

# COUNTY OF CAYUGA

## FINANCIAL REPORT

DECEMBER 31, 2015



**insero&co**

Certified Public Accountants | Business Advisors

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# COUNTY OF CAYUGA

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**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 aggregately 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, 2015, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the Table of Contents. The financial statements of the County as of December 31, 2014, were audited by other auditors whose report dated September 30, 2015, expressed an unqualified opinion on those statements.

**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 foregoing percentages of the total assets, net position/fund balance, and total revenues of the following opinion units as follows:

	Total Assets	Total Net Position Fund Balance	Total Revenues
Governmental Activities	3%	92%	1%
Aggregate Remaining Fund Information	31%	33%	13%
Aggregate Discretely Presented Component Units	70%	65%	90%

Those financial 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 report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

During the year ended December 31, 2015, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." 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, budgetary comparison information, and Schedule of Funding Progress on pages 4-4m, and 56-59 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 and individual 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 and individual 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 and individual 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 August 30, 2016, 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  
August 30, 2016

# **COUNTY OF CAYUGA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015**

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, 2015. Please read this information in conjunction with the County's financial statements, which begin on page 5.

### **FINANCIAL HIGHLIGHTS**

- During the year ended December 31, 2015, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." As a result, beginning net position decreased \$1,957,975. Additionally, the County recorded its proportionate share of net pension and liabilities, as well as deferred outflows and deferred inflows related to pensions, which amounted to \$1,365,013 at year-end.
- Due to the recognition of the increasing liability for retiree health insurance (other postemployment benefits liability), the 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 \$(24,013,968) (net position). Without the effect of this liability, net position would have been a positive \$39,634,304.
- The County's overall net position decreased by \$(2,787,823), or 13.13%, while the increase in the liability for other postemployment benefits reduced net position by \$(7,429,874).
- The General Fund recorded an increase of \$3,201,438 in 2015 and ended the year with a fund balance of \$26,120,833. Of this fund balance, \$21,678,149 was unassigned.
- The County's short-term and long-term obligations at year end totaled \$139,054,762, an increase of \$7,911,724 from 2014. This increase is primarily attributable to increases in OPEB payable of over \$7.4 million, a net increase in bonds payable of just under \$1 million (funding of a capital project less repayments of notes and bonds), and a capital lease entered into on behalf of Cayuga Community College in the amount of \$1.1 million offset by decreases in the net pension liability of nearly \$1.6 million.
- The Consortium's net position decreased by \$1,036,160 at December 31, 2015 for an ending net position of \$14,257,313. The decrease in net position is attributable to the excess of premiums and claims paid and other operating expenses in excess of premiums contributed and other revenues.

# ***COUNTY OF CAYUGA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **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.

### **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.

# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

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 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.

### 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.

# **COUNTY OF CAYUGA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015**

**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, 2015 decreased \$(2,787,823), from \$(21,226,145) to \$(24,013,968). In contrast, net position decreased by \$(4,686,397) during 2014. As stated earlier, the primary cause of this decrease in net position is due to the growing liability associated with other postemployment benefits. This liability will continue to grow as there is currently no legal mechanism for the County to fund it.

The largest portion of the County's net position of \$28,703,852 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 \$2,845,682, or 5.6%, 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 \$(55,563,502), largely due to the liability for other postemployment benefits. Included in unrestricted net position is the County's appropriation of \$1,941,137 to fund the subsequent year's budget, funds committed for capital projects of \$713,870, and encumbrances of \$1,213,928. An additional \$1,296,413 has been designated for specific purposes, including claims, liabilities, and unemployment costs.

# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

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>2014 (Restated)</i>	<i>2015</i>	<i>2014-2015</i>	<i>2014-2015</i>
<i>Current assets - County</i>	\$ 48,403,798	\$ 55,931,870	7,528,072	15.55%
<i>Capital assets, net</i>	62,711,250	61,353,852	(1,357,398)	(2.16%)
<i>Other noncurrent assets - County</i>	9,249,456	8,152,811	(1,096,645)	(11.86%)
<b><i>Total Assets</i></b>	<b>120,364,504</b>	<b>125,438,533</b>	<b>5,074,029</b>	<b>4.22%</b>
<i>Pensions</i>	4,558,913	4,288,999	(269,914)	(5.92%)
<b><i>Total Deferred Outflows of Resources</i></b>	<b>4,558,913</b>	<b>4,288,999</b>	<b>(269,914)</b>	<b>(5.92%)</b>
<i>Current liabilities - County</i>	20,021,524	17,774,899	(2,242,871)	(11.20%)
<i>Noncurrent liabilities - County</i>	126,128,038	135,184,535	9,056,497	7.18%
<b><i>Total Liabilities</i></b>	<b>146,149,562</b>	<b>152,959,434</b>	<b>6,813,626</b>	<b>4.66%</b>
<i>Pensions</i>		782,066	782,066	100.00%
<b><i>Total Deferred Inflows of Resources</i></b>	<b>-</b>	<b>782,066</b>	<b>782,066</b>	<b>100.00%</b>
<i>Net investment in capital assets</i>	31,126,250	28,703,852	(2,422,398)	(7.78%)
<i>Restricted</i>	1,511,703	2,845,682	1,333,979	88.24%
<i>Unrestricted</i>	(53,864,098)	(55,563,502)	(1,699,404)	(3.15%)
<b><i>Total Net Position</i></b>	<b>\$ (21,226,145)</b>	<b>\$ (24,013,968)</b>	<b>(2,787,823)</b>	<b>(13.13%)</b>

Current assets of the County increased \$7.5 million primarily due to results of operations and timing of receivables and payables, the unspent proceeds of a capital lease assumed for capital purchases by Cayuga Community College, and an increase of \$0.888 million in CTASC accounts receivable. Capital assets, net decreased largely as a result of depreciation expense of \$4.0 million exceeding capital additions of \$2.7 million. Other noncurrent assets decreased \$(1.1 million) primarily due to a reduction in the long-term portion of loans and notes receivable.

Deferred outflows of resources decreased \$(0.267 million) and deferred and inflows of resources increased \$.9 million, respectively, due to the decrease in pension expenses in the subsequent period, stemming from the implementation of GASB Statement No. 68.

Current liabilities of the County decreased \$(2.2 million) largely as a result of decreases in the current portion of long-term debt. The County's noncurrent liabilities increased by \$9.1 million primarily as a result of the recognition of additional other postemployment benefits payable of \$7.4 million and a net increase in bonds and notes payables of nearly \$1 million.

# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

The County's total revenues increased by 2.63%, while the total cost of all programs and services decreased by 3.75%. 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>2014</i>	<i>2015</i>	<i>2014-2015</i>	<i>2014 - 2015</i>
<b>REVENUES</b>				
<i>Program Revenues:</i>				
<i>Charges for services</i>	\$ 15,814,274	\$ 13,917,475	\$ (1,896,799)	(11.99%)
<i>Operating grants</i>	33,831,979	33,070,325	(761,654)	(2.25%)
<i>Capital grants</i>	3,010,830	2,033,574	(977,256)	(32.46%)
<i>General Revenues:</i>				
<i>Property taxes and tax items</i>	39,088,187	40,174,528	1,086,341	2.78%
<i>Sales and other taxes</i>	44,922,757	43,125,265	(1,797,492)	(4.00%)
<i>Tobacco settlement payments</i>	1,367,145	2,015,166	648,021	47.40%
<i>Sale of property and compensation for loss</i>	119,249	5,965	(113,284)	(95.00%)
<i>Use of money and property</i>	232,331	220,669	(11,662)	(5.02%)
<i>Other</i>	1,068,448	1,230,546	162,098	15.17%
<b>Total Revenues</b>	<b>139,455,200</b>	<b>135,793,513</b>	<b>(3,661,687)</b>	<b>(2.63%)</b>
<b>PROGRAM EXPENSES</b>				
<i>General government</i>	36,634,842	37,851,648	1,216,806	3.32%
<i>Education</i>	3,572,320	6,118,643	2,546,323	71.28%
<i>Public safety</i>	25,394,489	20,251,445	(5,143,044)	(20.25%)
<i>Public health</i>	13,319,332	10,713,130	(2,606,202)	(19.57%)
<i>Transportation</i>	11,717,959	14,443,008	2,725,049	23.26%
<i>Economic assistance and opportunity</i>	46,661,137	42,922,782	(3,738,355)	(8.01%)
<i>Culture and recreation</i>	1,517,019	1,654,817	137,798	9.08%
<i>Home and community services</i>	1,975,746	1,818,495	(157,251)	(7.96%)
<i>Interest on debt</i>	3,195,202	2,807,368	(387,834)	(12.14%)
<b>Total Expenses</b>	<b>143,988,046</b>	<b>138,581,336</b>	<b>(5,406,710)</b>	<b>(3.75%)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (4,532,846)</b>	<b>\$ (2,787,823)</b>	<b>\$ 1,745,023</b>	<b>(38.50%)</b>

The increase in revenues was primarily due to a nonrecurring \$2.5 million federal upper limit payment received in the prior year, a \$1.5 million reduction in sales tax revenue, which is affecting much of upstate New York, offset by an increase in real property tax and tax items of \$1.1 million.

Expenses changed in various areas as a result of changes in the allocation of employee benefits in the current year. The increase in education expenses was caused by a change in classification in certain expenses from the prior year. Additionally, public safety expenses were down primarily as a result of reduced activity in public safety projects. Transportation expenses increased as a result of project activity and increased depreciation expense on transportation related capital assets. Expenses in economic assistance and opportunity were down due to the cessation of \$2 million in IGT payments related to the nursing home sold in the prior year.

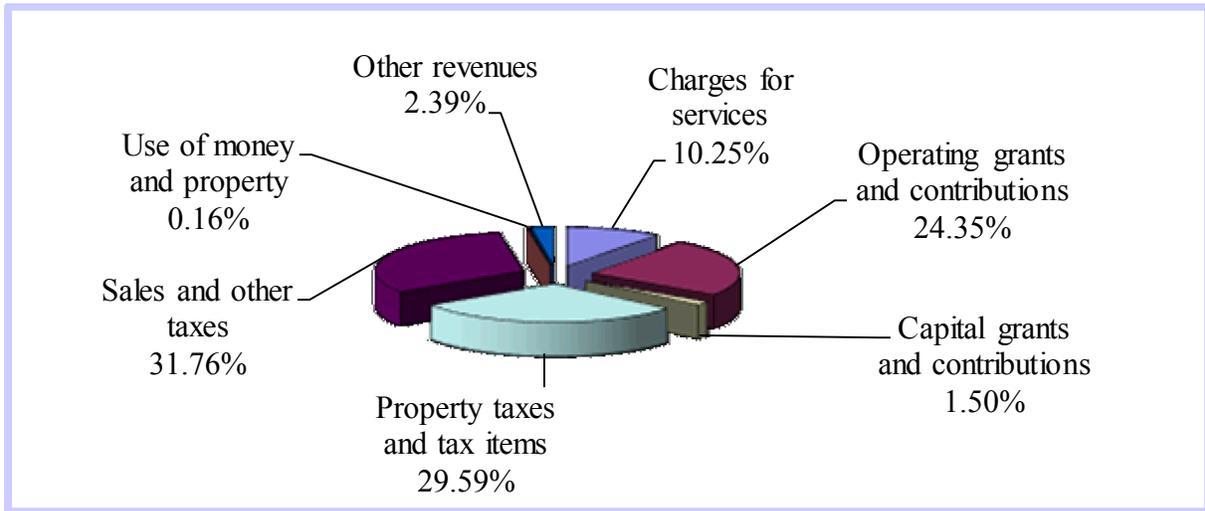
# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

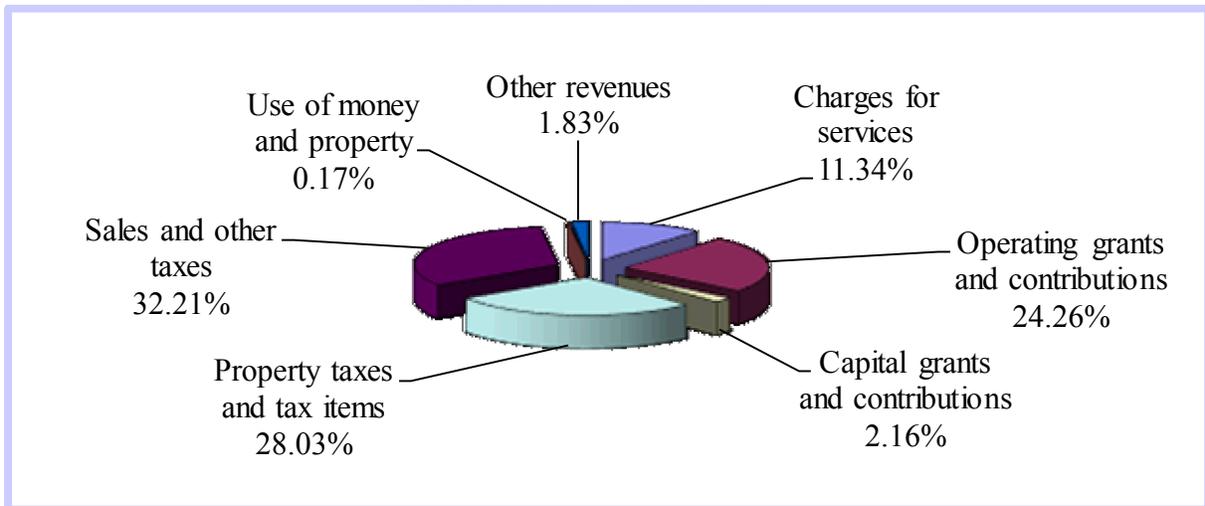
The effects of the implementation of GASB Statement No. 68 are not reflected in 2014 program expenses, as this information was not available.

