several collective bargaining agreements, which include obligations of Plan members and the County. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2016, the County and CCC contributed \$3,647,245 (on behalf of 461 employees) and \$1,401,614, respectively, to the Plans for current premiums on an actuarial basis. Plan members receiving benefits may be required to contribute to the Plans depending on their collective bargaining unit.

Annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 22 years.

The following table shows the components of the County's and CCC's annual OPEB costs for the year, the amount actually contributed to the Plans, and changes in the County's and CCC's net OPEB obligation to the Plans:

	<b>County</b>	<b>CCC</b>
Annual Required Contribution	\$ 10,970,746	\$ 3,632,289
Interest on net OPEB obligation	2,227,690	(791,517)
Adjustment to annual required contribution	(4,054,553)	482,825
Annual OPEB Cost (Expense)	9,143,883	3,323,597
Contributions made	(3,647,245)	(1,401,614)
Increase in Net OPEB Obligation	5,496,638	1,921,983
 Net OPEB Obligation - Beginning of Year	 63,648,272	 12,070,634
 <b>Net OPEB Obligation End of Year</b>	 <b>\$ 69,144,910</b>	 <b>\$ 13,992,617</b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 9 Other Postemployment Benefits - Continued**

The County's and CCC's annual OPEB costs, the percentage of annual OPEB costs contributed to the Plans, and the net OPEB obligations for 2016 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
County:			
12/31/2016	\$ 9,143,883	39.9%	\$ 69,144,910
12/31/2015	11,089,398	33.0%	63,648,272
12/31/2014	10,627,034	33.5%	56,218,398
CCC:			
12/31/2016	3,323,597	42.2%	13,992,617
12/31/2015	3,309,534	40.5%	12,070,634
12/31/2014	2,803,007	51.6%	10,102,580

As of December 31, 2016, the Plans were not funded. The actuarial accrued liability for benefits was \$111,857,814 and \$36,642,885; there are no assets legally segregated for the Plans. The covered payroll (annual payroll of active employees covered by the Plans) was \$30,515,390 and \$11,960,705 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 367% and 306%.

Actuarial valuations of ongoing Plans involve 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 funded status of the Plans and the annual required contributions of the employers 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 following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the Plans assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive Plans (the Plan as understood by the employer and the 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 that point. The actuarial methods and assumptions used include techniques 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.

In the January 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used, with a discount rate of 3.5%. The actuarial assumptions for the County included an annual healthcare cost trend rate of 6.0% initially, reduced to an ultimate rate of 3.8% in 2084. Both rates included a 2.9% inflation assumption. The actuarial assumptions for CCC included an annual healthcare cost trend rate of 6.1% to 6.0% through 2020.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 10**    **Compensated Absences**

Compensated Absences: Represents the value of the earned and unused portion of the liability for sick and vacation time, and is liquidated by the General and Special Revenue funds.

	<b>Balance at 12/31/2015</b>	<b>Additions</b>	<b>Decreases</b>	<b>Balance at 12/31/16</b>
Governmental Activities	\$ 2,417,545	\$ _____	\$ (131,545)	\$ 2,286,000

**Note 11**    **Liabilities - Unpaid Claims**

Accrued liabilities of the business-type activities of the primary government consist of incurred but not reported claims (unpaid claims). The BlueCross/BlueShield premiums include claims paid for the year ended December 31, 2016 and an adjustment to account for the BlueCross/BlueShield (BC/BS) financing arrangement of billing the actual claims paid one week in arrears at December 31, 2016. This one week delay requires the Consortium to fund approximated costs, as actual claim payments are charged one week later. No significant differences have been experienced or are expected between weekly adjusted premium billings and actual weekly settlements in succeeding billings. The advance deposit amount required by BlueCross/BlueShield amounted to \$1,088,200 at December 31, 2016.

The Consortium establishes a liability for both reported and unreported insured events which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities:

	<b>2016</b>	<b>2015</b>
Liability for unpaid claims - Beginning of year	\$ 900,000	\$ 950,000
Incurred claims and claim adjustment:		
Claims expense	13,949,573	13,221,769
Claims paid	(13,674,573)	(13,271,769)
<b>Liability for Unpaid Claims - End of Year</b>	<b>\$ 1,175,000</b>	<b>\$ 900,000</b>

**Note 12**    **Deferred Compensation Plan**

The County offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. Nationwide Trust Company FSB is the administrator of the Plan.

Employees contribute to the Plan through voluntary salary deductions. Participation in the Plan is voluntary and the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plan is administered by an independent firm which is responsible for administering the fund's investments and record keeping. Investments and related net assets for employee's contributions totaled \$12,215,151 at December 31, 2016. Contributions made by employees during the year ended December 31, 2016 were \$1,067,918.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 12 Deferred Compensation Plan - Continued**

Employees of the County may elect to participate in the Hartford Life Insurance Company Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

In October, 1997, the Governmental Accounting Standards Board issued GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Plans." This statement established accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governments.

On November 16, 1998, the Board authorized the Plan assets to be held by an outside trustee. Because Plan assets are held by an outside trustee, they are not reported in the financial statements of the County. Market value of assets of the Plan at December 31, 2016, is \$12,215,151.

**Note 13 Long-term Debt**

At December 31, 2016, the total outstanding indebtedness of the County aggregated \$55,738,857, of which \$30,065,000 is subject to the constitutional debt limit and represents approximately 9.96% of its debt limit.

**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, which are full faith and credit debt of the local government, are recorded in the Statement of Net Position. The provision to be made in 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.

	<b>Issue Date</b>	<b>Final Maturity</b>	<b>Interest Rate</b>		
Governmental Activities:					
Serial Bonds - excluding CTASC:					
Public improvement serial bonds	2010	2017	2.00-3.375%	\$	635,000
Public improvement serial bonds	2013	2029	2.25-3.00%		17,735,000
Public improvement serial bonds	2013	2033	3.00-4.50%		1,280,000
Public improvement serial bonds	2015	2023	6.00%		3,115,000
Refunding Bonds	2016	2028	2.00%		8,100,000
Subtotal					30,865,000
Add: Premium					647,212
<b>Total</b>				<b>\$</b>	<b>31,512,212</b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### Note 13 Long-term Debt - Continued

#### Serial Bonds - Continued

On June 2, 2016 the County issued \$8,100,000 general obligation bonds, with an interest rate of 2.00%. The County issued the bonds to advance refund \$8,420,000 outstanding general obligation bonds with interest rates ranging between 2.00% and 3.37%. The County used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$8,420,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was \$8,420,000 at December 31, 2016.

