

**BASIC FINANCIAL STATEMENTS**

**COUNTY OF CAYUGA, NEW YORK**

**DECEMBER 31, 2012**

# COUNTY OF CAYUGA, NEW YORK

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## INDEPENDENT AUDITORS' REPORT

Honorable Michael H. Chapman, Chairman  
and Honorable Members of the County Legislature  
County of Cayuga, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Cayuga, New York (the "County"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of Cayuga County Nursing Home, Cayuga County Soil and Water Conservation District, Cayuga Tobacco Asset Securitization Corporation, Cayuga Community College, or Cayuga County Industrial Development Agency ("entities"), which represent the foregoing percentages of the total assets, net position/fund balance, and total revenues as follows:

	<u>Total Assets</u>	<u>Net Position/ Fund Balance</u>	<u>Total Revenues</u>
Governmental activities	2%	1018%	1%
Business-type activities	100%	100%	100%
Aggregate discretely presented component units:			
Governmental	100%	100%	100%
Proprietary	76%	60%	91%
Aggregate remaining fund information	30%	49%	16%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely upon the reports of the other auditors.

(Continued)

### ***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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

### ***Basis for Qualified Opinion***

County management has elected to omit the presentation of a blended component unit, Cayuga County Health Insurance Consortium, from the General Fund and governmental activities opinion units. In our opinion, disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

### ***Qualified Opinion***

In our opinion, except for the omission of the information discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the General Fund and governmental activities opinion units of the County, as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, other than the General Fund, and the aggregate remaining fund information of the County as of December 31, 2012, and the respective changes in financial position, and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, and Other Postemployment Benefits Plan - Schedule of Funding Progress on pages 5-17 and 73-75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Cayuga, New York's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 general accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013, on our consideration of the County of Cayuga, New York'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 County of Cayuga, New York's internal control over financial reporting and compliance.

November 21, 2013  
Syracuse, New York

**COUNTY OF CAYUGA, NEW YORK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**DECEMBER 31, 2012**

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As management of the County of Cayuga, New York (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended December 31, 2012.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as uncollected taxes and earned but unused vacation leave.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**COUNTY OF CAYUGA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2012**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)**

**Fund Financial Statements (Cont'd)**

• **Governmental Funds (Cont'd)**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and the Capital Projects Funds, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

In addition, the Cayuga Tobacco Asset Securitization Corporation ("CTASC") has been included in these statements as a blended component unit within the Debt Service Fund. Separate audited financial statements for CTASC may be obtained by contacting CTASC directly. The Cayuga County Health Insurance Consortium ("Consortium") has not been included in these financial as a blended component within the General Fund as was done in prior years, as audited financial statements were not available for the year ending December 31, 2012.

These financial statements also include a discretely presented governmental fund component unit, the Cayuga County Soil and Water Conservation District ("SWCD"). Separate audited financial statements for SWCD may be obtained by contacting SWCD directly.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**COUNTY OF CAYUGA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2012**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)**

**Fund Financial Statements (Cont'd)**

- **Proprietary Funds**

The County has one enterprise fund which accounts for those operations that are financed and operated in a manner similar to private business. The County's major enterprise fund is the Cayuga County Nursing Home ("CNH"). Separate audited financial statements for the CNH may be obtained by contacting CNH directly.

In addition, the government-wide financial statements report three proprietary enterprise funds as component units. Cayuga Community College ("CCC"), Cayuga County Industrial Development Agency ("CCIDA"), and Cayuga County Water and Sewer Authority ("CCWSA") are considered to be component units of the County. Separate audited financial statements for the CCC, CCIDA, and CCWSA may be obtained by contacting CCC, CCIDA, and CCWSA directly.

- **Fiduciary Funds**

These funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support County programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the notes to the financial statements.