Figures 3 and 4 show in percentages the sources of revenue for 2015 and 2014.

**Figure 3 - Revenue by Source  
Governmental Activities - 2015**



**Figure 4 - Revenue by Source  
Governmental Activities - 2014**



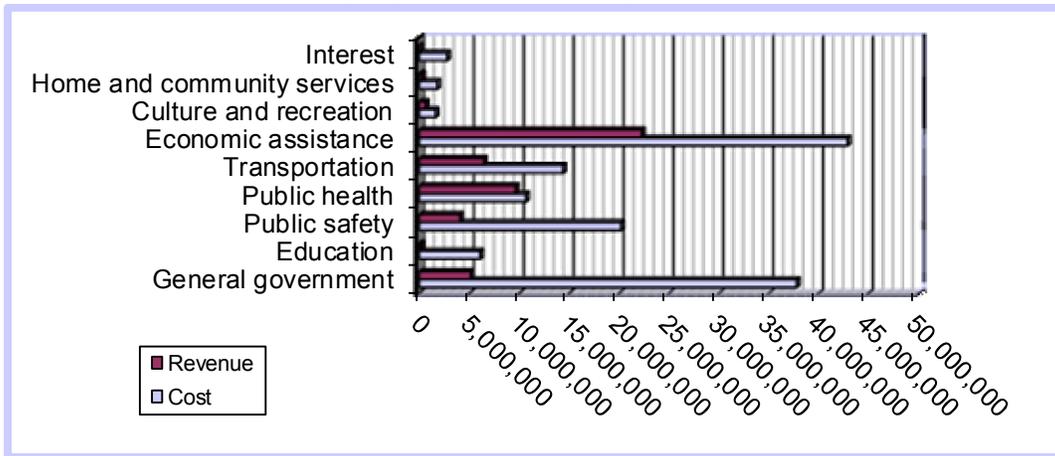
# ***COUNTY OF CAYUGA***

## **MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015**

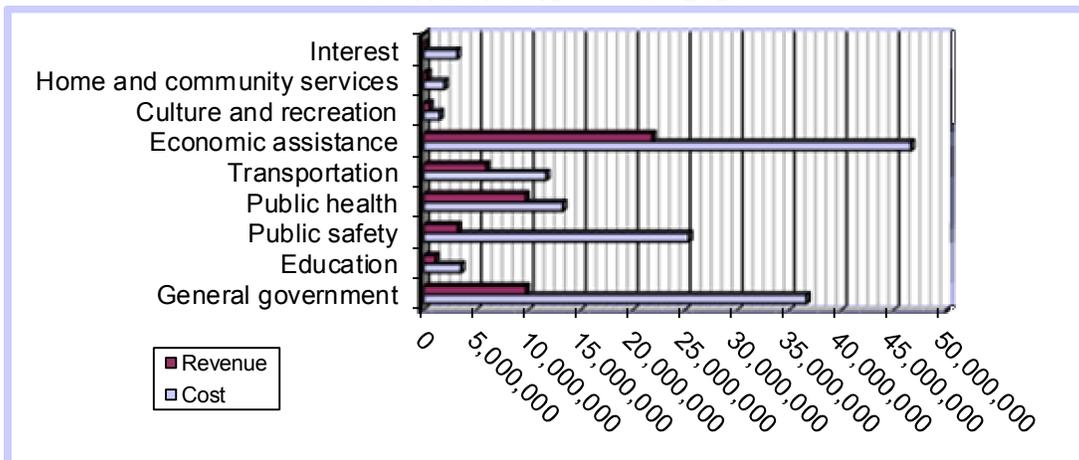
The cost of all Governmental Activities this year was \$138,581,336. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County property and other tax revenues was \$89,559,962, because some of the cost was paid by those who directly 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 \$49,021,374. The County paid for the remaining “public benefit” portion of Governmental Activities with \$86,772,139 in taxes and with other revenues, such as interest and general entitlements.

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 - 2015***



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



# *COUNTY OF CAYUGA*

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

### Business-type Activities:

During the current fiscal year, the Consortium's total assets decreased by \$(1,078,084), or (6.6)%, from the prior year. During the 2014 fiscal year, the Consortium's total assets decreased by \$(955,639) or (5.6%), from the prior year. The table below reflects, in summary, the financial position of the Consortium at December 31.

*Figure 7 - Business-type Activities Net Position*

	<i>2015</i>	<i>Restated 2014</i>
<i>Current assets</i>	\$ 11,065,105	\$ 12,303,032
<i>Noncurrent assets</i>	4,122,803	3,962,960
<b><i>Total Assets</i></b>	<b>15,187,908</b>	<b>16,265,992</b>
<b><i>Total Liabilities</i></b>	<b>930,595</b>	<b>972,519</b>
<b><i>Net Position</i></b>	<b>\$ 14,257,313</b>	<b>\$ 15,293,473</b>

Total operating and nonoperating revenues increased by \$54,089, or .4% at December 31, 2015. Premiums and insurance rebates increased, offset by decreased interest earnings and other investment activity. Nonoperating revenues consist of interest earnings and other investment activity. Total expenses were up \$1,477,060, or 11.8% due to increased health care claims for the year.

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

	<i>2015</i>	<i>Restated 2014</i>	<i>2013</i>
<i>Operating revenues</i>	\$ 12,904,972	\$ 12,840,775	\$ 13,350,471
<i>Nonoperating revenues</i>	43,375	53,483	5,047
<b><i>Total Revenues</i></b>	<b>12,948,347</b>	<b>12,894,258</b>	<b>13,355,518</b>
<i>Operating expenses</i>	13,984,507	12,507,447	13,446,639
<b><i>(Decrease) Increase in Net Position</i></b>	<b>\$ (1,036,160)</b>	<b>\$ 386,811</b>	<b>\$ (91,121)</b>

# **COUNTY OF CAYUGA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **THE COUNTY'S FUNDS**

At December 31, 2015, the County's Governmental Funds, as presented in the Balance Sheets on page 7, reported a combined fund balance of \$35,937,977, which is an increase of 24.07% from the prior year. Of this amount, \$1,107,854 was non-spendable, \$4,470,609 was restricted, \$713,870 was committed, and \$9,213,425 was assigned, leaving \$20,432,219 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**

	<b>2014</b>	<b>2015</b>	<b>Dollar Change</b>	<b>Percent Change</b>
<i>Major Funds:</i>				
General Fund	\$ 22,919,395	\$ 26,120,833	\$ 3,201,438	13.97%
Capital Projects Fund	(1,203,919)	1,642,631	2,846,550	236.44%
<i>Non-Major Funds:</i>				
County Road Fund	1,308,866	1,558,792	249,926	19.09%
Special Grant Fund	1,990,203	2,220,505	230,302	11.57%
Road Machinery Fund	1,013,802	1,324,599	310,797	30.66%
Special Revenue Fund	247,403	406,840	159,437	64.44%
CTASC Debt Service Fund	2,690,925	2,663,777	(27,148)	(1.01%)
<b>Totals</b>	<b>\$ 28,966,675</b>	<b>\$ 35,937,977</b>	<b>\$ 6,971,302</b>	<b>24.07%</b>

Fund balance of the County's major funds increased primarily due to an increase in fund balances of the General Fund and the Capital Projects Funds. The increase in General Fund is primarily related to favorable budget variances of \$2,769,025. The increase in Capital Projects Fund is the result of long term debt proceeds in excess of capital outlay.

#### **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. Throughout the year, it was necessary to transfer approximately \$137,781 from the contingent fund. 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, 2015

**Figure 10 - Budgetary Comparison Schedule - General Fund  
December 31, 2015**

	<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>	\$ 40,236,221	\$ 40,236,221	\$ 39,675,814	\$ (560,407)
<i>Nonproperty tax items</i>	44,816,250	44,816,250	43,385,952	(1,430,298)
<i>Departmental income</i>	10,649,066	10,775,542	10,883,864	58,322
<i>Intergovernmental charges</i>	2,301,080	2,301,080	2,005,109	(295,971)
<i>Use of money and property</i>	243,251	243,251	192,153	(51,098)
<i>Licenses and permits</i>	15,000	15,000	14,104	(896)
<i>Fines and forfeitures</i>	158,008	158,008	180,407	22,399
<i>Sale of property and compensation for loss</i>	60,000	60,000	77,560	17,560
<i>Miscellaneous local sources</i>	157,400	183,250	177,409	(5,841)
<i>State sources</i>	15,057,452	16,928,080	15,738,478	(1,189,602)
<i>Federal sources</i>	12,357,981	15,056,501	12,640,423	(2,416,078)
<i>Interfund transfers in</i>	650,077	650,077	658,266	8,189
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 126,701,786</b>	<b>\$ 131,423,260</b>	<b>\$ 125,579,539</b>	<b>\$ (5,843,721)</b>
<b>Appropriated Fund Balances</b>	<b>\$ 372,890</b>	<b>\$ 510,671</b>		
<b>EXPENDITURES</b>				
<i>General government</i>	\$ 36,035,367	\$ 36,345,815	\$ 34,080,655	\$ 2,265,160
<i>Education</i>	5,676,020	5,676,020	5,599,054	76,966
<i>Public safety</i>	17,467,485	19,077,338	18,382,356	694,982
<i>Public health</i>	9,478,848	11,062,021	9,527,538	1,534,483
<i>Transportation</i>	176,200	176,200	162,396	13,804
<i>Economic assistance and opportunity</i>	42,869,238	44,111,654	40,635,441	3,476,213
<i>Culture and recreation</i>	1,151,115	1,265,282	1,157,462	107,820
<i>Home and community services</i>	1,688,416	1,687,614	1,665,459	22,155
<i>Employee benefits</i>	659,430	659,430	651,350	8,080
<i>Debt Service</i>	4,622,557	4,622,557	4,321,366	301,191
<i>Interfund transfers out</i>	7,250,000	7,250,000	7,388,108	111,892
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 127,074,676</b>	<b>\$ 131,933,931</b>	<b>\$ 123,571,185</b>	<b>\$ 8,612,746</b>
<i>Excess of (Expenditures) and Other Financing (Uses)</i>	\$ (372,890)	\$ (510,671)	\$ 2,258,354	\$ 2,769,025

# COUNTY OF CAYUGA

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of December 31, 2015, the County had \$120,291,863, net of accumulated depreciation of \$(58,938,011), 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 \$(1,357,398) from the prior year.