Unamortized deferred charges on defeased debt related to the 2016 bond refunding are amortized over the life of the bonds. Balances and activity for the year are summarized below:

<u>Governmental Activities</u>	<u>Balance at 12/31/15</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance at 12/31/16</u>	<u>Amount Due Within One Year</u>
Unamortized deferred charges on defeased debt	\$ -	\$ 303,581	\$ (12,870)	\$ 290,711	\$ 40,632
<b>Total</b>	<b>\$ -</b>	<b>\$ 303,581</b>	<b>\$ (12,870)</b>	<b>\$ 290,711</b>	<b>\$ 40,632</b>

#### Serial Bonds - CTASC

The original purchase price for the County's future rights, title and interest in the Tobacco Settlement Revenues (TSR) was financed through the issuance of Series 2000 bonds in the amount of \$16,740,000. The bonds were sold at a discount of \$241,282, for a net issue price of \$16,498,718. The discount is being amortized over the maturity period of the bonds using the straight-line method. Interest rates on the bonds range from 5.0% to 6.25%. The Series 2000 bonds are secured by a perfected security interest in, and pledge of, the Trust Estate, as defined in the Indenture, which includes, among other things, the TSRs and all investment earnings on amounts on deposit in the accounts established under the Indenture (collectively, the Collections). Among the accounts so established are the Liquidity Reserve Account and the Debt Service Account. CTASC retains TSRs in an amount sufficient to service its debt and pay its operating expenses.

CTASC issued \$37,338,337 in capital appreciation bonds for proceeds of \$7,334,797 on November 29, 2005. The Series 2005 bonds are payable solely from and secured solely by the future right, title and interest of the Corporation in the collection of TSRs previously purchased by CTASC from the County. The Series 2005 bonds are subordinate and subject to the rights of the holders of the Series 2000 bonds previously issued by CTASC. This series consists of subordinate turbo capital appreciation bonds (CAB) that provide long-dated financing for CTASC and take advantage of current market conditions where interest rates are low, investors have a favorable view of litigation events and where institutional investors are looking for high yield investments. CTASC is required by covenant not to issue additional bonds or refunding bonds that would extend the term of the capital appreciation bonds or other outstanding bonds.

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### **Note 13 Long-term Debt - Continued**

#### **Serial Bonds - CTASC - Continued**

The Series 2000 bonds are composed of the bonds which mature through June 1, 2042, without flexible amortization, and through June 1, 2026 under a flexible amortization payment schedule. Interest on the bonds range from 5.00% to 6.25%. Payments on the term bonds are through 2026. The balance at December 31, 2016 is net of unamortized bond discount of \$92,802.

The Series 2005 bonds are composed of the following:

- \$2,043,971 Tobacco Settlement Asset-Backed Bonds, Series 2005 S1 (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2023, with an accreted value at maturity of \$16,470,000.
- \$1,207,315 Tobacco Settlement Asset-Backed Bonds, Series 2005 S2 (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2026, with an accreted value at maturity of \$17,510,000.
- \$1,163,141 Tobacco Settlement Asset-Backed Bonds, Series 2005 S3 (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2029, with an accreted value at maturity of \$32,645,000.
- \$2,553,792 Tobacco Settlement Asset-Backed Bonds, Series 2005 S4B (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2039, with an accreted value at maturity of \$169,800,000.

#### **Conduit Debt**

In 1994, the County issued certificates of participation (COPs) to provide financial assistance to the Hospital for the costs associated with the improvement of certain facilities. The COPs are secured by the property financed and are payable solely from payments received from the Hospital to the County based on a sublease agreement between the County and Cayuga County Hospital Improvement Corporation, a not-for-profit corporation created by the Hospital. Under terms of the agreements, the County is only liable for the amount it has appropriated. The County did appropriate funds in its 2008-2010 budgets for this purpose, offset by an equal amount of estimated revenues from the Hospital. At December 31, 2016, the COPs outstanding aggregated \$6,350,000 and are to be paid serially in varying amounts through 2020. Interest paid in connection with this agreement was \$233,493.

#### **Capital Lease**

In 2015, the County entered into a capital lease on behalf of CCC for the purchase of equipment. The amount expended from the proceeds of the lease in 2016 was \$1,306,276. At December 31, 2016, the outstanding balance totaled \$1,105,638.

#### **Pollution Remediation Obligations**

In 2016, the County recognized recoveries in the amount of \$40,000. The expense provision was measured at its current value utilizing the prescribed expected cash flow method. The liability related to future remediation activities associated with the removal of materials and soil contamination of a landfill.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### Note 13 Long-term Debt - Continued

#### Summary of Long-Term Debt

The following is a summary of the County's long-term debt for the year ended December 31, 2016:

	<u>Balance at</u> <u>12/31/15</u>			<u>Balance at</u> <u>12/31/16</u>			<u>Amount Due</u> <u>Within One Year</u>
	<u>Additions</u>	<u>Decreases</u>	<u>Additions</u>	<u>Decreases</u>			
<u>Governmental Activities</u>							
Serial bonds and premium	\$ 33,389,000	\$ 8,775,864	\$ (10,652,652)	\$ 31,512,212	\$	2,340,459	
Serial bonds-CTASC and discount	18,806,137		(1,490,000)	17,325,417		175,720	
Accreted interest-CTASC	6,805,167	967,897		7,773,064			
Certificates of participation-Hospital	7,915,000		(1,565,000)	6,350,000		1,615,000	
Capital lease-CCC	1,135,695		(30,057)	1,105,638		61,460	
Pollution remediation liabilities	66,000		(40,000)	26,000			
<b>Total Governmental Activities</b>	<b>\$ 68,116,999</b>	<b>\$ 9,743,761</b>	<b>\$ (13,777,709)</b>	<b>\$ 64,092,331</b>	<b>\$</b>	<b>4,192,639</b>	

Interest on long-term debt interest amounted to \$2,775,946 for Governmental Activities, of which \$1,753,533 was related to CTASC bonds for the year ended December 31, 2016.