**COUNTY OF CAYUGA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2012**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Table 1 - Summary Statement of Net Position**

	Governmental <u>2012</u>	Business-Type <u>2012</u>	(As Restated) Governmental <u>2011</u>	(As Restated) Business-Type <u>2011</u>
<b>Assets:</b>				
Current assets	\$ 53,533,162	\$ 4,381,913	\$ 90,938,419	\$ 4,428,526
Capital assets, net	57,193,630	963,622	40,550,561	934,107
Other noncurrent assets	<u>1,334,171</u>	<u>36,526</u>	<u>4,383,503</u>	<u>21,652</u>
Total assets	<u>112,060,963</u>	<u>5,382,061</u>	<u>135,872,483</u>	<u>5,384,285</u>
<b>Liabilities:</b>				
Current liabilities	33,621,952	738,452	34,154,477	564,848
Long-term liabilities	<u>80,504,313</u>	<u>3,118,929</u>	<u>74,403,113</u>	<u>2,261,668</u>
Total liabilities	<u>114,126,265</u>	<u>3,857,381</u>	<u>108,557,590</u>	<u>2,826,516</u>
<b>Net Position:</b>				
Net Investment in capital assets	45,743,630	963,622	26,300,561	934,107
Restricted	1,471,366	-	2,199,083	-
Unrestricted	<u>(49,280,298)</u>	<u>561,058</u>	<u>(1,184,751)</u>	<u>1,623,662</u>
Total net position	<u>\$ (2,065,302)</u>	<u>\$ 1,524,680</u>	27,314,893	2,557,769
Net position - Consortium	-	-	<u>15,837,487</u>	-
Total net position, excluding Consortium	<u>\$ (2,065,302)</u>	<u>\$ 1,524,680</u>	<u>\$ 11,477,406</u>	<u>\$ 2,557,769</u>

**Governmental Activities**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, liabilities of the County's governmental activities exceeded assets by \$2,065,302 at the close of 2012.

**COUNTY OF CAYUGA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2012**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONT'D)**

**Governmental Activities (Cont'd)**

The largest portion of the County's net position reflects its investment in capital assets (i.e., land, buildings, machinery, and equipment) 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 from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

There was approximately \$6,000,000 in depreciable capital asset additions. There was an increase to accumulated depreciation in the amount of approximately \$3,000,000. Construction in progress had a net increase of approximately \$13,600,000. The net capital asset increase was approximately \$16,600,000.

The decrease of \$37,405,257 in governmental current assets is mainly attributable to a reduction in cash of \$9,400,000 in the Capital Projects Fund that was used to pay expenditures for large, on-going Capital projects. General Fund cash and cash equivalents decreased by approximately \$25,500,000 of which almost \$11,000,000 related to the Consortium in the prior year, which is not presented in the current year financial statements. There were approximately \$6,000,000 of additional current Consortium assets not presented in the current year financial statements. The remaining decrease is related to large expenditures for on-going Capital projects.

The increase of \$6,101,200 in the long-term liabilities is mainly due to an increase in the County's expected net other postemployment benefit obligation at December 31, 2012 of \$9,659,942, offset by debt payments of \$1,240,000 on the County hospital's Certificates of Participation ("COP") debt, and a net increase in payments on other debt in the amount of approximately \$2,300,000.

The decrease in current liabilities of \$532,525 was due mainly to timing differences in accounts payable and deferred revenue. Not presenting the Health Consortium did not result in material differences as a Due To Health Consortium is presented in the current year.

**Business Type Activities**

The decrease in the business type activities net position in the amount of \$1,033,089 was mostly attributed to the approximate \$857,200 increase in long-term liabilities. The increase in the long term liabilities is mostly attributed to the increase in other postemployment benefits.

The increase in business-type capital assets, net of accumulated depreciation, is primarily due to the addition of \$158,543 in capital assets and annual depreciation of \$129,028.

See the summary of the Statement of Activities (Table 2) on the following page for the dollar and percent changes in the governmental and business-type activities from 2011 to 2012.

**COUNTY OF CAYUGA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2012**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONT'D)**