*Figure 11 - Capital Assets, Net of Depreciation*

	<i>Governmental Activities</i>		<i>Dollar Change</i>	<i>Percent Change</i>
	<i>2014</i>	<i>2015</i>	<i>2014-2015</i>	<i>2014 - 2015</i>
<i>Land</i>	\$ 2,866,463	\$ 2,866,463	\$ -	0.00%
<i>Construction in progress</i>	2,350,830	3,555,280	1,204,450	51.24%
<i>Buildings and improvements</i>	47,826,696	46,158,729	(1,667,967)	(3.49%)
<i>Equipment</i>	3,306,866	2,954,214	(352,652)	(10.66%)
<i>Infrastructure</i>	6,360,395	5,819,166	(541,229)	(8.51%)
<b><i>Totals</i></b>	<b>\$ 62,711,250</b>	<b>\$ 61,353,852</b>	<b>(1,357,398)</b>	<b>(2.16%)</b>

Land and construction in progress	\$ 1,741,755
Buildings and building improvements	537,305
Machinery and equipment	928,291
Total Additions	<u>3,207,351</u>
Less reclassifications from construction in progress	(537,305)
Less depreciation expense	<u>(4,027,444)</u>
<b>Change in Capital Assets, Net of Accumulated Depreciation</b>	<b><u><u>\$ (1,357,398)</u></u></b>

#### Debt Administration

The County's total debt obligations and other long-term liabilities increased in 2015 by \$7,911,724, as shown in Figure 12. Of the total indebtedness of the County, \$33,389,000 was subject to the constitutional debt limit and represented approximately 10.9% 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, 2015**

*Figure 12 - Outstanding Debt at Years Ended*

	<i>Governmental Activities</i>		<i>Dollar Change</i>	<i>Percent Change</i>
	<i>2014 (restated)</i>	<i>2015</i>	<i>2014 - 2015</i>	<i>2014 - 2015</i>
<i>Serial bonds</i>	\$ 31,585,000	\$ 33,389,000	1,804,000	\$ 5.71%
<i>Tobacco settlement pass through bonds</i>	24,958,502	25,611,304	652,802	2.62%
<i>Certificates of participation - Hospital</i>	9,380,000	7,915,000	(1,465,000)	(15.62%)
<i>Pollution remediation obligation</i>	71,000	66,000	(5,000)	(7.04%)
<i>Compensated absences</i>	2,413,250	2,417,545	4,295	0.18%
<i>Other postemployment benefits</i>	56,218,398	63,648,272	7,429,874	13.22%
<i>Installment Purchase</i>		1,135,695	1,135,695	100%
<i>Net pension liability - proportionate share</i>	6,516,888	4,871,946	(1,644,942)	(25.24%)
<b><i>Totals</i></b>	<b>\$ 131,143,038</b>	<b>\$ 139,054,762</b>	<b>7,911,724</b>	<b>\$ 6.03%</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 12 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.

### **ADDITIONAL FINANCIAL IMPLICATIONS**

As part of a transfer agreement (transfer agreement) dated July 30, 2013, by and between the County, Auburn Senior Services, Inc. (ASSI) and Loretto Management Corporation (Loretto), ASSI will accept transfer of the operating certificate (operating certificate) of the Cayuga County Nursing Home (Nursing Home), in accordance with a HEAL-21 grant. As part of this transfer agreement, all real estate, including buildings and fixtures associated with the Nursing Home, shall remain the property of the County. As part of ASSI's acceptance of the operating certificate, ASSI does not assume any liabilities, financial obligations, or contractual commitments of the County as of the effective date of the transfer. Effective January 1, 2014, the County disposed of the Nursing Home and transferred operations to ASSI. The County discontinued use of the nursing home proprietary fund, and balances have been restated as necessary as of January 1, 2014.

# ***COUNTY OF CAYUGA***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **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, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental	Business-type
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 24,296,860	\$	\$ 24,296,860	\$ 164,436	\$ 8,071,660
Restricted cash and cash equivalents	1,624,928		1,624,928	1,613,828	222,422
Taxes receivable, net	8,769,443		8,769,443		
Other receivables, net	2,683,128		2,683,128	26,473	4,800,884
Due from State and Federal governments	13,027,256		13,027,256	50,886	813,611
Due from other governments	607,564		607,564		247,708
Loans and notes receivable - Current portion	2,364,837		2,364,837		
Internal balances			-	342,798	(342,798)
Internal balances component units	1,450,000		1,450,000		(1,450,000)
Prepaid expenses	1,107,854		1,107,854		150,923
Inventories			-	939	
<b>Total Current Assets</b>	<b>55,931,870</b>	<b>-</b>	<b>55,931,870</b>	<b>2,199,360</b>	<b>12,514,410</b>
<b>Noncurrent Assets:</b>					
Restricted cash and cash equivalents	1,348,975		1,348,975		400,454
Restricted investments					12,745,751
Loans and notes receivable, long-term portion	6,803,836		6,803,836		
Other assets					1,048,294
Pension asset					2,895,206
Capital assets, net of accumulated depreciation	61,353,852		61,353,852	85,790	61,545,545
<b>Total Noncurrent Assets</b>	<b>69,506,663</b>	<b>-</b>	<b>69,506,663</b>	<b>85,790</b>	<b>78,635,250</b>
<b>Total Assets</b>	<b>125,438,533</b>	<b>-</b>	<b>125,438,533</b>	<b>2,285,150</b>	<b>91,149,660</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	4,288,999		4,288,999	131,277	1,373,203

# COUNTY OF CAYUGA

## STATEMENT OF NET POSITION (Continued) DECEMBER 31, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental	Business-type
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable	1,949,010		1,949,010	16,676	1,607,214
Accrued liabilities	2,919,903		2,919,903	6,862	556,168
Accrued interest payable	349,758		349,758		148,805
Due to other governments	6,010,927		6,010,927		138,607
Due to employees' retirement system			-	109,691	1,173,912
Other liabilities					401,918
Notes payable					4,423,702
Unearned revenue	2,607,917		2,607,917	1,241,289	38,098
Other	67,157		67,157		
Long-term obligations:					
Due within one year	3,870,227		3,870,227		7,265,539
Due in more than one year	135,184,535		135,184,535	2,310,833	17,176,342
<b>Total Liabilities</b>	<b>152,959,434</b>		<b>152,959,434</b>	<b>3,685,351</b>	<b>32,930,305</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	782,066		782,066	12,901	1,120,052
Deferred tuition assistance program			-		961,678
<b>NET POSITION</b>					
Net investment in capital assets	28,703,852		28,703,852	85,790	46,755,840
Restricted:					
Debt service	2,663,777		2,663,777		
Other	181,905		181,905	751,188	10,131,236
Unrestricted	(55,563,502)		(55,563,502)	(2,118,803)	623,752
<b>Total Net Position</b>	<b>\$ (24,013,968)</b>	<b>\$ -</b>	<b>\$ (24,013,968)</b>	<b>\$ (1,281,825)</b>	<b>\$ 57,510,828</b>

See Independent Auditor's Report and Notes to Financial Statements

# COUNTY OF CAYUGA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2015

<u>FUNCTIONS/PROGRAMS</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ (37,851,648)	\$ 3,677,098	\$ 1,425,411	\$ 64,463
Education	(6,118,643)			260,655
Public safety	(20,251,445)	2,352,493	859,865	898,671
Public health	(10,713,130)	3,724,499	5,868,672	99,816
Transportation	(14,443,008)	2,982,835	3,359,111	167,269
Economic assistance and opportunity	(42,922,782)	899,052	20,987,608	436,350
Culture and recreation	(1,654,817)	255,548	297,687	106,350
Home and community services	(1,818,495)	25,950	271,971	
Interest on long-term debt	(2,807,368)			
Total Governmental Activities	(138,581,336)	13,917,475	33,070,325	2,033,574
Business-type Activities:				
Nursing Care Facility				
Total Primary Government	\$ (138,581,336)	\$ 13,917,475	\$ 33,070,325	\$ 2,033,574
Component Units:				
Governmental:				
Soil and Water Conservation District	\$ (2,667,475)	\$ 379,772	\$ 1,672,865	\$
Business-type:				
CC Soil and Water Conservation District	(668,994)	206,483	9,847	
CC Water and Sewer Authority	(1,791,681)	1,342,003		
CC Community College	(43,333,771)	8,683,753	3,272,117	
CC Industrial Development Agency	(67,588)	308,367	25,887	
CC Development Corporation	(18,201)			
Total Component Units	\$ (48,547,710)	\$ 10,920,378	\$ 4,980,716	\$ -

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

### GENERAL REVENUES

Taxes:

- 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

Total General Revenues and Transfers

Change in Net Position

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

Net Position (Deficit) - 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>
\$ (32,684,676)	\$	\$ (32,684,676)	\$	\$
(5,857,988)		(5,857,988)		
(16,140,416)		(16,140,416)		
(1,020,143)		(1,020,143)		
(7,933,793)		(7,933,793)		
(20,599,772)		(20,599,772)		
(995,232)		(995,232)		
(1,520,574)		(1,520,574)		
-2807368		(2,807,368)		
(89,559,962)		(89,559,962)		
		-		
(89,559,962)	-	(89,559,962)		
			(614,838)	
				(452,664)
				(449,678)
				(31,377,901)
				266,666
				(18,201)
			(614,838)	(32,031,778)
			(614,838)	(32,031,778)
38,274,069		38,274,069		194,550
1,900,459		1,900,459		
43,125,265		43,125,265		
2,015,166		2,015,166		
				29,015,996
220,669		220,669	90,283	(202,148)
1,230,546		1,230,546		1,318,853
5,965		5,965		
86,772,139	-	86,772,139	90,283	30,327,251
(2,787,823)	-	(2,787,823)	(524,555)	(1,704,527)
(21,226,145)		(21,226,145)	(757,270)	59,215,355
\$ (24,013,968)	\$ -	\$ (24,013,968)	\$ (1,281,825)	\$ 57,510,828

# COUNTY OF CAYUGA

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2015

	Major Funds		Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Fund		
<b>ASSETS</b>				
<b>Assets:</b>				
Cash and cash equivalents - Unrestricted	\$ 17,970,377	\$ 1,106,086	\$ 5,220,397	\$ 24,296,860
- Restricted		1,624,928	1,348,975	2,973,903
Taxes receivable, net	8,769,443			8,769,443
Other receivables, net	385,065	117,675	2,180,388	2,683,128
Due from state and federal governments	10,658,082	1,940,323	428,851	13,027,256
Due from other governments	500,738	106,826		607,564
Due from other funds	3,032,975	35,000	127,125	3,195,100
Due from component units		1,450,000		1,450,000
Prepaid expenses	989,059		118,795	1,107,854
Loans and notes receivable	9,050,695		117,978	9,168,673
Other				
<b>Total Assets</b>	<b>\$ 51,356,434</b>	<b>\$ 6,380,838</b>	<b>\$ 9,542,509</b>	<b>\$ 67,279,781</b>
<b>LIABILITIES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,041,409	\$ 869,780	\$ 37,821	\$ 1,949,010
Accrued liabilities	1,876,888	934,663	108,352	2,919,903
Due to other funds	181,336	2,933,764	80,000	3,195,100
Due to other governments	5,967,239		43,688	6,010,927
Other liabilities			67,157	67,157
Unearned revenues	2,607,917			2,607,917
<b>Total Liabilities</b>	<b>11,674,789</b>	<b>4,738,207</b>	<b>337,018</b>	<b>16,750,014</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	13,560,812		1,030,978	14,591,790
<b>FUND BALANCES:</b>				
Nonspendable	989,059		118,795	1,107,854
Restricted	181,905	1,624,927	2,663,777	4,470,609
Committed	713,870			713,870
Assigned	3,803,780	17,704	5,391,941	9,213,425
Unassigned	20,432,219			20,432,219
<b>Total Fund Balances</b>	<b>26,120,833</b>	<b>1,642,631</b>	<b>8,174,513</b>	<b>35,937,977</b>
<b>Total Deferred Inflows of Resources, Liabilities, and Fund Balances</b>	<b>\$ 51,356,434</b>	<b>\$ 6,380,838</b>	<b>\$ 9,542,509</b>	<b>\$ 67,279,781</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, 2015

Total Governmental Fund Balances \$ 35,937,977

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	\$ 120,291,863	
Accumulated depreciation	<u>(58,938,011)</u>	<u>61,353,852</u>

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

14,591,790

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

Deferred outflows of resources-pensions	\$ 4,288,999	
Deferred inflows of resources-pension	<u>(782,066)</u>	<u>3,506,933</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	\$ (33,389,000)	
Bonds payable - CTASC	(25,611,304)	
Certificates of participation - Hospital	(7,915,000)	
Capital lease - Cayuga Community College	(1,135,695)	
Pollution remediation liabilities	(66,000)	
Other postemployment benefits	(63,648,272)	
Pension liability - Employer's proportionate share	(4,871,946)	
Compensated absences	<u>(2,417,545)</u>	<u>(139,054,762)</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>(349,758)</u>
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Net (Deficit) of Governmental Activities		<u>\$ <u>(24,013,968)</u></u>
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*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, 2015