The following is a summary of maturity of the long-term indebtedness:

<u>Year</u>	<u>Serial Bonds</u>		<u>COPs</u>		<u>Capital Lease</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 2,250,000	\$ 771,944	\$ 1,615,000	\$ 187,325	\$ 61,460	\$ 36,679	\$ 4,922,408
2018	2,300,000	729,662	1,660,000	139,683	63,568	34,571	4,927,484
2019	2,355,000	679,294	1,710,000	90,713	65,749	32,390	4,933,146
2020	2,415,000	627,925	1,365,000	40,268	68,005	30,134	4,546,332
2021	2,480,000	571,650			70,338	27,801	3,149,789
2022-2026	12,050,000	1,898,003			389,586	101,107	14,438,696
2027-2031	6,810,000	336,016			386,932	44,827	7,577,775
2032-2033	205,000	9,337					214,337
<b>Total</b>	<b>\$ 30,865,000</b>	<b>\$ 5,623,831</b>	<b>\$ 6,350,000</b>	<b>\$ 457,989</b>	<b>\$ 1,105,638</b>	<b>\$ 307,509</b>	<b>\$ 44,709,967</b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 13 Long-term Debt - Continued**

**Summary of Long-Term Debt - Continued**

The following is a summary of maturing debt service requirements, including accreted interest, for CTASC. Principal payments (including discount and accretion on capital appreciation bonds) based upon the required maturities are as follows for the years ended December 31:

Year	CTASC Series 2000		CTASC Series 2005
	Principal	Interest	Principal and Accreted Interest
2017	\$ 185,000	\$ 678,218	\$ 562,008
2018	350,000	661,365	672,877
2019	380,000	638,370	704,101
2020		626,400	733,189
2021		626,400	765,024
2022-2026		3,132,000	6,126,667
2027-2031	1,720,000	2,972,750	9,908,271
2032-2036	3,190,000	2,064,603	10,532,111
2037-2041	3,760,000	931,806	6,507,251
2042	865,000	28,653	
<b>Total</b>	<b>\$ 10,450,000</b>	<b>\$ 12,360,565</b>	<b>\$ 36,511,499</b>

**Note 14 Long-term Debt - Discretely Presented Component Units**

**CCWSA**

Long-term debt reported by CCWSA consists of notes payable to the New York State Environmental Facilities Corporation (NYSEFC) and bonds payable to the United States Department of Agriculture Rural Development Agency (RDA). Proceeds of the notes and bonds were used for water and sewer infrastructure construction and improvements. The notes and bonds are due in varying principal amounts through 2051 and carry interest rates varying from 0.51% to 5.5%.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### Note 14 Long-term Debt - Discretely Presented Component Units - Continued

#### CCWSA - Continued

The following is a summary of maturing debt service requirements for the year ending December 31,:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 307,694	\$ 89,710	\$ 397,404
2018	88,928	84,720	173,648
2019	95,174	82,823	177,997
2020	96,432	80,818	177,250
2021	96,702	78,750	175,452
2022-2026	505,070	359,700	864,770
2027-2031	554,178	299,200	853,378
2032-2036	622,849	228,990	851,839
2037-2041	692,463	147,809	840,272
2042-2046	520,000	78,861	598,861
2047-2051	457,000	21,628	478,628
<b>Total</b>	<b>\$ 4,036,490</b>	<b>\$ 1,553,009</b>	<b>\$ 5,589,499</b>

#### CCC

##### Lease Agreements

River Glen leases space in Fulton, New York to the College and an unrelated party under noncancellable leases that expire between 2017 and 2030. The terms of the agreements are as follows:

River Glen leases space to the College through 2030, unless extended or terminated by either party. The College pays monthly base rental amounts of \$13,170. Rental income under this agreement totaled \$158,040 for the years ended August 31, 2016 and 2015. Per the terms of the lease agreement, the College is required to pay additional rental fees equal to amounts required by River Glen's mortgage agreement. Additional rental fees were \$82,831 and \$496,984 for the years ended August 31, 2016 and 2015, respectively. Additionally, upon termination of the lease agreement between River Glen and an unrelated party, the College is required to pay base rent to River Glen equal to or greater than the base rent of the unrelated third party. In accordance with the lease agreement, the College is responsible for all common area maintenance costs. River Glen remits common area maintenance fees paid by other tenants to the College. Common area maintenance collected and paid to the College was \$18,937 and \$18,235 for years ended August 31, 2016 and 2015, respectively.

River Glen leases space to an unrelated party (the Tenant) through 2017, unless extended by the Tenant. Per the terms of the lease agreement, the tenement minimum annual rent is \$545,202. The Tenant is required to remit additional rent equal to 1% of gross sales exceeding \$17,500,000. Rent is received in monthly installments of \$45,433. The tenant is required to pay its pro rata share of real estate taxes and common area maintenance based on square footage. Rental income under this agreement totaled \$272,601 and \$545,202 for the years ended August 31, 2016 and 2015, respectively.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 14 Long-term Debt - Discretely Presented Component Units - Continued**

**Long-Term Debt**

In April 2016, River Glen did not make its scheduled balloon payment of principal on its mortgage payable, thereby triggering an act of default per the terms of the mortgage agreement. While River Glen is working to refinance the mortgage, an agreement has not been reached. Accordingly, the mortgage has been classified as a current liability on the accompanying statement of net position. Per the terms of the mortgage agreement, River Glen is required to accrue interest on the outstanding principal at 10.75% during the period of default. River Glen has accrued \$351,808 in interest expense and is included within accrued expenses on the accompanying statement of net position. Additionally, the property serving as collateral for this mortgage payable is currently in receivership and all tenant rental payments are being collected directly by the mortgage servicer.

**Mortgage Payable**

CCC reports debt of its component unit, the Cayuga College Community Foundation, Inc. (the Foundation). The Foundation's debt at August 31, 2016 was:

Mortgage payable in equal monthly principal and interest installments of \$46,915, including interest of 5.795% through April 2016, at which time the remaining principal will be due. Collateral consists of property.

	\$ <u>6,757,678</u>
	\$ <u><u>6,757,678</u></u>

**Note 15 Interfund Transactions**

During the course of normal operations, the County has numerous transactions between funds. This includes expenditures and transfers of resources; primarily to provide services. The Governmental Funds' financial statements generally reflect such transactions as transfers whereas the Proprietary Fund records such transactions as non-operating revenues or expenses.