**Table 2 - Summary Statement of Activities**

	<u>Governmental 2012</u>	<u>%</u>	<u>Business- Type 2012</u>	<u>%</u>	<u>Governmental 2011</u>	<u>%</u>	<u>Business- Type 2011</u>	<u>%</u>
Revenues (as restated):								
Program revenues -								
Charges for services	\$11,867,979	8.5%	\$6,848,533	95.6%	\$16,936,523	12.9%	\$7,932,657	95.8%
Operating grants and contributions	33,114,511	23.6%	-	0.0%	32,141,097	24.4%	-	0.0%
Capital grants and contributions	<u>12,613,113</u>	<u>9.0%</u>	<u>-</u>	<u>0.0%</u>	<u>1,562,981</u>	<u>1.2%</u>	<u>-</u>	<u>0.0%</u>
Total program revenues	<u>57,595,603</u>	<u>41.1%</u>	<u>6,848,533</u>	<u>95.6%</u>	<u>50,640,601</u>	<u>38.5%</u>	<u>7,932,657</u>	<u>95.8%</u>
General revenues -								
Property taxes	36,815,994	26.3%	-	0.0%	36,101,137	27.5%	-	0.0%
Other taxes	42,161,241	30.1%	-	0.0%	40,730,599	31.0%	-	0.0%
Other	<u>3,433,510</u>	<u>2.5%</u>	<u>315,027</u>	<u>4.4%</u>	<u>3,947,926</u>	<u>3.0%</u>	<u>344,448</u>	<u>4.2%</u>
Total general revenues	<u>82,410,745</u>	<u>58.9%</u>	<u>315,027</u>	<u>4.4%</u>	<u>80,779,662</u>	<u>61.5%</u>	<u>344,448</u>	<u>4.2%</u>
Total revenues	<u>140,006,348</u>	<u>100.0%</u>	<u>7,163,560</u>	<u>100.0%</u>	<u>131,420,263</u>	<u>100.0%</u>	<u>8,277,105</u>	<u>100.0%</u>

**COUNTY OF CAYUGA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2012**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONT'D)**

**Table 2 - Summary Statement of Activities**

	Governmental <u>2012</u>	%	Business-Type <u>2012</u>	%	Governmental <u>2011</u>	%	Business-Type <u>2011</u>	%
Expenses (as restated):								
General governmental	34,951,087	22.8%	-	0.0%	34,924,991	24.7%	-	0.0%
Education	16,987,559	11.1%	-	0.0%	6,036,246	4.3%	-	0.0%
Public safety	17,357,654	11.3%	-	0.0%	17,080,704	12.1%	-	0.0%
Public health	12,515,207	8.2%	8,448,935	100.0%	14,880,638	10.5%	8,334,045	100.0%
Transportation	9,503,296	6.2%	-	0.0%	10,470,101	7.4%	-	0.0%
Economic assistance	44,286,779	28.9%	-	0.0%	41,301,541	29.2%	-	0.0%
Culture and recreation	1,096,255	0.7%	-	0.0%	1,498,906	1.1%	-	0.0%
Home and community services	1,766,493	1.2%	-	0.0%	2,216,202	1.5%	-	0.0%
Employee benefits	11,852,442	7.7%	-	0.0%	10,276,305	7.2%	-	0.0%
Interest	<u>2,979,998</u>	<u>1.9%</u>	<u>-</u>	<u>0.0%</u>	<u>2,779,170</u>	<u>2.0%</u>	<u>-</u>	<u>0.0%</u>
Total expenses	<u>153,296,770</u>	<u>100.0%</u>	<u>8,448,935</u>	<u>100.0%</u>	<u>141,464,804</u>	<u>100.0%</u>	<u>8,334,045</u>	<u>100.0%</u>
Transfers (to) from other funds	<u>(252,286)</u>		<u>252,286</u>		<u>(230,883)</u>		<u>230,883</u>	
Extraordinary Income	<u>-</u>		<u>-</u>		<u>1,000,000</u>		<u>-</u>	
Change in net position	<u>(13,542,708)</u>		<u>(1,033,089)</u>		<u>(9,275,424)</u>		<u>173,943</u>	
Net position - beginning of year, as restated	<u>11,477,406</u>		<u>2,557,769</u>		<u>36,590,317</u>		<u>2,383,826</u>	
Net position - Consortium	<u>-</u>		<u>-</u>		<u>15,837,487</u>		<u>-</u>	
Net position - end of year, excluding Consortium	<u>\$ (2,065,302)</u>		<u>\$ 1,524,680</u>		<u>\$ 11,477,406</u>		<u>\$ 2,557,769</u>	

**COUNTY OF CAYUGA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2012**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONT'D)**

**Governmental Activities**

Governmental activities decreased the County's net position by \$13,542,708 as a result of expenses in excess of revenues. Although both revenues and expenses increased, the decrease to net position was partly attributed to an increase in education related expenses with no off-setting revenue in some cases. Expenses were funded with short-term borrowing and cash from the General Fund. Net position only decreased by an amount of approximately \$4,000,000 higher than in the prior year. This was mostly attributed to the increase in the current year of other postemployment benefits over the prior year.