	Major Funds		Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Fund		
<b>REVENUES</b>				
Real property taxes	\$ 37,775,355	\$	\$	\$ 37,775,355
Real property tax items	1,900,459			1,900,459
Nonproperty tax items	43,385,952			43,385,952
Departmental income	11,096,490		369,237	11,465,727
Intergovernmental charges	2,005,109		859,257	2,864,366
Use of money and property	195,016	1,130	1,799	197,945
Licenses and permits	14,104		160	14,264
Fines and forfeitures	180,407			180,407
Sale of property and compensation for loss	77,560		1,112,522	1,190,082
Miscellaneous local sources	177,409	100,000	68,294	345,703
Interfund revenues			1,481,169	1,481,169
State sources	15,738,478	1,312,280	3,996,000	21,046,758
Federal sources	12,640,423	78,778	676,909	13,396,110
<b>Total Revenues</b>	<b>125,186,762</b>	<b>1,492,188</b>	<b>8,565,347</b>	<b>135,244,297</b>
<b>EXPENDITURES</b>				
Current:				
General governmental support	34,052,507		205,708	34,258,215
Education	5,599,054			5,599,054
Public safety	17,807,729			17,807,729
Public health	9,524,016			9,524,016
Transportation	162,396		11,086,603	11,248,999
Economic assistance and opportunity	40,595,316		525,787	41,121,103
Culture and recreation	1,126,289			1,126,289
Home and community services	1,665,459		33,248	1,698,707
Employee benefits	651,350		1,890,232	2,541,582
Debt service principal and interest	4,321,366		1,045,636	5,367,002
Capital outlay		2,654,994		2,654,994
<b>Total Expenditures</b>	<b>115,505,482</b>	<b>2,654,994</b>	<b>14,787,214</b>	<b>132,947,690</b>
Excess of Revenues (Expenditures)	9,681,280	(1,162,806)	(6,221,867)	2,296,607
<b>OTHER FINANCING (USES) SOURCES</b>				
Interfund transfers in	658,266	26,289	7,169,455	7,854,010
Interfund transfers (out)	(7,138,108)	(691,628)	(24,274)	(7,854,010)
Proceeds of obligations		4,674,695		4,674,695
<b>Total Other Financing (Uses) Sources</b>	<b>(6,479,842)</b>	<b>4,009,356</b>	<b>7,145,181</b>	<b>4,674,695</b>
Excess of Revenues (Expenditures) over Other Financing Sources and (Uses)	3,201,438	2,846,550	923,314	6,971,302
Fund Balances, Beginning of Year	22,919,395	(1,203,919)	7,251,199	28,966,675
<b>Fund Balances, End of Year</b>	<b>\$ 26,120,833</b>	<b>\$ 1,642,631</b>	<b>\$ 8,174,513</b>	<b>\$ 35,937,977</b>

*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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 6,971,302

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	\$ 2,670,046	
Depreciation expense	<u>(4,027,444)</u>	<u>(1,357,398)</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	\$ 498,714	
Change in receivable for tobacco settlement revenues	913,000	
Change in unavailable revenue	(134,563)	
Changes in other loans and notes receivable	(329,305)	
Principal payments on community development loans net of new loans	<u>(238,405)</u>	<u>709,441</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	\$ (4,674,695)	
Principal payments on debt	<u>3,460,000</u>	<u>(1,214,695)</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	\$ 12,436	
Amortization of bond discount	(9,280)	
Increase in accreted interest on capital appreciation bonds	(903,522)	
Change in pollution remediation liabilities	5,000	
Change in compensated absences	(4,295)	
Changes in the proportionate share of pension liabilities and associated deferred outflows and inflows of resources	592,962	
Change in other postemployment benefits payable	<u>(7,429,874)</u>	<u>(7,736,573)</u>

The cost of inventory is expended upon purchase in the fund financial statements and expensed when used in the government-wide financial statements. This is the change in inventory for the year. (159,900)

Change in Net Position of Governmental Activities \$ (2,787,823)

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

# COUNTY OF CAYUGA

## STATEMENT OF NET POSITION PROPRIETARY FUND

	<u>Cayuga County Health Consortium</u>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 9,116,154
Investments	<u>1,687,299</u>
Premiums receivable	<u>252,664</u>
Accounts receivable, net	<u>8,988</u>
<b>Total Current Assets</b>	<u>11,065,105</u>
<b>Noncurrent Assets:</b>	
Other assets - premium claims deposit	1,088,200
Restricted cash and cash equivalents	<u>3,034,603</u>
<b>Total Noncurrent Assets</b>	<u>4,122,803</u>
<b>Total Assets</b>	<u>15,187,908</u>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts payable	2,597
Accrued liabilities	<u>900,000</u>
Unearned revenues	<u>27,998</u>
<b>Total Current Liabilities</b>	<u>930,595</u>
<b>NET POSITION</b>	
<b>Unrestricted:</b>	
Rate stabilization reserve	1,237,301
Catastrophic claims reserve	<u>1,797,302</u>
Remaining net position	<u>11,222,710</u>
<b>Total Net Position</b>	<u>\$ 14,257,313</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 FUNDS FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Cayuga County Health Consortium</u>
<b>OPERATING REVENUES</b>	
Charges for services - premiums:	
County	\$ <u>7,592,537</u>
Other governments	<u>3,304,641</u>
Participants	<u>1,811,910</u>
Total Charges for Services	<u>12,709,088</u>
Other operating revenues - insurance rebates	<u>195,884</u>
<b>Total Operating Revenues</b>	<u>12,904,972</u>
<b>OPERATING EXPENSES</b>	
Benefit costs	
Health claims expense	<u>12,783,414</u>
Dental claims expense	<u>438,355</u>
Total Benefit Costs	<u>13,221,769</u>
Health claims administrative expense	<u>578,771</u>
Dental claims administrative expense	<u>26,957</u>
Operations	<u>157,010</u>
<b>Total Operating Expenses</b>	<u>13,984,507</u>
Loss on Operations	<u>(1,079,535)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	<u>43,375</u>
Change in Net Position	<u>(1,036,160)</u>
<b>Total Net Position, Beginning of Year</b>	<u>15,293,473</u>
<b>Total Net Position, End of Year</b>	<u>\$ <u>14,257,313</u></u>

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

# COUNTY OF CAYUGA

## STATEMENT OF CASH FLOWS PROPRIETARY FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>Cayuga County Health Consortium Facility Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Premiums collected from:	
County	\$ 7,592,537
Other governments	3,296,154
Participants	1,811,910
Rebates received	195,884
Premiums claims deposit	(140,200)
Health claims paid	(12,833,365)
Dental claims paid	(438,355)
Other operating expenses paid	(760,141)
<b>Net Cash (Used) by Operating Activities</b>	<b>(1,275,576)</b>
<b>Cash Flows from Investing Activities:</b>	
Interest income received	81,167
Net proceeds from sale of investments	10,433,939
Purchase of investments	(18,048)
<b>Net Cash Provided by Investing Activities</b>	<b>10,497,058</b>
Cash and Cash Equivalents, January 1,	2,929,275
<b>Cash and Cash Equivalents, December 31,</b>	<b>\$ 12,150,757</b>
<b>Reconciliation of (Loss) from Operations to Net Cash (Used) by Operating Activities:</b>	
(Loss) from operations	\$ (1,079,535)
(Increase) in premiums receivable	(13,966)
(Increase) in accounts receivable	49
(Increase) in premium claims deposit	(140,200)
(Decrease) in accounts payable	2,597
Increase in incurred but not reported health claims	(50,000)
Increase in unearned revenue	5,479
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (1,275,576)</b>

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

# COUNTY OF CAYUGA

## COMBINING STATEMENT OF NET POSITION PROPRIETARY COMPONENT UNITS DECEMBER 31, 2015

	Cayuga County Soil and Water Conservation District	Cayuga County Water and Sewer Authority	Cayuga County 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	\$ 29,743	\$ 1,161,292	\$ 5,920,036	\$ 743,160	\$ 217,429	\$ 8,071,660
- Restricted				222,422		222,422
Accounts receivable	10,464	184,230	4,579,228	26,962		4,800,884
Due from State and Federal governments			813,611			813,611
Due from other governments			247,708			247,708
Prepaid expenses		13,773	137,150			150,923
<b>Total Current Assets</b>	<b>40,207</b>	<b>1,359,295</b>	<b>11,697,733</b>	<b>992,544</b>	<b>217,429</b>	<b>14,307,208</b>
<b>Noncurrent Assets:</b>						
Cash and cash equivalents - Restricted		400,454				400,454
Investments			12,745,751			12,745,751
Other assets			517,489	530,805		1,048,294
Pension asset			2,895,206			2,895,206
Capital assets, net of accumulated depreciation	9,441,071	16,283,338	35,821,136			61,545,545
<b>Total Noncurrent Assets</b>	<b>9,441,071</b>	<b>16,683,792</b>	<b>51,979,582</b>	<b>530,805</b>	<b>-</b>	<b>78,635,250</b>
<b>Total Assets</b>	<b>9,481,278</b>	<b>18,043,087</b>	<b>63,677,315</b>	<b>1,523,349</b>	<b>217,429</b>	<b>92,942,458</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pensions		14,162	1,359,041			1,373,203
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts payable	18,855	72,336	1,486,950	29,073		1,607,214
Accrued liabilities			556,168			556,168
Accrued interest payable	148,805					148,805
Due to other funds	342,798					342,798
Due to other governments			138,607			138,607
Due to Cayuga County	1,450,000					1,450,000
Due to employees' retirement system			1,173,912			1,173,912
Other liabilities			401,918			401,918
Notes payable			4,423,702			4,423,702
Unearned revenues				38,098		38,098
<b>Long-term Liabilities:</b>						
Due within one year	18,149	311,471	6,935,919			7,265,539
Due in more than one year	293,002	4,050,278	12,833,062			17,176,342
<b>Total Liabilities</b>	<b>2,271,609</b>	<b>4,434,085</b>	<b>27,950,238</b>	<b>67,171</b>	<b>-</b>	<b>34,723,103</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pensions		2,235	1,117,817			1,120,052
Deferred tuition assistance program			961,678			961,678
<b>NET POSITION</b>						
Net investment in capital assets	7,972,922	11,935,377	26,630,112		217,429	46,755,840
Restricted		457,584	9,673,652			10,131,236
Unrestricted	(763,253)	1,227,968	(1,297,141)	1,456,178		623,752
<b>Total Net Position</b>	<b>\$ 7,209,669</b>	<b>\$ 13,620,929</b>	<b>\$ 35,006,623</b>	<b>\$ 1,456,178</b>	<b>\$ 217,429</b>	<b>\$ 57,510,828</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, 2015

	Cayuga County Soil and Water Conservation District	Cayuga County Water and Sewer Authority	Cayuga County Community College	Cayuga County Industrial Development Agency	Cayuga County Development Corporation	Total Business-type Component Units
<b>REVENUES</b>						
Charges for services	\$ 206,483	\$ 1,342,003	\$ 8,683,753	\$ 121,506	\$ -	\$ 10,353,745
Sale of property and compensation for loss				186,861		186,861
State sources			1,094,167			1,094,167
Federal sources			525,630			525,630
Other grants			555,461	25,887		581,348
Other operating revenue	9,847		1,096,859			1,106,706
<b>Total Revenues</b>	<u>216,330</u>	<u>1,342,003</u>	<u>11,955,870</u>	<u>334,254</u>	<u>-</u>	<u>13,848,457</u>
<b>EXPENSES</b>						
Instruction			12,444,960			12,444,960
Public service			243,684			243,684
Academic support			4,814,137			4,814,137
Student services			3,618,646			3,618,646
Operation and maintenance			5,736,457			5,736,457
Administration	173	53,813	7,595,103	36,387		7,685,476
Student aid payments			6,093,603			6,093,603
Auxiliary enterprises			1,379,295			1,379,295
Water and sewer		616,186				616,186
Salaries and employee benefits		234,689				234,689
Grant expenses				25,887		25,887
Utilities	193,550	33,741				227,291
Other contractual	44,496	25,702		5,314	18,201	93,713
Depreciation	377,237	716,392	1,407,886			2,501,515
Capital outlay						
<b>Total Expenditures</b>	<u>615,456</u>	<u>1,680,523</u>	<u>43,333,771</u>	<u>67,588</u>	<u>18,201</u>	<u>45,715,539</u>
Excess of (Expenditures) Revenues	(399,126)	(338,520)	(31,377,901)	266,666	(18,201)	(31,867,082)
<b>NON OPERATING REVENUES (EXPENSES)</b>						
Interest income	20	1,264	(207,895)	4,413	50	(202,148)
Federal and State financial aid			10,685,765			10,685,765
State appropriations			8,639,438			8,639,438
Local appropriations			8,574,793			8,574,793
Private contributions			294,807			294,807
Property taxes		194,550				194,550
Interest expense	(53,538)	(111,158)				(164,696)
Other non operating revenues (expenses)		(8,391)	1,327,244			1,318,853
<b>Total Non-operating revenues (expenses)</b>	<u>(53,518)</u>	<u>76,265</u>	<u>29,314,152</u>	<u>4,413</u>	<u>50</u>	<u>29,341,362</u>
Net (Loss) Gain before Contributions and Transfers	(452,644)	(262,255)	(2,063,749)	271,079	(18,151)	(2,525,720)
Capital contributions			821,193			821,193
Change in Net Position	(452,644)	(262,255)	(1,242,556)	271,079	(18,151)	(1,704,527)
Net Position Beginning of Year	7,662,313	13,883,184	36,249,179	1,185,099	235,580	59,215,355
<b>Net Position, End of Year</b>	<u>\$ 7,209,669</u>	<u>\$ 13,620,929</u>	<u>\$ 35,006,623</u>	<u>\$ 1,456,178</u>	<u>\$ 217,429</u>	<u>\$ 57,510,828</u>

See Independent Auditor's Report and Notes to Financial Statements

# **COUNTY OF CAYUGA**

## **STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2015**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents - Unrestricted	\$ <u>1,975,110</u>
<b>Total Assets</b>	<b>\$ <u><u>1,975,110</u></u></b>
<b>LIABILITIES</b>	
Agency liabilities	\$ <u>1,975,110</u>
<b>Total Liabilities</b>	<b>\$ <u><u>1,975,110</u></u></b>

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

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014**

### **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 discretely presented component units:

# ***COUNTY OF CAYUGA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014**

### ***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, 2015 AND 2014**

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

Each participating municipal corporation joining the Consortium must remain members 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 County 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, 2015, remaining balance due was \$1,450,000. SWCD total interest expense during the fiscal year ending December 31, 2015 was \$53,538. At December 31, 2015, total accrued interest since the inception of the loan was \$148,805. SWCD recorded revenue from the County in the amount of \$654,517 for the year ending December 31, 2015.