Interfund transactions for the year ended December 31, 2016 were as follows:

	Interfund Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 2,632,710	\$ 54,211	\$ 946,983	\$ 8,827,016
Non-Major Funds	35,000	2,613,499	8,272,924	392,891
<b>Totals</b>	<b>\$ <u>2,667,710</u></b>	<b>\$ <u>2,667,710</u></b>	<b>\$ <u>9,219,907</u></b>	<b>\$ <u>9,219,907</u></b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 16 Equity Detail**

At December 31, 2016, fund balance in the governmental funds was comprised of the following:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>
<u>Nonspendable</u>		
Due from Soil and Water Conservation District	\$	\$ 1,350,000
Prepaid Expenses	<u>1,086,013</u>	<u>106,719</u>
<b>Total Nonspendable Fund Balance</b>	<b>\$ <u>1,086,013</u></b>	<b>\$ <u>1,456,719</u></b>
<u>Restricted</u>		
Public safety	\$ 210,506	\$
Debt - CTASC		2,692,118
Capital project - CCC		<u>318,352</u>
<b>Total Restricted Fund Balance</b>	<b>\$ <u>210,506</u></b>	<b>\$ <u>3,010,470</u></b>
<u>Committed</u>		
Capital projects	\$ <u>721,022</u>	<u>                    </u>
<b>Total Committed Fund Balance</b>	<b>\$ <u>721,022</u></b>	<b>\$ <u>-</u></b>
Appropriated for next year's budget	\$ 480,382	\$
Encumbered for:		
General government support	369,644	
Public safety	73,163	
Public health	99,061	
Economic assistance and opportunity	17,298	
Community and recreation	4,742	
Claims and liabilities	837,129	
Project	50,483	
Unemployment	555,931	
Transportation		4,207,462
Community development		2,183,385
Capital projects		497,827
Miscellaneous		<u>720,768</u>
<b>Total Assigned Fund Balance</b>	<b>\$ <u>2,487,833</u></b>	<b>\$ <u>7,609,442</u></b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### *Note 16* **Equity Detail - Continued**

#### **Board Designated Net Position**

Board designated net position consists of cash asset reserves held by the Consortium assigned to cover a direct liability or assist the Consortium with cash flow and provide protection during times when paid claim projections are exceeded. These cash assets have also been a source of revenue to the Consortium, allowing management to contain premium increases. Included in unrestricted net position are:

- Rate Stabilization Reserve - This reserve was established to protect the Consortium from the ill effects associated with times when actual paid claims exceed projections. The current Rate Stabilization Reserve has been established at 10% of budgeted premiums. The balance at December 31, 2016 was \$1,859,396.
- Catastrophic Claims Reserve - The Catastrophic Claims reserve was established in lieu of purchasing aggregate and stop-loss insurance. The Catastrophic Claims Reserve has been set at an amount equal to 15% of budgeted paid claims. The balance at December 31, 2016 was \$1,817,844.

### *Note 17* **Commitments and Contingent Liabilities**

The County or its agencies are named in several lawsuits arising in the ordinary course of the County's operations. These claims and lawsuits, in the opinion of management, are either adequately covered by insurance or will not result in a material impact on the financial position of the County and, therefore, are not reflected in the accompanying financial statements. In the past three years, no settlements exceeded insurance coverage.

Subsequent to year-end, the County received a notice of claim concerning a public safety issue. The County is in the process of evaluating the potential exposure resulting from this claim.

The County participates in a number of federally and state assisted programs which are subject to periodic program compliance audits by the grantors or their representatives. Accordingly, any noncompliance by the County with the applicable programs could be established at some future date and have a material effect on the financial condition of the County. There were no material questioned or disallowed costs which have been communicated by grantors as a result of audits for the year ended December 31, 2016.

### *Note 18* **Restatement of Net Position**

During the year, the County discovered an error in the Capital Fund that overstated liabilities and understated revenue in the prior year. The County's net position has been restated as follows:

Net (Deficit) Beginning of 2015 Year, as Previously Stated	\$	(24,013,968)
Correction of an error		<u>284,903</u>
<b>Net (Deficit) Beginning of Year, as Restated</b>	<b>\$</b>	<b><u>(23,729,065)</u></b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

**Note 18**    **Restatement of Net Position - Continued**

Capital Fund fund balance	
Beginning of 2015 Year, as Previously Stated	\$ 1,642,631
Correction of an error	<u>284,903</u>
<b>Fund Balance Beginning of Year, as Restated</b>	<b>\$ <u><u>1,927,534</u></u></b>

**Note 19**    **Subsequent Events**

On January 24, 2017, the Legislature approved the issuance of serial bonds of \$3,405,000 to fund the cost of road preservation.

**Note 20**    **Future Changes in Accounting Standards**

GASB has issued Statement No 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68," effective for the year ending December 31, 2018.

GASB has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ending December 31, 2018. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB." Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," establishes new accounting and financial reporting requirements for OPEB plans, effective for the year ending December 31, 2017.

GASB has issued Statement No. 80, "Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14," effective for the year ending December 31, 2017.

GASB has issued Statement No. 81, "Irrevocable Split-Interest Agreements," effective for the year ending December 31, 2017.

GASB has issued Statement No. 82, "Pension Issues," effective for the year ending December 31, 2017.

GASB has issued Statement No. 83, "Certain Asset Retirement Obligations," effective for the year ending December 31, 2019.

GASB has issued Statement No. 84, "Fiduciary Activities," effective for the year ending December 31, 2019.

GASB has issued Statement No. 85, "Omnibus 2017," effective for the year ending December 31, 2018.

GASB has issued Statement No. 86, "Certain Debt Extinguishment Issues," effective for the year ending December 31, 2018.

GASB has issued Statement No. 87, "Leases," effective for the year ending December 31, 2020.

The County will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### *Note 21* Tax Abatements

For the year ended December 31, 2016, the County was subject to tax abatements negotiated by the Cayuga County Industrial Development Agency (CCIDA), a discretely presented component unit, the Town of Mentz, and the Town of Brutus (the Towns).

Through CCIDA, companies from outside the County can apply for sales tax exemptions for eligible spending related to relocating to the County. Companies accepted into the program document the sales tax paid on eligible spending and receive a rebate up to a maximum of 100%. Through this program, companies promise to expand or maintain facilities or employment in the County, to establish new business in the County, or to relocate an existing business to the County. Economic development agreements entered into by CCIDA can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which CCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100%.