**Business Type Activities**

Business type activities decreased the County's net position by approximately \$1,000,000 from the prior year. Total revenues decreased approximately \$1,100,000 while total expenses increased approximately \$115,000. Total revenues decreased principally due to Medicaid and Medicare costs. These increases in expenses were principally due to increases in retirement and health costs and increases in other postemployment obligations.

**COUNTY OF CAYUGA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2012**

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**GOVERNMENTAL FUND FINANCIAL ANALYSIS**

**General Fund**

Total General Fund fund balance decreased to approximately \$24,095,000 from \$26,453,000 (as restated) as a result of a change in fund balance of approximately \$2,358,000.

Total revenues from the prior year decreased approximately \$11,640,000 while expenditures decreased approximately \$10,623,468 as a result of the omission of the Health Consortium revenues and expenditures in the amount of approximately \$14,000,000 in revenues and approximately \$12,000,000 in expenditures in the current year when compared to the prior year. Expenditures in the General Fund increased as a result of employee benefits and economic assistance and opportunity expenditures increasing.

General Fund total assets decreased to approximately \$ 54,561,000 at December 31, 2012 from approximately \$ 74,000,000 in the prior year. This was primarily a result of an approximate \$ 25,600,000 decrease in cash. The decrease was caused primarily from use of \$13,600,000 on Capital Projects and a reduction of \$12,000,000 due to the elimination of the Cayuga County Health Consortium from the 2012 financial statements. Notes and loans receivable decreased by approximately \$ 1,240,000 for the Hospital COP note received during the year.

General Fund total liabilities decreased to approximately \$ 30,466,000 at December 31, 2012 from approximately \$ 31,945,000 in the prior year. This was a result of decrease in deferred revenue in the amount of approximately \$ 1,997,000 and accounts payable of \$1,535,500 (due to not presenting the Health Insurance Consortium in the 2012 fiscal year and timing differences in processing transactions) with an off-setting increase in amounts due to the Cayuga County Consortium of \$1,953,000.

**Capital Projects Fund**

The total fund balance deficiency at December 31, 2012 is approximately \$19,000,000. The deficiency was a result of using short term borrowings and \$12,300,000 from the General Fund to pay capital expenditures which are not recorded as revenue. The revenue will not be recorded until we have the permanent financing in 2013.

**COUNTY OF CAYUGA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2012**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Both the original and modified budget amounts are based upon budgets created and approved for the operational portion of the General Fund only. The actual amounts reflect the year ended December 31, 2012 balances of the General Fund including the unemployment reserve and casualty and liability activity but exclude the Consortium as is consistent with the 2012 financial statements. A modified budget to actual comparison of the operational portion of the General Fund only at December 31, 2012 is as follows:

**Table 3 - Budgetary Comparison Schedules**

	Modified Budget	Actual at December 31, 2012	Encumbrances	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Real property taxes and tax items	\$ 36,499,086	\$ 36,662,450	\$ -	\$ 163,364
Non-property tax items	40,511,619	42,161,241	-	1,649,622
Departmental income	10,585,896	9,941,785	-	(644,111)
Intergovernmental charges	182,972	214,993	-	32,021
Use of money and property	364,022	285,789	-	(78,233)
Licenses and permits	12,092	13,006	-	914
Fines and forfeitures	138,747	144,661	-	5,914
Sale of property and compensation for loss	44,000	21,204	-	(22,796)
Miscellaneous	2,261,399	2,191,954	-	(69,445)
State aid	16,215,505	16,505,002	-	289,497
Federal aid	<u>13,819,372</u>	<u>12,791,915</u>	<u>-</u>	<u>(1,027,457)</u>
Total revenues:	<u>120,634,710</u>	<u>120,934,000</u>	<u>-</u>	<u>299,290</u>
<b>EXPENDITURES:</b>				
General government support	33,417,041	32,974,066	140,580	302,395
Education	3,221,184	3,222,331	-	(1,147)
Public safety	18,367,409	17,115,237	92,403	1,159,769
Public health	14,109,031	12,518,564	14,975	1,575,492
Transportation	176,200	162,396	-	13,804
Economic assistance and opportunity	43,019,102	44,263,166	25,843	(1,269,907)
Culture and recreation	1,453,698	1,091,595	11,351	350,752
Home and community services	2,064,157	1,688,415	-	375,742
Employee benefits	252,748	193,169	-	59,579
Debt service:				
Principal	1,240,000	1,240,000	-	-
Interest	<u>804,900</u>	<u>804,900</u>	<u>-</u>	<u>-</u>
Total expenditures:	<u>118,125,470</u>	<u>115,273,839</u>	<u>285,152</u>	<u>2,566,479</u>
Excess of revenues over expenditures	<u>2,509,240</u>	<u>5,660,161</u>	<u>(285,152)</u>	<u>2,865,769</u>
Other financing sources (uses)				
Operating transfers - in	-	15,634	-	15,634
Operating transfers - out	<u>(8,321,470)</u>	<u>(8,033,276)</u>	<u>-</u>	<u>288,194</u>
Total other financing sources (uses)	<u>(8,321,470)</u>	<u>(8,017,642)</u>	<u>-</u>	<u>303,828</u>
Change in fund balance	<u>(5,812,230)</u>	<u>(2,357,481)</u>	<u>(285,152)</u>	<u>3,169,597</u>
Fund balance - beginning of year	<u>14,343,460</u>	<u>26,452,862</u>	<u>-</u>	<u>(12,109,402)</u>
Fund balance - end of year	<u>\$ 8,531,230</u>	<u>\$ 24,095,381</u>	<u>\$ (285,152)</u>	<u>\$ (8,939,505)</u>