##### Cayuga County Water and Sewer Authority District (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, 2015, CCWSA did not receive intergovernmental assistance from the County.

# ***COUNTY OF CAYUGA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014**

### ***Note 1* Nature of Business and Summary of Significant Accounting Policies - 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 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, 2015 financial statements reflect balances at August 31, 2015. 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.

# ***COUNTY OF CAYUGA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014**

### ***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, 2015 AND 2014**

### ***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.
- Capital Fund - accounts for financial resources to be used for the acquisition, construction or renovation of capital facilities, or acquisition of equipment.

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

#### **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, 2015 AND 2014**

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

#### **Special Revenue Funds - Continued**

- 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 out-flows 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.

#### **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.

# ***COUNTY OF CAYUGA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014**

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

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 “invested in capital assets, net of related debt.”

#### **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, 2015 AND 2014**

### ***Note 1* Nature of Business and Summary of Significant Accounting Policies - 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, which 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, 2015 AND 2014**

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

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.

#### **Inventory**

Inventory is valued at cost utilizing the average cost method.

#### **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 Projects 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 \$1,302,715.

#### **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, 2015, 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.

#### **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.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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

#### **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 conforming with guidelines established by the American Hospital Association.

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, 2015 AND 2014

### *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, 2015 to be \$2,417,454. This represents vacation and compensatory time earned but not usable until 2016. 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 455 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 the Statement. 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 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. The County reports one type of deferred inflow, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund Balance Sheet. 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, 2015 AND 2014**

### **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 years ended December 31, 2015 and 2014 is based on the report of the actuary. The incurred but not reported health claims amounted to \$900,000 at December 31, 2015.

#### **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, 2015 AND 2014**

### **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 \$236,874 and deferred tax revenue of \$4,500,617 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, 2015 AND 2014**

### ***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, 2015 AND 2014

### 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, 2015 per the bank were \$28,897,963 for the primary government. In addition the County has unspent capital lease proceeds of \$1,624,928 held in cash with a fiscal agent, which are reported as restricted cash.

The Consortium's aggregate bank balances of \$2,391,450 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, 2015 of \$10,784,795 as deferred compensation assets.

#### Restricted Cash

Restricted cash and cash equivalents consists of \$2,973,903, which represents unspent capital lease proceeds of \$1,624,928 in the Capital Fund and funds reserved for debt of \$1,348,975 in the CTASC Debt Service Fund.

#### Investments

##### Consortium

The Consortium's investments consist of the following at December 31, 2015.

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
U.S. Treasury Note 2.0% 4/30/16	\$ 303,375	\$ 301,500	\$ (1,875)
U.S. Treasury Note 3.125% 4/30/17	254,561	257,208	2,647
U.S. Treasury Note 2.75% 5/31/17	302,918	307,593	4,675
U.S. Treasury Note 2.25% 11/30/17	293,273	306,633	13,360
U.S. Treasury Note 2.375% 5/31/18	251,699	257,040	5,341
U.S. Treasury Note 2.375% 6/30/18	<u>251,572</u>	<u>257,325</u>	<u>5,753</u>
 Total Government Obligations	 1,657,398	 1,687,299	 29,901
 Certificate of deposit .2% 2/5/16	 8,532,053	 8,532,053	 -
Certificate of deposit .2% 2/5/16	<u>501,886</u>	<u>501,886</u>	<u>-</u>
 Total Certificates of Deposit	 <u>9,033,939</u>	 <u>9,033,939</u>	 <u>-</u>
 Total Investments	 <u>\$ 10,691,337</u>	 <u>\$ 10,721,238</u>	 <u>\$ 29,901</u>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

### Note 2 Cash and Investments - Continued

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

CCC reports investments from the Cayuga County Community College 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, 2015.

	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 767,596	\$ 737,596
Equity mutual funds	2,798,929	2,632,164
Exchange-traded funds	5,480,781	5,353,402
Common stock	3,388,979	3,373,471
Corporate bonds	633,328	649,118
<b>Total</b>	<b><u>\$ 13,069,613</u></b>	<b><u>\$ 12,745,751</u></b>

#### 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.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

**Note 2 Cash and Investments - Continued**

The following table sets forth by level, within the fair value hierarchy, the Consortium's assets at fair value as of December 31, 2015.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Government Obligations</b>				
U.S. Treasury Note 2.0% 4/30/16	\$ 301,500	\$	\$	\$ 301,500
U.S. Treasury Note 3.125% 4/30/17	257,208			257,208
U.S. Treasury Note 2.75% 5/31/17	307,593			307,593
U.S. Treasury Note 2.25% 11/30/17	306,633			306,633
U.S. Treasury Note 2.375% 5/31/18	257,040			257,040
U.S. Treasury Note 2.375% 6/30/18	257,325			257,325
Total Government Obligations	1,687,299			1,687,299
<b>Certificates of deposit</b>				
Certificate of deposit .2% 2/5/16		8,532,053		8,532,053
Certificate of deposit .2% 2/5/16		501,886		501,886
Total Certificates of Deposit		9,033,939		9,033,939
<b>Total Investments</b>	<b>\$ 1,687,299</b>	<b>\$ 9,033,939</b>	<b>\$ -</b>	<b>\$ 10,721,238</b>

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2015.

<u>Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities	\$ 11,358,857	\$	\$	\$ 11,358,857
Fixed income securities	649,118			649,118
<b>Total</b>	<b>\$ 12,007,975</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,007,975</b>

**Note 3 Property Taxes**

At December 31, 2015, the County had total real property tax assets of \$9,006,317 and an allowance for doubtful accounts of \$236,874. Current year returned village and school taxes are offset by liabilities of \$3,918,508 to the villages and school districts which were paid no later than April 15, 2016. The remaining portion of tax assets is offset by deferred inflow of resources of \$4,500,617 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.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

### Note 3 Property Taxes - Continued

The County constitutional tax limit (per New York State statutes) for the fiscal year ended December 31, 2015 is computed as follows:

Five-Year Average Full Valuation of Taxable Real Estate	\$ 4,365,710,960
Tax limit @2.0%	\$ 87,314,219
Tax levy	38,638,695
Less exclusions	(2,954,155)
Tax levy subject to tax limit	<u>35,683,759</u>
<b>Tax Margin</b>	<b>\$ <u>51,630,460</u></b>

### Note 4 Other Receivables

Other receivables of the primary government consist of:

General Fund:	
Fees, fines and reimbursements	\$ 385,065
Capital Fund:	
CCC Chargebacks	117,675
County Road Fund:	
Insurance recoveries	191
Road Machinery Fund:	
Gas sales	50,508
Special Grant Fund:	
Reimbursements	1,295
Miscellaneous Special Revenue Fund:	
Fees and reimbursements	15,394
CTASC Debt Service Fund:	
Tobacco revenue receipts	<u>2,113,000</u>
<b>Total Other Receivables</b>	<b>\$ <u>2,683,128</u></b>

CCC has student tuition and fees receivable of \$4,281,315, net of an allowance for doubtful accounts of \$1,302,715.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

**Note 5 Loans and Notes Receivable**

The balance in loans and notes receivable at December 31, 2015 was as follows:

Microenterprise development loans	\$	117,978	
Hospital COPs		7,915,000	
CCC capital lease		1,135,695	
		1,135,695	
<b>Total Loans and Notes Receivable</b>	<b>\$</b>	<b>9,168,673</b>	

**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 \$42,581,327 total sales tax received by the County, \$21,301,837 was retained by the County, \$21,279,490 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, 2015, was as follows:

	Balance at 12/31/14	Additions	Deletions	Balance at 12/31/15
<b>Governmental Activities</b>				
Non-depreciable Capital Assets:				
Land	\$ 2,866,463	\$	\$	\$ 2,866,463
Construction in progress	2,350,830	1,741,755	(537,305)	3,555,280
Total Non-depreciable Capital Assets	5,217,293	1,741,755	(537,305)	6,421,743
Depreciable Capital Assets:				
Land improvements	788,708			788,708
Buildings	71,085,553	537,305		71,622,858
Machinery and equipment	17,062,370	928,291	(566,870)	17,423,791
Infrastructure	24,034,763			24,034,763
Total Depreciable Capital Assets	112,971,394	1,465,596	(566,870)	113,870,120
Total Historical Cost	118,188,687	3,207,351	(1,104,175)	120,291,863
Less Accumulated Depreciation:				
Land improvement	(726,505)	(8,314)		(734,819)
Buildings	(23,321,060)	(2,196,958)		(25,518,018)
Machinery and equipment	(13,755,504)	(1,280,943)	566,870	(14,469,577)
Infrastructure	(17,674,368)	(541,229)		(18,215,597)
Total Accumulated Depreciation	(55,477,437)	(4,027,444)	566,870	(58,938,011)
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 62,711,250</b>	<b>\$ (820,093)</b>	<b>\$ (537,305)</b>	<b>\$ 61,353,852</b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

**Note 7 Capital Assets - Continued**

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General governmental support	\$ 2,338,943
Public safety	403,809
Public health	92,193
Transportation	1,135,612
Economic assistance and opportunity	23,968
Home and community services	<u>32,919</u>

**Total Governmental Activities Depreciation Expense    \$ 4,207,444**

Capital asset activity for the CCC for year ending August 31, 2015 was as follows:

	Balance at 8/31/14	Additions	Deletions	Balance at 8/31/15
Non-depreciable Capital Assets:				
Land	\$ 1,178,163	\$ 105,000	\$ -	\$ 1,283,163
Depreciable Capital Assets:				
Buildings	46,570,190	656,790		47,226,980
Machinery and equipment	4,457,830	30,843		4,488,673
Vehicles	<u>74,718</u>	<u>28,560</u>		<u>103,278</u>
Total Depreciable Capital Assets	<u>51,102,738</u>	<u>716,913</u>	-	<u>51,818,931</u>
Total Historical Cost	<u>52,280,901</u>	<u>821,193</u>	-	<u>53,102,094</u>
Less Accumulated Depreciation:				
Buildings	(22,422,498)	(766,221)		(23,188,719)
Machinery and equipment	(2,793,517)	(412,172)		(3,205,689)
Infrastructure	<u>(74,718)</u>	<u>(2,856)</u>		<u>(77,574)</u>
Total Accumulated Depreciation	<u>(25,290,733)</u>	<u>(1,181,249)</u>	-	<u>(26,471,982)</u>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ <u>26,990,168</u></b>	<b>\$ <u>(360,056)</u></b>	<b>\$ -</b>	<b>\$ <u>26,630,112</u></b>

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

For the fiscal year ended December 31, 2015, the County implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." The implementation of the Statements requires the County to report as an asset and/or liability its portion of the collective net pension liability in the New York State Employees' Retirement System. The implementation of the Statements also requires the County to report a deferred outflow and/or inflow of resources for the effect of the net change in the County's proportion of the collective net pension liability and difference during the measurement period between the County's contributions and its proportionate share of total contributions to the pension system not included in pension expense. Also included as a deferred outflow are the County's contributions to the pension system subsequent to the measurement date.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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

#### 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, New York 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

Contributions for the current year and two preceding Plan years were equal to 100% of the contributions required, and were as follows:

	2015	2014	2013
ERS	\$ 6,078,507	\$ 6,114,554	\$ 5,892,869

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

**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, 2015, 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, 2015. 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.