Information relevant to disclosure of the program for the year ended December 31, 2016 is as follows:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Economic Development:	
Real Property Tax	\$ 496,239
Sales Tax	<u>441,406</u>
<b>Total</b>	<b>\$ <u><u>937,645</u></u></b>

The Towns entered into a property tax abatement agreements with a local business under Chapter 535 of the 1971 Laws of New York State for the purpose of encouraging economic growth. Under the Act, localities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Town or Village. Under these programs, the Towns abated taxes by 88% and 60% to apartment complexes within their respective Villages.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Economic Development:	
Real Property Tax	\$ 10,139
<b>Total</b>	<b>\$ <u><u>10,139</u></u></b>

# COUNTY OF CAYUGA

## BUDGETARY COMPARISON SCHEDULE (NON-GAAP) GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>Original Budget</b>	<b>Final Budget</b>
<b>REVENUES</b>		
Real property taxes	\$ 38,635,189	\$ 38,635,189
Real property tax items	1,900,683	1,900,683
Nonproperty tax items	45,247,253	45,247,253
Departmental income	10,746,739	10,798,165
Intergovernmental charges	2,311,427	2,311,427
Use of money and property	226,427	226,427
Licenses and permits	13,000	13,000
Fines and forfeitures	165,820	165,820
Sale of property and compensation for loss	60,000	60,000
Miscellaneous local sources	127,700	149,132
State sources	15,502,696	18,147,237
Federal sources	12,181,880	14,077,500
<b>Total Revenues</b>	<b>127,118,814</b>	<b>131,731,833</b>
<b>EXPENDITURES</b>		
<b>Current</b>		
General governmental support	34,204,624	33,831,345
Education	5,676,020	5,676,020
Public safety	13,338,491	14,213,864
Public health	7,726,877	10,163,901
Transportation	163,200	163,200
Economic assistance and opportunity	38,105,031	39,472,939
Culture and recreation	790,905	839,354
Home and community services	1,356,058	1,495,243
Employee benefits	14,476,017	14,378,668
Debt service (principal and interest)	5,116,941	5,116,941
<b>Total Expenditures</b>	<b>120,954,164</b>	<b>125,351,475</b>
Excess of Revenues	6,164,650	6,380,358
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund transfers in	302,302	375,707
Interfund transfers (out)	(8,212,351)	(8,502,724)
<b>Total Other Financing (Uses)</b>	<b>(7,910,049)</b>	<b>(8,127,017)</b>
Excess of (Expenditures) Revenues and Other Financing (Uses) Sources	(1,745,399)	(1,746,659)
Appropriated Fund Balance	1,745,399	1,746,659
Net Increase	\$ -	\$ -

Fund Balance, Beginning of Year

**Fund Balance, End of Year**

*See Independent Auditor's Report and Notes to Required Supplementary Information*

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 39,006,417	\$	\$ 371,228
1,786,439		(114,244)
43,319,321		(1,927,932)
10,241,208		(556,957)
2,101,265		(210,162)
330,288		103,861
22,213		9,213
178,485		12,665
224,619		164,619
264,434		115,302
15,967,078		(2,180,159)
12,561,841		(1,515,659)
<u>126,003,608</u>		<u>(5,728,225)</u>
31,556,178	369,644	1,905,523
5,395,826		280,194
13,068,072	73,163	1,072,629
7,525,805	99,061	2,539,035
162,396		804
38,839,369	17,298	616,272
818,246	4,742	16,366
1,398,547		96,696
14,046,761		331,907
4,900,847		216,094
<u>117,712,047</u>	<u>563,908</u>	<u>7,075,520</u>
8,291,561	(563,908)	1,347,295
946,983		571,276
(8,502,724)		-
<u>(7,555,741)</u>		<u>571,276</u>
735,820	\$ <u>(563,908)</u>	\$ <u>1,918,571</u>
735,820		
24,876,512		
<u>\$ 25,612,332</u>		

# COUNTY OF CAYUGA

## SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFITS FOR THE YEAR ENDED DECEMBER 31, 2016

Actuarial Valuation Date	Fiscal Year End	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Cayuga County							
1/1/2016	12/31/2016	\$ -	\$ 111,857,814	\$ 111,857,814	0%	\$ 30,515,390	367%
1/1/2014	12/31/2015	-	121,039,188	121,039,188	0%	28,345,409	427%
1/1/2014	12/31/2014	-	115,804,817	115,804,817	0%	28,338,318	409%
1/1/2012	12/31/2013	-	135,809,943	135,809,943	0%	21,162,919	642%
1/1/2012	12/31/2012	-	132,472,578	132,472,578	0%	31,694,972	418%
Cayuga Community College							
9/1/2014	8/31/2016	\$ -	\$ 36,642,885	\$ 36,642,885	0%	\$ 11,960,705	306%
9/1/2014	8/31/2015	-	36,642,885	36,642,885	0%	12,524,367	293%
9/1/2012	8/31/2014	-	29,240,904	29,240,904	0%	10,512,009	278%

*See Independent Auditor's Report and Notes to Required Supplementary Information*

# ***COUNTY OF CAYUGA***

## **SCHEDULE OF THE COUNTY'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ <b>4,382,451</b>	\$ 6,078,507	\$ 6,114,554
Contributions in relation to the contractually required contribution	<b>(4,382,451)</b>	(6,078,507)	(6,114,554)
Contribution deficiency (excess)	-	-	-
County's covered - Employee payroll	<b>27,023,417</b>	30,573,891	30,564,765
Contributions as a percentage of covered - Employee payroll	<b>16.2%</b>	19.9%	20.0%

Note: Covered payroll for 2013 through 2007 is not available

*See Independent Auditor's Report and Notes to Required Supplementary Information*

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$	5,604,588	\$ 5,210,874	\$ 4,620,561	\$ 3,869,513	\$ 2,469,740	\$ 2,745,135	\$ 3,035,763
	(5,604,588)	(5,210,874)	(4,620,561)	(3,869,513)	(2,469,740)	(2,745,135)	(3,035,763)
	-	-	-	-	-	-	-

# COUNTY OF CAYUGA

## SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED DECEMBER 31,

	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	0.1292610%	0.1442153%
County's proportionate share of the net pension liability	\$ 20,746,753	\$ 4,871,946
County's covered-employee payroll during the measurement period	27,023,417	30,449,443
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	76.8%	16.0%
Plan fiduciary net position as a percentage of the total pension liability	90.7%	97.9%

*See Independent Auditor's Report and Notes to Required Supplementary Information*

# COUNTY OF CAYUGA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2016

### *Note 1* **Budget Basis of Accounting**

#### **Budgeting Policies**

The budget policies are as follows:

- No later than November 15, the budget officer submits a tentative budget to the Clerk of the Board of Representatives for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds except the Capital Projects and Self-Insurance Funds.
- After public hearings are conducted to obtain taxpayer comments, no later than December 20, the Board of Representatives adopts the budget.
- Budget modifications are authorized by resolution of the Board of Representatives.
- Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects and remain in effect for the life of the project. Budget controls for the Self-Insurance Fund are established through separate annual resolutions.