**COUNTY OF CAYUGA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2012**

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**GENERAL FUND BUDGETARY HIGHLIGHTS (CONT'D)**

The County had a favorable variance of excess revenues over expenditures in the General Fund by approximately \$2,900,000 after consideration of any encumbrances.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The County's investment in capital assets for its governmental activities as of December 31, 2012 amounted to \$57,193,630 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways and bridges.

**Table 4 - Capital Assets - Governmental and Business-Type Activities (Net of Depreciation)**

	<u>Governmental 2012</u>	<u>Business-Type 2012</u>	<u>Governmental 2011</u>	<u>Business-Type 2011</u>
Land and land improvements	\$ 2,866,463	\$ 53,601	\$ 2,856,464	\$ 62,953
Buildings and improvements	26,565,288	50,627	22,674,460	54,423
Machinery and equipment	3,240,546	859,394	3,617,299	816,731
Infrastructure	3,522,463	-	3,963,128	-
Construction-in-progress	<u>20,998,870</u>	<u>-</u>	<u>7,439,210</u>	<u>-</u>
Total	<u>\$57,193,630</u>	<u>\$ 963,622</u>	<u>\$40,550,561</u>	<u>\$ 934,107</u>

The \$3,522,463 for 2012 and \$3,963,128 for 2011 of infrastructure represents the depreciated book value of County roads and bridges.

The \$20,998,870 for 2012 and \$7,439,210 for 2011 of construction-in-progress represents the cost to date construction on various County projects that have not been completed. The increase of \$13,559,660 reflects major projects that are ongoing: Emergency Communications Project (911) \$11,706,002 and Erron Hill Bridge \$1,105,829 and the net effect of adding several additional projects and moving several completed projects to fixed assets.

Additional information on the County's capital assets can be found in the notes to the financial statements.

**COUNTY OF CAYUGA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2012**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)**

**Debt Administration**

**Table 5 - Short-Term Bond Anticipation Notes**

	Governmental <u>2012</u>	Governmental <u>2011</u>
Soil and Water Digester	\$ 1,465,000	\$ 1,500,000
Emergency Communications (911) Upgrade	<u>10,064,400</u>	<u>10,000,000</u>
Total	<u>\$ 11,529,400</u>	<u>\$ 11,500,000</u>

**Table 6 - Long-Term Debt**

	Governmental <u>2012</u>	Business-Type <u>2012</u>	Governmental <u>2011</u>	(As Restated) Business-Type <u>2011</u>
Serial bonds - excluding CTASC	\$ 11,450,000	\$ -	\$ 14,250,000	\$ -
Serial bonds - CTASC	24,023,977	-	23,539,450	-
Certificates of participation - AMH	12,175,000	-	13,415,000	-
Pollution remediation obligation	121,000	-	121,000	-
Compensated absences	2,367,711	159,346	2,279,443	140,650
Other postemployment benefits	<u>36,004,336</u>	<u>3,082,403</u>	<u>26,432,663</u>	<u>2,240,016</u>
Total	<u>\$ 86,142,024</u>	<u>\$ 3,241,749</u>	<u>\$ 80,037,556</u>	<u>\$ 2,380,666</u>

**COUNTY OF CAYUGA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
DECEMBER 31, 2012**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)**

**Debt Administration (Cont'd)**

The County continues to maintain an A1 rating from Moody's Investor Services for its general obligation debt. Additional information on the County's long-term debt can be found in the notes to the financial statements.