	<b>ERS</b>
Actuarial valuation date	04/01/2014
Net pension liability	\$ 3,378,245,000
County's proportionate share of the Plan's total net pension liability	4,871,946

For the year ended December 31, 2015, the County recognized pension expense of \$4,213,479 for ERS in the financial statements. At December 31, 2015 the County's reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	<b>ERS</b>
Deferred Outflows of Resources:	
Differences between expected and actual experience	\$ 155,956
Net differences between projected and actual earnings on pension plan investments	846,196
County's contributions subsequent to the measurement date	3,286,847
<b>Total Deferred Outflows of Resources</b>	<b>\$ 4,288,999</b>
Deferred Inflows of Resources:	
Changes in proportion and differences between the County's contributions and proportionate share of contributions	\$ (782,066)
<b>Total Deferred Inflows of Resources</b>	<b>\$ (782,066)</b>

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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>ERS</b>
Year ended:	
2016	\$ 55,022
2017	55,022
2018	55,022
2019	55,020
2020	
Thereafter	

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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

**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. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	ERS
Measurement date	March 31, 2015
Actuarial valuation date	April 1, 2014
Interest rate	7.5%
Salary scale	4.9%
	April 1, 2005 -
Decrement tables	March 31, 2010 System's Experience
Inflation rate	2.7%

For ERS, annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

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

The long term 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:

	ERS
Measurement date	March 31, 2015
Asset Type:	
Domestic equities	7.3%
International equities	8.5%
Real estate	8.3%
Private equity/Alternative investments	11.0%
Absolute return strategies	6.8%
Opportunistic portfolio	8.6%
Real assets	8.7%
Cash	2.3%
Inflation-indexed bonds	4.0%
Domestic fixed income securities	
Global fixed income securities	
Mortgages and bonds	4.0%
Short-term	

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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

**Discount Rate**

The discount rate used to calculate the total pension liability was 7.5%. 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.

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

ERS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability	\$ 32,473,632	\$ 4,871,946	\$ (18,430,720)

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows:

	Dollars in Thousands
	ERS
Valuation date	April 1, 2014
Employers' total pension liability	\$ 164,591,504
Plan net position	(161,213,259)
Employers' Net Pension liability	\$ 3,378,245
Ratio of Plan Net Position to the Employers' Total Pension liability	97.9%

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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

**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, 2015 represent the projected employer contribution for the period of April 1, 2015 through December 31, 2015 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2015 amounted to \$-0-.

**Effect on Net Position**

Changes in the net pension liability and deferred outflows and inflows of resources for the year ended December 31, 2015 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
Net pension liability	\$ (6,516,888)	\$ 1,644,942	\$ (4,871,946)
Deferred outflows of resources	4,558,913	(269,914)	4,288,999
Deferred inflows of resources	<u>                    </u>	<u>(782,066)</u>	<u>(782,066)</u>
<b>Total</b>	<b><u>\$ (1,957,975)</u></b>	<b><u>\$ 592,962</u></b>	<b><u>\$ (1,365,013)</u></b>

**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:

	2015	2014	2013
ORP	\$ 678,399	\$ 693,773	\$ 702,588
ERS	763,634	636,705	600,899
TRS	882,805	982,450	964,293

CCC had a pension asset (TRS) of \$2,895,206, a pension liability (ERS) of \$762,428, deferred outflows of resources related to pensions of \$1,359,041, and deferred inflows of resources related to pensions of \$1,117,817 at August 31, 2015.

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

**Note 9 Other Postemployment Benefits**

The County and CCC Healthcare Plans (the Plans) are single-employer defined benefit Healthcare Plan administered by the County. The Plan provides 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 Plan does not issue a stand-alone financial report.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

**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, 2015, the County and CCC contributed \$3,659,524 (on behalf of 455 employees) and \$1,341,480, 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 30 years. Expenditures are liquidation in the General, County Road, Road Machinery, and Special Grant Funds

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

	<b>County</b>	<b>CCC</b>
Annual Required Contribution	\$ 12,479,131	\$ 3,585,019
Interest on net OPEB obligation	2,248,736	(753,253)
Adjustment to annual required contribution	(3,638,469)	477,768
Annual OPEB Cost (Expense)	11,089,398	3,309,534
Contributions made	(3,659,524)	(1,341,480)
Increase in Net OPEB Obligation	7,429,874	1,968,054
 Net OPEB Obligation - Beginning of Year	 56,218,398	 10,102,580
 <b>Net OPEB Obligation End of Year</b>	 <b>\$ 63,648,272</b>	 <b>\$ 12,070,634</b>

The County's and CCC's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plans, and the net OPEB obligations for 2015 is as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
County:			
12/31/2015	\$ 11,089,398	33.0%	\$ 63,648,272
12/31/2014	10,627,034	33.5%	56,218,398
12/31/2013	13,087,409	23.6%	49,154,664
CCC:			
12/31/2015	3,309,534	40.5%	12,070,634
12/31/2014	2,803,007	51.6%	10,102,580
12/31/2013	2,686,452	50.2%	8,747,217

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

**Note 9 Other Postemployment Benefits - Continued**

As of December 31, 2015, the Plan was not funded. The actuarial accrued liability for benefits was \$121,039,188 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 \$28,345,409 and \$12,524,367 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 427% and 293%.

Actuarial valuations of an 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 Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, 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.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposed are based on the substantive Plan (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, 2014 actuarial valuation, the projected unit credit actuarial cost method was used, with a discount rate of 4%. The actuarial assumptions for the County included an annual healthcare cost trend rate of 6.10% initially, reduced to an ultimate rate of 4.29% in 2084. Both rates included a 2.9% inflation assumption. The actuarial assumptions for CCC included an annual healthcare cost trend rate of 6.10% to 6.0% through 2020.

**Note 10 Compensated Absences**

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

	<b>Balance at 12/31/14</b>	<b>Additions</b>	<b>Decreases</b>	<b>Balance at 12/31/15</b>
Governmental Activities	\$ 2,413,520	\$ 4,295	\$	\$ 2,417,545

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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

The BlueCross/BlueShield premiums include claims paid for the years ended December 31, 2015 and 2014, 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, 2015. 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, 2015.

The Consortium also maintains specific stop-loss insurance coverage. This provides a maximum of \$1,000,000 of coverage inclusive of deductibles for individual claims and specific stop-loss insurance coverage at December 31, 2015 and 2014.

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:

	<u>2015</u>
Liability for unpaid claims - Beginning of year	\$ 950,000
Incurred claims and claim adjustment:	
Claims expense	13,221,769
Claims paid	<u>(13,271,769)</u>
<b>Liability for Unpaid Claims - End of Year</b>	<b><u><u>900,000</u></u></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 \$10,784,795 at December 31, 2015. Contributions made by employees during the year ended December 31, 2015 were \$682,971.

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

At December 31, 2015, the total outstanding indebtedness of the County aggregated \$68,050,999, of which \$33,389,000 is subject to the constitutional debt limit and represents approximately 10.9% of its debt limit.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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

**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	2028	2.00-3.375%	\$	9,675,000
Public improvement serial bonds	2013	2029	2.25-3.0%		18,845,000
Public improvement serial bonds	2013	2033	3.0-4.5%		1,330,000
Public improvement serial bonds	2015	2023	6.00%		3,539,000
<b>Total</b>				<b>\$</b>	<b>33,389,000</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, 2015 AND 2014**

### **Note 13 Long-term Debt - 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 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 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, 2015, the COPs outstanding aggregated \$7,915,000 and are to be paid serially in varying amounts through 2020. Interest paid in connection with this agreement was \$276,710.

### **Capital Lease**

In 2015, the County entered into a capital lease on behalf of CCC for the purchase of equipment. Repayment of the capital lease begins in 2016. The amount expended from the proceeds of the lease in 2015 was \$380,585.

### **Pollution Remediation Obligations**

In 2014, the County recognized recoveries in the amount of \$5,000. 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, 2015 AND 2014

### 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, 2015:

	Balance at 12/31/14	Additions	Decreases	Balance at 12/31/15	Amount Due Within One Year
<u>Governmental Activities</u>					
Serial bonds	\$ 31,585,000	\$ 3,539,000	\$ (1,735,000)	\$ 33,389,000	\$ 2,204,000
Serial bonds-CTASC	19,168,219		(260,000)	18,806,137	180,000
Accreted interest and discount-CTASC bonds	5,790,283	912,802		6,805,167	(9,280)
Certificates of Participation-Hospital	9,380,000		(1,465,000)	7,915,000	1,465,000
Capital lease-CCC		1,135,695		1,135,695	30,507
Pollution remediation liabilities	71,000		(5,000)	66,000	
<b>Total Governmental Activities</b>	<b>\$ 65,994,502</b>	<b>\$ 5,587,497</b>	<b>\$ (3,465,000)</b>	<b>\$ 68,116,999</b>	<b>\$ 3,870,227</b>

Interest on long-term debt interest amounted to \$2,807,368 for Governmental Activities, of which \$1,697,134 was related to CTASC bonds for the year ended December 31, 2015.

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

Year	Serial Bonds		COPs		Capital Lease		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 2,204,000	\$ 856,728	\$ 1,565,000	\$ 233,493	\$ 30,057	\$ 82,296	\$ 4,971,574
2017	2,245,000	819,506	1,615,000	187,325	61,460	36,679	4,964,970
2018	2,310,000	764,075	1,660,000	139,683	63,568	34,571	4,971,897
2019	2,370,000	707,106	1,710,000	90,713	65,749	32,390	4,975,958
2020	2,440,000	648,487	1,365,000	40,268	68,005	30,134	4,591,894
2021-2025	12,330,000	2,293,791			376,663	114,030	15,114,484
2026-2030	9,190,000	580,866			445,866	44,827	10,261,559
2031-2035	300,000	20,700			24,327	207	345,234
<b>Total</b>	<b>\$ 33,389,000</b>	<b>\$ 6,691,259</b>	<b>\$ 7,915,000</b>	<b>\$ 691,482</b>	<b>\$ 1,135,695</b>	<b>\$ 375,134</b>	<b>\$ 50,197,570</b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

**Note 13 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
2016	\$ 180,000	\$ 772,140	\$ 952,140
2017	185,000	760,643	945,643
2018	350,000	743,790	1,093,790
2019	380,000	720,795	1,100,795
2020		708,825	708,825
2021-2025		3,544,125	3,544,125
2026-2030	2,425,000	3,258,063	5,683,063
2031-2035	3,120,000	2,270,100	5,390,100
2036-2040	3,605,000	1,175,772	4,780,772
2041-2042	1,695,000	113,453	1,808,453
<b>Total</b>	<b>\$ 11,940,000</b>	<b>\$ 14,067,706</b>	<b>\$ 26,007,706</b>

**Note 14 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 2050 and carry interest rates varying from 0.51% to 5.5%.