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or an expenditure in GAAP based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuring that appropriations are not exceeded.

An annual legal budget is not adopted for the Special Grant Fund, which is a Special Revenue Fund. Budgetary controls for the Special Grant Fund are established in accordance with the applicable grant agreements.

### *Note 2* **Reconciliation of the Budget Basis to GAAP**

The General Fund budget does not include the activities of the self-insurance fund, which have been eliminated from the actual amounts reported in the Budgetary Comparison Schedule.

	<u>Budgetary Basis</u>	<u>GAAP Basis</u>
Revenue and other financing sources	\$ 126,950,591	\$ 126,960,626
Expenditures and other financing uses	<u>(126,214,771)</u>	<u>(126,643,012)</u>
Changes in fund balances	735,820	317,614
Beginning fund balance	<u>24,876,512</u>	<u>26,120,833</u>
<b>Ending Fund Balance</b>	<b><u><u>\$ 25,612,332</u></u></b>	<b><u><u>\$ 26,438,447</u></u></b>

# COUNTY OF CAYUGA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2016

**Note 3 Schedule of Funding Progress - Other Postemployment Benefits**

The Schedule of Funding Progress, presented as required supplementary information presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose and the information presented is intended to approximate the funding progress of the Plan.

**Note 4 Schedules of the County's Contributions and Proportionate Share of the Net Pension Liability**

The Schedules of the County's Contributions and Proportionate Share of the Net Pension Liability do not present ten years of information as required by U.S. generally accepted accounting principles because the information is not available. These schedules will present ten years of information as it becomes available.

**Note 5 Schedules of County Contributions - NYSLRS Pension Plan and Schedule of the County's Proportionate Share of the Net Pension Liability**

**NYSLRS:**

**Changes in Benefit Terms**

There were no significant legislative changes in benefits.

**Changes of Assumptions**

There was a change in assumption for the pensioner mortality improvement in the April 1, 2014 actuarial valuation from the Society of Actuaries' Scale AA to Scale MP - 2014.

**Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The April 1, 2014 actuarial valuation determines the employer rates for contributions payable in fiscal year 2016. The following actuarial methods and assumptions were used:

Actuarial cost method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset valuation period	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.7%
Salary scale	4.9% in ERS, indexed by service.
Investment rate of return	7.5% compounded annually, net of investment expenses, including inflation.
Cost of living adjustments	1.4% annually

# COUNTY OF CAYUGA

## COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2016

	Special Revenue Funds				Capital Fund	Debt Service Fund	CTASC Debt Service Fund	Total Non-Major Governmental Funds
	County Road Fund	Road Machinery Fund	Special Grant Fund	Miscellaneous Special Revenue Fund				
<b>ASSETS</b>								
<b>Assets</b>								
Cash and cash equivalents - Unrestricted	\$ 1,046,120	\$ 1,608,032	\$ 2,234,439	\$ 564,702	\$ 1,704,385	\$ -	\$ -	\$ 7,157,678
Cash and cash equivalents - Restricted					318,352		1,492,118	1,810,470
Other receivables, net	99	68,641	218	167,719	82,521		1,200,000	1,519,198
Due from state and federal governments	1,821,134		115,083		1,090,829			3,027,046
Due from other funds					35,000			35,000
Due from other governments					206,826			206,826
Due from Soil and Water					1,350,000			1,350,000
Prepaid expenses	79,944	14,629	12,146					106,719
Loans and notes receivable			133,678					133,678
<b>Total Assets</b>	<b>\$ 2,947,297</b>	<b>\$ 1,691,302</b>	<b>\$ 2,495,564</b>	<b>\$ 732,421</b>	<b>\$ 4,787,913</b>	<b>\$ -</b>	<b>\$ 2,692,118</b>	<b>\$ 15,346,615</b>
<b>LIABILITIES</b>								
<b>Liabilities</b>								
Accounts payable	\$ 110,475	\$ 113,560	\$ 209	\$ 11,653	\$ -	\$ -	\$ -	\$ 235,897
Accrued liabilities	94,193	18,336	14,032		88,235			214,796
Due to other funds			80,000		2,533,499			2,613,499
Due to other governments			72,114					72,114
<b>Total Liabilities</b>	<b>204,668</b>	<b>131,896</b>	<b>166,355</b>	<b>11,653</b>	<b>2,621,734</b>	<b>-</b>	<b>-</b>	<b>3,136,306</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue			133,678					133,678
<b>FUND BALANCES</b>								
<b>Fund Balances</b>								
Nonspendable	\$ 79,944	\$ 14,629	\$ 12,146		\$ 1,350,000	\$ -	\$ -	\$ 1,456,719
Restricted					318,352		2,692,118	3,010,470
Assigned	2,662,685	1,544,777	2,183,385	720,768	497,827			7,609,442
<b>Total Fund Balances</b>	<b>2,742,629</b>	<b>1,559,406</b>	<b>2,195,531</b>	<b>720,768</b>	<b>2,166,179</b>	<b>-</b>	<b>2,692,118</b>	<b>12,076,631</b>
<b>Total Deferred Inflows of Resources, Liabilities and Fund Balances</b>	<b>\$ 2,947,297</b>	<b>\$ 1,691,302</b>	<b>\$ 2,495,564</b>	<b>\$ 732,421</b>	<b>\$ 4,787,913</b>	<b>\$ -</b>	<b>\$ 2,692,118</b>	<b>\$ 15,346,615</b>