Short-term bond anticipation notes increased by \$29,400 at December 31, 2012 from the prior year as a result of a BAN renewal with a \$64,400 premium net of a BAN payment of \$35,000.

Long-term debt increased by a net amount of approximately \$7,000,000. This was mostly a result of the increase in other postemployment benefits of approximately \$10,000,000 offset partially by payments of approximately \$3,000,000 on serial bonds, certificates of participation and pollution remediation.

**ECONOMIC FACTORS**

Other than a slight increase 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**

To comply with Governmental Accounting Standards Board (GASB) Statement No. 45 the County obtained a new actuarial valuation during 2012.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Cayuga County Treasurer, 160 Genesee Street, 5<sup>th</sup> floor, Auburn, New York 13021.

**COUNTY OF CAYUGA, NEW YORK**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental	Proprietary
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 8,765,540	\$ 1,972,247	\$ 10,737,787	\$ 32,025	\$ 4,340,753
Investments	-	-	-	-	11,660,668
Accounts receivable, net	1,611,134	2,754,247	4,365,381	98,252	8,980,919
Tax receivable	8,495,447	-	8,495,447	-	-
Notes and loans receivable, net	12,692,600	-	12,692,600	-	2,494,502
State and federal aid receivable	16,413,977	-	16,413,977	392,632	-
Due from fiduciary fund	325,499	-	325,499	-	-
Internal balances	485,227	(485,227)	-	-	-
Due from other governments	472,542	-	472,542	-	899,069
Due from component units	2,742,357	-	2,742,357	-	-
Prepaid expenses and other current assets	1,377,984	125,407	1,503,391	32,881	825,774
Inventories	150,855	15,239	166,094	-	753,051
Non-current assets:					
Cash and cash equivalents, restricted	1,334,171	36,526	1,370,697	708,331	3,231,213
Investments, restricted	-	-	-	-	150,618
Capital assets, net	<u>57,193,630</u>	<u>963,622</u>	<u>58,157,252</u>	<u>10,595,436</u>	<u>53,993,549</u>
Total assets	<u>112,060,963</u>	<u>5,382,061</u>	<u>117,443,024</u>	<u>11,859,557</u>	<u>87,330,116</u>
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	3,929,506	365,967	4,295,473	96,710	5,230,345
Accrued wages and benefits	1,958,139	213,139	2,171,278	-	1,406,070
Short-term notes	11,529,400	-	11,529,400	-	-
Due to Cayuga County Health Insurance Consortium	1,953,506	-	1,953,506	-	-
Due to other governments	6,646,614	-	6,646,614	1,500,000	113,884
Deferred revenue	1,967,076	-	1,967,076	270,891	9,205,935
Resident funds held in trust	-	36,526	36,526	-	-
Long-term liabilities:					
Due within one year	5,637,711	159,346	5,797,057	19,985	2,603,001
Due in more than one year	<u>80,504,313</u>	<u>3,082,403</u>	<u>83,586,716</u>	<u>1,390,030</u>	<u>35,374,460</u>
Total liabilities	<u>114,126,265</u>	<u>3,857,381</u>	<u>117,983,646</u>	<u>3,277,616</u>	<u>53,933,695</u>
<b>NET POSITION</b>					
Net investment in capital assets	45,743,630	963,622	46,707,252	9,015,521	20,928,332
Restricted:					
Debt service	1,334,171	-	1,334,171	-	-
Other purposes	137,195	-	137,195	-	9,810,274
Unrestricted (deficit)	<u>(49,280,298)</u>	<u>561,058</u>	<u>(48,719,240)</u>	<u>(433,580)</u>	<u>2,657,815</u>
Total net position	<u>\$ (2,065,302)</u>	<u>\$ 1,524,680</u>	<u>\$ (540,622)</u>	<u>\$ 8,581,941</u>	<u>\$ 33,396,421</u>