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

Year	Principal	Interest	Total
2016	\$ 311,471	\$ 87,569	\$ 399,040
2017	307,694	79,918	387,612
2018	88,928	75,156	164,084
2019	95,174	73,499	168,673
2020	96,432	71,747	168,179
2021-2025	500,499	329,957	830,456
2026-2030	538,175	279,397	817,572
2031-2035	611,239	221,989	833,228
2036-2040	690,349	156,665	847,014
2041-2045	543,000	90,463	633,463
2046-2050	565,000	32,816	597,816
<b>Total</b>	<b>\$ 4,347,961</b>	<b>\$ 1,499,176</b>	<b>\$ 5,847,137</b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

**Note 14 Discretely Presented Component Units - Continued**

**CCC**

CCC reports debt of its component unit, the Cayuga College Community Foundation. The Foundation's debt at August 31, 2015 was:

Mortgage payable to a bank 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.	\$ 6,852,485
Promissory note payable to a Corporation in equal monthly installments of \$32,264 including interest of 8.50% through November, 2012. Thereafter, equal monthly installments of \$41,415 including interest of 8.50% through November 1, 2015. Collateral consists of property.	83,434
	\$ <b>6,935,919</b>

**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, 2015 were as follows:

	<u>Interfund Receivable</u>	<u>Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 3,032,975	\$ 181,336	\$ 658,266	\$ 7,138,108
Capital Fund	35,000	2,933,764	26,289	691,628
Non-Major Funds	<u>127,125</u>	<u>80,000</u>	<u>7,169,455</u>	<u>24,274</u>
<b>Totals</b>	<b>\$ <u>3,195,100</u></b>	<b>\$ <u>3,195,100</u></b>	<b>\$ <u>7,854,010</u></b>	<b>\$ <u>7,854,010</u></b>

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

**Note 16 Fund Balance Detail**

At December 31, 2015, fund balance in the governmental funds was comprised of the following:

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Non-Major Governmental Funds</u>
<u>Nonspendable</u>			
Prepaid Expenses	\$ 989,059	\$	\$ 118,795
<b>Total Nonspendable Fund Balance</b>	<b>\$ 989,059</b>	<b>\$</b>	<b>\$ 118,795</b>
<u>Restricted</u>			
Public safety	\$ 181,905	\$	\$
Debt - CTASC			2,663,777
Capital project - CCC		1,624,927	
<b>Total Restricted Fund Balance</b>	<b>\$ 181,905</b>	<b>\$ 1,624,927</b>	<b>\$ 2,663,777</b>
<u>Committed</u>			
Capital projects	\$ 713,870	\$	\$
<b>Total Committed Fund Balance</b>	<b>\$ 713,870</b>	<b>\$</b>	<b>\$</b>
Appropriated for next year's budget	\$ 1,745,399	\$	\$ 195,738
Encumbered for:			
General government support	112,521		
Public safety	574,627		
Public health	3,522		
Transportation			451,960
Economic assistance and opportunity	40,125		
Community and recreation	31,173		
Claims and liabilities	691,638		
Project	50,483		
Unemployment	554,292		
Remaining Fund Balance		17,704	4,744,243
<b>Total Assigned Fund Balance</b>	<b>\$ 3,803,780</b>	<b>\$ 17,704</b>	<b>\$ 5,391,941</b>

# **COUNTY OF CAYUGA**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014**

### **Note 16 Fund Balance Detail - Continued**

#### **Consortium Board Designated Net Position Reserves**

The reserves held by the Consortium are the cash assets which have been assigned to cover a direct liability or to 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 minimum premium increases.

#### **Catastrophic Claims Reserve**

This reserve has been set at an amount equal to 15% of annual paid claims. This reserve is a conservative estimate to cover incurred but not reported (IBNR) claims. The balance at December 31, 2015 was \$1,797,302.

#### **Rate Stabilization Reserve**

This reserve was established to protect the Consortium from the ill effects associated with times when actual paid claims exceed projections. This reserve would be used to protect the cash flow position of the Consortium and allow the Board of Directors to develop a long-term financial strategy to protect the financial integrity of the Consortium. The current Rate Stabilization Reserve has been established at a level of 10% of premium. The balance at December 31, 2015 was \$1,237,301.

### **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, 2015.

### **Note 18 Deferred Compensation Plan**

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.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

### **Note 18** Deferred Compensation Plan- Continued

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, 2015, is \$10,784,795.

### **Note 19** Restatement of Net Position

For the fiscal year ended December 31, 2015, the County implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." The implementation of these new accounting standards resulted in the reporting of deferred outflows of resources, a liability, and deferred inflows of resources related to the County's participation in the New York State Employees' retirement system.

In addition, the County restated net position to account for the effect of accrued interest payable. The County's net position has been restated as of January 1, 2014, as follows:

Net Position Beginning of 2014 Year, as Previously Stated	\$ (18,905,976)
GASB Statement No. 68 implementation:	
Beginning system liability - Employees' Retirement System	(6,516,888)
Beginning deferred outflow of resources for contributions subsequent to the measurement date	4,558,913
Accrued interest payable	<u>(362,194)</u>
Net Position Beginning of Year, as Restated	<u>\$ (21,226,145)</u>

The County's 2014 financial statements reported the net position and activity of the Deferred Compensation Trust Fund in the Fiduciary Fund financial statements with assets of \$9,523,376. Because the County is not the trustee of the Fund, those financial statements have been eliminated from the Fiduciary Fund financial statements.

Certain reclassifications have been made to prior year amounts in order to conform to the current year's presentation.

# COUNTY OF CAYUGA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

### *Note 19*    **Restatement of Net Position - Continued**

#### **Consortium**

During the current year, it was determined premiums receivable at year-end were not being reported in the correct period. Premiums receivable and the related premium revenue have been restated as of January 1, 2014. The restatement resulted in an increase in net position of \$258,008 as of January 1, 2014. The change in net position during 2014 was adjusted as follows:

Change in net position, as previously reported	\$	406,121
Increase in 2014 premiums receivable		238,698
(Decrease) in 2013 premiums receivable		<u>(258,008)</u>
<b>Change in net position, as restated</b>	<b>\$</b>	<b><u>386,811</u></b>

### *Note 20*    **Subsequent Events**

On January 26, 2016, the Legislature approved a contractual agreement with Spillman Technologies, Inc. in the amount of \$1,970,936 for CAD, Mapping, and Records Management with AVL Services to Public Safety agencies in Cayuga County.

On April 21, 2016, the Legislature approved the refunding of 2010 general obligations bonds principal of \$9,055,000 in order to improve interest rates. Refunding bonds issued totaled \$8,205,000.

On April 21, 2016, the Legislature approved issuance by the Cayuga County Development Corporation of up to \$15,000,000 in tax-exempt and/or taxable revenue bonds for the Wells College Project.

### *Note 21*    **Future Changes in Accounting Standards**

GASB has issued Statement No 72, "Fair Value Measurement and Application," effective for the year ending December 31, 2016.

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 June 30, 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.

# ***COUNTY OF CAYUGA***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014**

***Note 21*** **Future Changes in Accounting Standards - Continued**

GASB has issued Statement No. 77, "Tax Abatement Disclosures," effective for the year ending June 30, 2017.

GASB has issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans," effective for the year ending June 30, 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 June 30, 2017.

GASB has issued Statement No. 81, "Irrevocable Split-Interest Agreements," effective for the year ending June 30, 2017.

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

## BUDGETARY COMPARISON SCHEDULE (NON-GAAP) GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget
<b>REVENUES</b>		
Real property taxes	\$ 38,327,451	\$ 38,327,451
Real property tax items	1,908,770	1,908,770
Nonproperty tax items	44,816,250	44,816,250
Departmental income	10,649,066	10,775,542
Intergovernmental charges	2,301,080	2,301,080
Use of money and property	243,251	243,251
Licenses and permits	15,000	15,000
Fines and forfeitures	158,008	158,008
Sale of property and compensation for loss	60,000	60,000
Miscellaneous local sources	157,400	183,250
State sources	15,057,452	16,928,080
Federal sources	12,357,981	15,056,501
<b>Total Revenues</b>	126,051,709	130,773,183
<b>EXPENDITURES</b>		
Current:		
General governmental support	36,035,367	36,345,815
Education	5,676,020	5,676,020
Public safety	17,467,485	19,077,338
Public health	9,478,848	11,062,021
Transportation	176,200	176,200
Economic assistance and opportunity	42,869,238	44,111,654
Culture and recreation	1,151,115	1,265,282
Home and community services	1,688,416	1,687,614
Employee benefits	659,430	659,430
Debt service (principal and interest)	4,622,557	4,622,557
<b>Total Expenditures</b>	119,824,676	124,683,931
Excess of Revenues	6,227,033	6,089,252
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund transfers in	650,077	650,077
Interfund transfers (out)	(7,250,000)	(7,250,000)
<b>Total Other Financing (Uses)</b>	(6,599,923)	(6,599,923)
Excess of (Expenditures) and Other Financing (Uses)	(372,890)	(510,671)
Appropriated Fund Balance	372,890	510,671
<b>Net Increase</b>	\$ -	\$ -

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>
\$ 37,775,355	\$ _____	\$ (552,096)
1,900,459	_____	(8,311)
43,385,952	_____	(1,430,298)
10,833,864	_____	58,322
2,005,109	_____	(295,971)
192,153	_____	(51,098)
14,104	_____	(896)
180,407	_____	22,399
77,560	_____	17,560
177,409	_____	(5,841)
15,738,478	_____	(1,189,602)
12,640,423	_____	(2,416,078)
124,921,273	_____	(5,851,910)
33,968,134	112,521	2,265,160
5,599,054	_____	76,966
17,807,729	574,627	694,982
9,524,016	3,522	1,534,483
162,396	_____	13,804
40,595,316	40,125	3,476,213
1,126,289	31,173	107,820
1,665,459	_____	22,155
651,350	_____	8,080
4,321,366	_____	301,191
115,421,109	761,968	8,500,854
9,500,164	(761,968)	2,648,944
658,266	_____	8,189
(7,138,108)	_____	111,892
(6,479,842)	_____	120,081
3,020,322	\$ <u><u>(761,968)</u></u>	\$ <u><u>2,769,025</u></u>
3,020,322		
21,856,190		
\$ <u><u>24,876,512</u></u>		

# COUNTY OF CAYUGA

## SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED DECEMBER 31, 2015

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							
1/1/2014	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%
1/1/2010	12/31/2011		94,589,894	94,589,894	0%	21,162,919	447%
Cayuga Community College							
9/1/2014	12/31/2015		36,642,885	36,642,885	0%	12,524,367	293%
9/1/2012	12/31/2013		29,240,904	29,240,904	0%	10,512,009	278%
9/1/2010	12/31/2011		23,028,728	23,028,728	0%	8,258,102	279%

*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 2 FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ <b>6,078,507</b>	\$ 6,114,554	\$ 5,604,588	\$ 5,210,874	\$ 4,620,561
Contributions in relation to the contractually required contribution	<b>(6,078,507)</b>	(6,114,554)	(5,604,588)	(5,210,874)	(4,620,561)
Contribution deficiency (excess)	-	-	-	-	-
County's covered - employee payroll	<b>30,573,891</b>	30,564,765			
Contributions as a percentage of covered - employee payroll	<b>19.9%</b>	20.0%			

Note: Covered payroll for 2011 through 2013 is not available

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

# ***COUNTY OF CAYUGA***

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

	<u>2015</u>
County's proportion of the net pension liability	0.1442153%
County's proportionate share of the net pension liability	\$ 4,871,946
County's covered-employee payroll during the measurement period	30,449,443
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	16.00%
Plan fiduciary net position as a percentage of the total pension liability	97.9%

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

# COUNTY OF CAYUGA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2015 AND 2014

### *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	\$ 125,579,539	\$ 125,845,028
Expenditures and other financing uses	<u>(122,559,217)</u>	<u>(122,643,590)</u>
Changes in fund balances	3,020,322	3,201,438
Beginning fund balance	<u>21,856,190</u>	<u>22,919,395</u>
Ending fund balance	<u>\$ 24,876,512</u>	<u>\$ 26,120,833</u>

# ***COUNTY OF CAYUGA***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2015 AND 2014**

***Note 3***     **Schedule of Funding Progress**

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.

# COUNTY OF CAYUGA

## COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2015

	Special Revenue Funds				CTASC Debt Service Fund	Total Non-Major Governmental Funds
	County Road Fund	Road Machinery Fund	Special Grant Fund	Miscellaneous Fund		
<b>ASSETS</b>						
<b>Assets:</b>						
Cash and cash equivalents - Unrestricted	\$ 1,305,646	\$ 1,302,017	\$ 2,233,611	\$ 264,321	\$ 114,802	\$ 5,220,397
- Restricted					1,348,975	1,348,975
Other receivables, net	191	50,508	1,295	15,394	2,113,000	2,180,388
Due from state and federal governments	314,702	4,590	109,559			428,851
Due from other funds				127,125		127,125
Prepaid expenses	90,051	16,323	12,421			118,795
Loans and notes receivable			117,978			117,978
<b>Total Assets</b>	<b>\$ 1,710,590</b>	<b>\$ 1,373,438</b>	<b>\$ 2,474,864</b>	<b>406,840</b>	<b>\$ 3,576,777</b>	<b>\$ 9,542,509</b>
<b>LIABILITIES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 4,973	\$ 32,792	\$ 56			\$ 37,821
Accrued liabilities	79,668	16,047	12,637			108,352
Due to other funds			80,000			80,000
Due to other governments			43,688			43,688
Other liabilities	67,157					67,157
<b>Total Liabilities</b>	<b>151,798</b>	<b>48,839</b>	<b>136,381</b>	<b>-</b>	<b>-</b>	<b>337,018</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue			117,978		913,000	1,030,978
<b>FUND BALANCES</b>						
Fund Balances:						
Nonspendable	90,051	16,323	12,421			118,795
Restricted					2,663,777	2,663,777
Assigned	1,468,741	1,308,276	2,208,084	406,840		5,391,941
<b>Total Fund Balances</b>	<b>1,558,792</b>	<b>1,324,599</b>	<b>2,220,505</b>	<b>406,840</b>	<b>2,663,777</b>	<b>8,174,513</b>
<b>Total Deferred Inflows of Resources, Liabilities and Fund Balances</b>	<b>\$ 1,710,590</b>	<b>\$ 1,373,438</b>	<b>\$ 2,474,864</b>	<b>\$ 406,840</b>	<b>\$ 3,576,777</b>	<b>\$ 9,542,509</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, 2015