*See Independent Auditor's Report*

# COUNTY OF CAYUGA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds				Capital Fund	Debt Service Fund	CTASC Debt Service Fund	Total Non-Major Governmental Funds
	County Road Fund	Road Machinery Fund	Special Grant Fund	Miscellaneous Special Revenue Fund				
<b>REVENUES</b>								
Departmental income	\$	\$	\$ 59,035	\$ 392,092	\$	\$	\$	\$ 451,127
Intergovernmental charges	2,591	719,903		322				722,816
Use of money and property			1,629		5,346		1,332	8,307
Licenses and permits	110							110
Sale of property and compensation for loss	5,428	2,647		23,000			2,276,714	2,307,789
Miscellaneous local sources				885	431,823			432,708
Interfund revenues		1,389,545						1,389,545
State sources	4,834,709	251,276			2,616,536			7,702,521
Federal sources			698,776		105,875			804,651
<b>Total Revenues</b>	<b>4,842,838</b>	<b>2,363,371</b>	<b>759,440</b>	<b>416,299</b>	<b>3,159,580</b>	<b>-</b>	<b>2,278,046</b>	<b>13,819,574</b>
<b>EXPENDITURES</b>								
<b>Current</b>								
General governmental support				88,500		52,283	28,777	169,560
Transportation	10,173,204	1,935,308						12,108,512
Economic assistance and opportunity			549,134					549,134
Home and community services			85,856					85,856
Employee benefits	1,448,148	193,256	149,424					1,790,828
Debt service principal and interest							2,220,928	2,220,928
Capital outlay					2,852,488			2,852,488
<b>Total Expenditures</b>	<b>11,621,352</b>	<b>2,128,564</b>	<b>784,414</b>	<b>88,500</b>	<b>2,852,488</b>	<b>52,283</b>	<b>2,249,705</b>	<b>19,777,306</b>
Excess of (Expenditures) Revenues	(6,778,514)	234,807	(24,974)	327,799	307,092	(52,283)	28,341	(5,957,732)
<b>OTHER FINANCING SOURCES</b>								
Interfund transfers in	7,962,351			59,734	250,839			8,272,924
Interfund transfers (out)				(73,605)	(319,286)			(392,891)
Premium on obligations						675,864		675,864
Proceeds of obligations						8,100,000		8,100,000
Payment to escrow						(8,723,581)		(8,723,581)
<b>Total Other Financing Sources</b>	<b>7,962,351</b>	<b>-</b>	<b>-</b>	<b>(13,871)</b>	<b>(68,447)</b>	<b>52,283</b>	<b>-</b>	<b>7,932,316</b>
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	1,183,837	234,807	(24,974)	313,928	238,645	-	28,341	1,974,584
Fund Balances, Beginning of Year, as Restated	1,558,792	1,324,599	2,220,505	406,840	1,927,534	-	2,663,777	10,102,047
<b>Fund Balances, End of Year</b>	<b>\$ 2,742,629</b>	<b>\$ 1,559,406</b>	<b>\$ 2,195,531</b>	<b>\$ 720,768</b>	<b>\$ 2,166,179</b>	<b>\$ -</b>	<b>\$ 2,692,118</b>	<b>\$ 12,076,631</b>

See Independent Auditor's Report

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

Honorable Keith Batman, Chairman  
and Honorable Members of the County Legislature  
County of Cayuga  
Auburn, 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 Cayuga (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated July 31, 2017. Our report includes a reference to the other auditors who audited the financial statements of the Cayuga Tobacco Asset Securitization Corporation (aggregate remaining fund information), Cayuga Community College, Cayuga County Industrial Development Agency or Cayuga County Development Corporation, as described in our report on the County of Cayuga's financial statements. The financial statements of the Cayuga County Development Corporation were not audited in accordance with *Government Auditing Standards*. 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.

**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 on 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 entity'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.

Respectfully Submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
July 31, 2017

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE**

Honorable Keith Batman, Chairman  
and Honorable Members of the County Legislature  
County of Cayuga  
Auburn, New York

**Report on Compliance for Each Major Federal Program**

We have audited the County of Cayuga’s (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended December 31, 2016. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

***Management’s Responsibility***

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

***Auditor’s Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the County of Cayuga 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, 2016.

**Report on Internal Control Over Compliance**

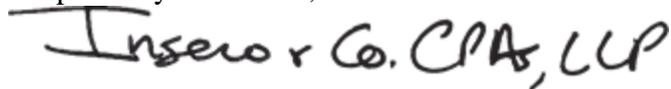
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types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

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

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

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

Respectfully Submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
July 31, 2017

# COUNTY OF CAYUGA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	<u>Federal Catalog #</u>	<u>Pass-Through Grantor #</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture</b>			
Passed Through NYS Department of Health:			
SNAP Cluster:			
State Administrative Matching Grants for SNAP	10.561	(1)	\$ 996,939
Total SNAP Cluster			<u>996,939</u>
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	C30446	442,502
WIC Special Supplemental Nutrition Program for Women, Infants and Children - WIC Food Instruments	10.557	(1)	881,944
Total WIC			<u>1,324,446</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	N/A	9,524
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>2,330,909</u>
<b>U.S. Department of Housing and Urban Development</b>			
Passed Through the NYS Homes and Community Renewal:			
Community Development Grants - States Program	14.228	(1)	100,000
Emergency Solutions Grant Program	14.231	C-021832	75,749
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>175,749</u>
<b>U.S. Department of Justice</b>			
Passed Through NYS Unified Court System:			
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2012-MO-BX-0003	51,655
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>51,655</u>
<b>U.S. Department of Labor</b>			
Passed Through NYS Department of Labor:			
WIA/WIOA Cluster:			
WIA/WIOA Adult Program	17.258	(1)	141,585
WIA/WIOA Youth Activities	17.259	(1)	132,193
WIA/WIOA Dislocated Worker Formula Grants	17.278	(1)	170,113
Total WIA/WIOA Cluster			<u>443,891</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<u>443,891</u>
<b>U.S. Department of Transportation</b>			
Passed Through NYS Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	D034603	65,865
Highway Planning and Construction	20.205	D034208	44,246
Highway Planning and Construction	20.205	D034823	787
Total Highway Planning and Construction Cluster			<u>110,898</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>110,898</u>
<b>Environmental Protection Agency</b>			
Passed Through NYS Department of Health:			
State Indoor Radon Grants	66.032	T-027069	105
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>			<u>105</u>
<b>U.S. Department of Education</b>			
Passed through NYS Department of Health:			
Special Education - Grants for Infants and Families with Disabilities	84.181	C027468	22,366
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>22,366</u>
Subtotal Expenditures of Federal Awards			<u>3,135,573</u>

N/A - Denotes Not Applicable (Direct Program)

(1) - Denotes unable to obtain from Pass-Through Entity

No amounts were provided to subrecipients

# COUNTY OF CAYUGA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Expenditures
Subtotal Expenditures of Federal Awards Brought Forward			\$ 3,135,573
<b>U.S. Department of Health and Human Services</b>			
Passed Through NYS Office for the Aging:			
Title III-D, Disease Prevention and Health Promotion Services	93.043	(1)	5,184
Aging Cluster:			
Special Programs for the Aging, Title III-B, Grants for Supportive Services and Senior Centers	93.044	(1)	73,530
Special Programs for the Aging, Title III-C, Nutrition Services	93.045	C1	58,051
Special Programs for the Aging, Title III-C, Nutrition Services	93.045	C2	<u>103,775</u>
Total Special Programs for the Aging, Title III-C, Nutrition Services			161,826
Nutrition Services Incentive Program	93.053	(1)	<u>43,333</u>
Total Aging Cluster			278,689
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	1H79SM063409-01	1,525
National Family Caregiver Support, Title III-E	93.052	(1)	33,906
Medicare Enrollment Assistance Program	93.071	(1)	9,072
Centers for Medicare and Medical Services Research, Demonstrations and Evaluations	93.779	(1)	20,420
Passed Through NYS Department of Health:			
Immunization Cooperative Agreements	93.268	C-028280	37,544
Maternal and Child Health Services Block Grant to the States:			
Maternal and Child Health Services Block Grant to the States	93.994	C-030881	19,567
Maternal and Child Health Services Block Grant to the States	93.994	C-026497	928
Maternal and Child Health Services Block Grant to the States	93.994	C-29706	<u>24,310</u>
Total Maternal and Child Health Services Block Grant to the States			<u>44,805</u>
Medicaid Cluster:			
Medical Assistance Program	93.778	(1)	<u>956,139</u>
Total Medicaid Cluster			956,139
Passed Through NYS Office for the Aging:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)	93.074	5029-1	33,394
Passed Through Health Research, Inc.:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)	93.074	1585-10	50,301
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)	93.074	1585-11	<u>25,021</u>
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)			108,716
Passed Through NYS Office of Temporary and Disability Assistance:			
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	(1)	<u>6,729,607</u>
Total TANF Cluster			6,729,607
Child Support Enforcement	93.563	(1)	407,395
Low-Income Home Energy Assistance	93.568	(1)	2,838,772
Passed Through NYS Office of Children and Family Services:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	(1)	<u>1,465,193</u>
Total CCDF Cluster			1,465,193
Stephanie Tubbs Jones Child Welfare Services Program	93.645	(1)	84,650
Foster Care - Title IV-E	93.658	(1)	1,033,910
Adoption Assistance	93.659	62402	578,759
Social Services Block Grant	93.667	(1)	456,884
Child Abuse and Neglect State Grants	93.669	(1)	93,069
Passed Through NYS State Office of Alcoholism and Substance Abuse Services:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(1)	<u>301,842</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>15,486,081</u>
Subtotal Expenditures of Federal Awards			\$ 18,621,654

N/A - Denotes Not Applicable (Direct Program)

(1) - Denotes unable to obtain from Pass-Through Entity

No amounts were provided to subrecipients

# COUNTY OF CAYUGA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Expenditures
Subtotal Expenditures of Federal Awards Brought Forward			\$ <u>18,621,654</u>
<b>U.S. Department of Homeland Security</b>			
Passed Through NYS Division of Homeland Security and Emergency Services:			
Emergency Management Performance Grant	97.042	T-182025	93,069
Homeland Security Grant Program	97.067	WM15969452	27,384
Homeland Security Grant Program	97.067	WM15182359	<u>30,091</u>
Total Homeland Security Grant Program			<u>57,475</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>150,544</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>18,772,198</u></b>

N/A - Denotes Not Applicable (Direct Program)

(1) - Denotes unable to obtain from Pass-Through Entity

No amounts were provided to subrecipients

# COUNTY OF CAYUGA

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2016

**Note 1**     **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the County, an entity as defined in Note 1 to the County's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

**Note 2**     **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the financial statements.

**Note 3**     **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The County has not elected to use the 10% de minimis indirect cost rate.

**Note 4**     **Matching Costs**

Matching costs, i.e., the County's share of certain program costs, are not included in the reported expenditures.

**Note 5**     **Department of Social Services - Administrative Costs**

Differences between the amounts reflected in the Schedule of Expenditures of Federal Awards and the Department of Social Services' federal financial reports (RF-2 claims) are due to the allocation of administrative costs to the individual programs.

**Note 6**     **Low-Income Home Energy Assistance**

Differences between the amounts reflected in the Schedule of Expenditures of Federal Awards and the Department of Social Services' federal financial reports (RF-2 claims) are due to payments distributed by the State of New York directly to recipients totaling \$2,688,415.

**Note 7**     **Subrecipients**

No amounts were provided to subrecipients.

# ***COUNTY OF CAYUGA***

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2016**

***Note 8***      **Expenditures of Federal Revenue**

The County operates a revolving loan program utilizing federal financial assistance received under current and prior Community Development Block Grants (CDBG). Loans outstanding at December 31, 2016 under these programs, reported as part of loans receivable in the County's basic financial statements, are as follows:

Loans Receivable - Economic Development	\$ 133,678
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New loans were disbursed in the amount of \$100,000, and loan principal repayments totaling \$59,035 were made during the year from economic development loans. No economic development loans were written off in 2016. Program income of \$59,035 consisted of principal payments.

# COUNTY OF CAYUGA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2016

**Section I - Summary of Auditor's Results:**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes        X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        X   no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
93.568	Low Income Home Energy Assistance
93.659	Adoption Assistance
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee: \_\_\_\_\_ yes        X   no

**Section II - Financial Statement Findings - None noted.**

**Section III - Federal Award Findings and Questioned Costs - None noted.**