	Special Revenue Funds				CTASC Debt Service Fund	Total Non-Major Governmental Funds
	County Road Fund	Road Machinery Fund	Special Grant Fund	Miscellaneous Fund		
<b>REVENUES</b>						
Departmental income	\$	\$	\$ 264,355	\$ 104,882	\$	\$ 369,237
Intergovernmental charges	3,405	855,852				859,257
Use of money and property			1,578	181	40	1,799
Licenses and permits	160					160
Sale of property and compensation for loss	2,062	8,294			1,102,166	1,112,522
Miscellaneous local sources	1,499		2,250	64,545		68,294
Interfund revenues		1,481,169				1,481,169
State sources	3,657,817	338,183				3,996,000
Federal sources			676,909			676,909
<b>Total Revenues</b>	<b>3,664,943</b>	<b>2,683,498</b>	<b>945,092</b>	<b>169,608</b>	<b>1,102,206</b>	<b>8,565,347</b>
<b>EXPENDITURES</b>						
Current:						
General governmental support				121,990	83,718	205,708
Transportation	8,911,566	2,175,037				11,086,603
Economic assistance and opportunity			525,787			525,787
Home and community services			33,248			33,248
Employee benefits	1,536,813	197,664	155,755			1,890,232
Debt service principal and interest					1,045,636	1,045,636
<b>Total Expenditures</b>	<b>10,448,379</b>	<b>2,372,701</b>	<b>714,790</b>	<b>121,990</b>	<b>1,129,354</b>	<b>14,787,214</b>
Excess of (Expenditures) Revenues	(6,783,436)	310,797	230,302	47,618	(27,148)	(6,221,867)
<b>OTHER FINANCING SOURCES</b>						
Interfund transfers in	7,033,362			136,093		7,169,455
Interfund transfers (out)				(24,274)		(24,274)
<b>Total Other Financing Sources</b>	<b>7,033,362</b>	<b>-0-</b>		<b>111,819</b>	<b>-0-</b>	<b>7,145,181</b>
Excess of Revenues and Other Financing Sources	249,926	310,797	230,302	159,437	(27,148)	923,314
Fund Balances, Beginning of Year	1,308,866	1,013,802	1,990,203	247,403	2,690,925	7,251,199
<b>Fund Balances, End of Year</b>	<b>\$ 1,558,792</b>	<b>\$ 1,324,599</b>	<b>\$ 2,220,505</b>	<b>\$ 406,840</b>	<b>\$ 2,663,777</b>	<b>\$ 8,174,513</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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 30, 2016. The financial statements of the Cayuga County Development Corporation were not audited in accordance with *Government Auditing Standards*.

Our report includes a reference to the other auditors who audited the financial statements of the Cayuga County Health Insurance Consortium (business-type activities), 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. 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 of Cayuga'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 of Cayuga's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Cayuga'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 of Cayuga'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 entity'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  
August 30, 2016

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE 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 of Cayuga’s major federal programs for the year ended December 31, 2015. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

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

***Auditor’s Responsibility***

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

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

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

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

## Report on Internal Control over Compliance

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

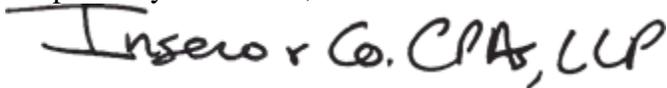
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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  
August 30, 2016

**COUNTY OF CAYUGA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal Catalog #</u>	<u>Pass-Through Grantor #</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture</b>				
Passed Through NYS Department of Health:				
State Administrative Matching Grants for SNAP	10.561	(1)		\$ 1,004,614
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	C-025735		514,679
WIC Food Instruments	10.557	(1)		931,473
Total WIC				<u>1,446,152</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	(1)		11,216
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<u>2,461,982</u>
<b>U.S. Department of Housing and Urban Development</b>				
Passed Through the Governor's Office for Small Cities:				
Emergency Solutions Grant Program	14.231	C-021832		65,229
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				<u>65,229</u>
<b>U.S. Department of Justice</b>				
Direct Program:				
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A		16,346
Passed Through NYS Division of Criminal Justice Services:				
State Criminal Alien Assistance Program	16.606			10,801
Safe Havens: Supervised Visitation and Safe Exchange	16.527	2011-CW-AX-K01		59,208
Office of Victim Services	16.575	C-501023		35,600
Violence Against Women Office	16.588	T-544146		30,430
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>				<u>152,385</u>
<b>U.S. Department of Labor</b>				
Passed Through County of Cortland:				
WIA Cluster:				
WIA Adult Program	17.258	(1)		146,562
WIA Youth Activities	17.259	(1)		136,187
WIA Dislocated Workers	17.278	(1)		141,741
Total WIA Cluster				<u>424,490</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>				<u>424,490</u>
<b>U.S. Department of Transportation</b>				
Passed Through NYS Department of Transportation:				
Highway Planning and Construction	20.205	D034603		78,778
Highway Safety Cluster:				
State and Community Highway Safety	20.600	(1)		3,100
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>				<u>81,878</u>
<b>Environmental Protection Agency</b>				
Passed Through NYS Department of Health:				
State Indoor Radon Grants	66.032	T-027069		3,582
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY</b>				<u>3,582</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		32,803
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				<u>32,803</u>
Subtotal Expenditures of Federal Awards				<u>3,190,759</u>

N/A - Denotes Not Applicable (Direct Program)

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

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF CAYUGA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal Catalog #</b>	<b>Pass-Through Grantor #</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
Subtotal Expenditures of Federal Awards Brought Forward				\$ 3,190,759
<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)		5,340
Aging Cluster:				
Title III-B, Grants for Supportive Services and Senior Centers	93.044	(1)		85,985
Title III-C, Nutrition Services	93.045	C1		60,875
Title III-C, Nutrition Services	93.045	C2		107,342
Nutrition Services Incentive Program	93.053	(1)		67,215
Total Aging Cluster				321,417
Title III-E, National Family Caregiver Support	93.052	(1)		41,898
Medicare Enrollment Assistance Program	93.071	(1)		7,441
Centers for Medicare and Medical Services Research, Demonstrations and Evaluations	93.779	(1)		27,030
Passed Through NYS Department of Health:				
Immunization Cluster:				
Immunization Grants	93.268	C-028280		24,631
Maternal and Child Health Services Block Grant to the States:				
Maternal and Child Health Services Block Grant to the States	93.994	C-026497		11,958
Maternal and Child Health Services Block Grant to the States	93.994	C-29706		21,242
Total Maternal and Child Health Services Block Grant to the States				33,200
Medical Assistance Program	93.778	(1)		1,045,668
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)	93.074	(1)		4,606
Passed Through Health Research, Inc.:				
Public Health Emergency Preparedness	93.069	1585-10		83,139
Passed Through NYS Office of Temporary and Disability Assistance:				
Temporary Assistance to Needy Families	93.558	(1)		6,548,064
Child Support Enforcement	93.563	(1)		402,351
Low-Income Home Energy Assistance	93.568	(1)		3,338,066
Passed Through NYS Office of Children and Family Services:				
Promoting Safe and Stable Families, Title IV-B, subpart 2	93.556	(1)		
Refugee and Entrant Assistance - State Administered Programs	93.566	(1)		
Child Care and Development Block Grant	93.575	(1)		1,733,302
Stephanie Tubbs Jones Child Welfare Services Program	93.645	(1)		174,087
Foster Care - Title IV-E	93.658	(1)		1,060,044
Adoption Assistance	93.659	(1)		616,768
Social Services Block Grant	93.667	(1)		682,923
Voting Access for Individuals with Disabilities - Grants to States	93.617	T-002646		1,205
Passed Through NYS State Office of Alcoholism and Substance Abuse Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(1)		283,422
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				16,434,602
<b>U.S. Election Assistance Commission</b>				
Help America Vote Act Requirements	90.401	(1)		2,223
<b>TOTAL U.S. ELECTION ASSISTANCE     COMMISSION</b>				2,223
N/A - Denotes Not Applicable (Direct Program)				
(1) - Denotes unable to obtain from Pass-Through Entity				
Subtotal Expenditures of Federal Awards				\$ 19,627,584

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF CAYUGA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal Catalog #</u>	<u>Pass-Through Grantor #</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Subtotal Expenditures of Federal Awards Brought Forward				\$ <u>19,627,584</u>
<b>U.S. Department of Homeland Security</b>				
Passed Through NYS Office of Homeland Security and Emergency Services:				
Homeland Security Grant Program	97.067	C-836790		1,373
Homeland Security Grant Program	97.067	WM14969442		38,966
Homeland Security Grant Program	97.067	WM11182019		2,426
Homeland Security Grant Program	97.067	C-836702		<u>37,216</u>
Total Homeland Security Grant Program				<u>79,981</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				<u>79,981</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ <u>19,739,155</u></b>

N/A - Denotes Not Applicable (Direct Program)

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

*See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards*

# ***COUNTY OF CAYUGA***

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2015 AND 2014**

***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 \$3,251,116.

# COUNTY OF CAYUGA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2015

**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  no

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)?  X  yes \_\_\_ none reported

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for SNAP
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
93.667	Social Services Block Grant
93.558	Temporary Assistance for Needy Families
93.575	Child Care and Development Block Grant
93.658	Foster Care - Title IV-E

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**

# ***COUNTY OF CAYUGA***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS DECEMBER 31, 2015 AND 2014**

### **Section III - Federal Award Findings and Questioned Costs**

#### **Reference Number: 2015-001**

U.S. Department of Health and Human Services  
Passed Through NYS Office of Children and Family Services  
Child Care and Development Block Grant - 93.667

#### **Criteria:**

Internal controls should provide reasonable assurance all payments made to recipients of public assistance programs are made to eligible individuals in accordance with the program's compliance requirements.

#### **Condition/Cause:**

The County has policies and procedures in place for proper completion and accuracy of documentation as it relates to federal requirements. However, in 3 of 40 cases selected for testing, the application form was missing a supervisory signature as required by the County's internal control procedures.

#### **Effect:**

Although the application was missing evidence of supervisory review, it did not appear improper payments were made. However, a deviation from prescribed controls results in an increased risk of noncompliance with federal program guidelines.

**Questioned Costs:** None

#### **Recommendation:**

We recommend the County strengthens controls over existing policies and procedures and all applications be reviewed for accuracy and completion.

#### **Management's Response:**

Supervisory staff within the Temporary Assistance, SNAP and Child Care Units will be informed of the finding and asked to inform other employees, both newer and seasoned, within their unit. This will ensure applications and re-certifications are filled out correctly by staff. This will also ensure those applications and re-certifications are looked at more carefully during the review process to be sure all the necessary information is both included and accurate, and includes the appropriate supervisor signatures.

# ***COUNTY OF CAYUGA***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS DECEMBER 31, 2015 AND 2014**

### **Reference Number: 2015-002**

U.S. Department of Health and Human Services  
Passed Through NYS Department of Health  
State Administrative Matching Grants for SNAP - 10.561

### **Criteria:**

Internal controls should provide reasonable assurance all payments made to recipients of public assistance programs are made to eligible individuals in accordance with the program's compliance requirements.

### **Condition/Cause:**

The County has policies and procedures in place for proper completion and accuracy of documentation as it relates to federal requirements. In 3 of 40 cases selected for testing, the authorization form for benefit payments was missing from the case file. In addition, four application forms were missing a supervisory signature, as required by the County's internal control procedures.

### **Effect:**

Although the authorization forms were missing from the case files, it did not appear improper payments were made. Of the cases where evidence of supervisory review was not present, it did not appear payments were made to ineligible individuals. However, a deviation from prescribed controls results in an increased risk of noncompliance with federal program guidelines.

**Questioned Costs:** None

### **Recommendation:**

We recommend the County strengthens controls over existing policies and procedures, all proper documentation be maintained, and applications be reviewed for accuracy and completion.

### **Management's Response:**

Supervisory staff within the Temporary Assistance, SNAP and Child Care Units will be informed of the finding and asked to inform other employees, both newer and seasoned, within their unit. This will ensure applications and re-certifications are filled out correctly by staff. This will also ensure those applications and re-certifications are looked at more carefully during the review process to be sure all necessary information is both included and accurate, and includes the appropriate supervisor signatures.