See Notes to Basic Financial Statements

**COUNTY OF CAYUGA, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Net (Expense) Revenue and Changes in Net Position								
	Expenses	Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Governmental	Proprietary
<b>Primary government:</b>									
Governmental activities:									
General government support	\$ 34,951,087	\$ 2,889,669	\$ 1,066,426	\$ 4,207,772	\$ (26,787,220)		\$ (26,787,220)		
Education	16,987,559	337,262	-	6,587,678	(10,062,619)		(10,062,619)		
Public Safety	17,357,654	1,820,717	760,983	147,083	(14,628,871)		(14,628,871)		
Public Health	12,515,207	3,823,466	5,269,043	-	(3,422,698)		(3,422,698)		
Transportation	9,503,296	1,052,113	3,162,009	1,624,797	(3,664,377)		(3,664,377)		
Economic assistance and opportunity	44,286,779	1,501,651	22,548,277	-	(20,236,851)		(20,236,851)		
Culture and recreation	1,096,255	187,061	178,753	45,783	(684,658)		(684,658)		
Home and community services	1,766,493	256,040	129,020	-	(1,381,433)		(1,381,433)		
Employee benefits	11,852,442	-	-	-	(11,852,442)		(11,852,442)		
Interest expense	2,979,998	-	-	-	(2,979,998)		(2,979,998)		
Total governmental activities	<u>153,296,770</u>	<u>11,867,979</u>	<u>33,114,511</u>	<u>12,613,113</u>	<u>(95,701,167)</u>		<u>(95,701,167)</u>		
Business-type activities:									
Cayuga County Nursing Home	8,448,935	6,848,533	-	-	-	\$ (1,600,402)	(1,600,402)		
Total business type activities	<u>8,448,935</u>	<u>6,848,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,600,402)</u>	<u>(1,600,402)</u>		
<b>Total primary government:</b>	<u>161,745,705</u>	<u>18,716,512</u>	<u>33,114,511</u>	<u>12,613,113</u>	<u>(95,701,167)</u>	<u>(1,600,402)</u>	<u>(97,301,569)</u>		
<b>Component units:</b>									
Governmental:									
Cayuga County Soil and Water Conservation District	2,638,607	1,381,452	-	-				\$ (1,257,155)	
Proprietary:									
Cayuga County Community College	59,877,477	10,710,944	41,746,204	7,541,550					\$ 121,221
Cayuga County Water and Sewer Authority	1,337,606	1,161,083	-	4,146,315					3,969,792
Cayuga County Industrial Development Agency	333,304	5,321	-	-					(327,983)
Total component units	<u>\$ 64,186,994</u>	<u>\$ 13,258,800</u>	<u>\$ 41,746,204</u>	<u>\$ 11,687,865</u>				<u>(1,257,155)</u>	<u>3,763,030</u>
<b>General revenues and transfers:</b>									
Real property taxes and real property tax items					36,815,994	-	36,815,994	-	202,923
Nonproperty tax items					42,161,241	-	42,161,241	-	-
Sale of property and compensation					21,204	-	21,204	-	-
Investment income					-	-	-	-	838,923
Use of money and property					318,928	6,620	325,548	186,286	-
Miscellaneous					3,093,378	308,407	3,401,785	311,892	3,105,493
Contributions from County					-	-	-	723,358	-
Transfers					(252,286)	252,286	-	-	-
Total general revenues and transfers					<u>82,158,459</u>	<u>567,313</u>	<u>82,725,772</u>	<u>1,221,536</u>	<u>4,147,339</u>
Changes in net position					<u>(13,542,708)</u>	<u>(1,033,089)</u>	<u>(14,575,797)</u>	<u>(35,619)</u>	<u>7,910,369</u>
Net position at beginning of year, as restated (Note 3)					<u>11,477,406</u>	<u>2,557,769</u>	<u>14,035,175</u>	<u>8,617,560</u>	<u>25,486,052</u>
Net position at end of year					<u>\$ (2,065,302)</u>	<u>\$ 1,524,680</u>	<u>\$ (540,622)</u>	<u>\$ 8,581,941</u>	<u>\$ 33,396,421</u>

See Notes to Basic Financial Statements

**COUNTY OF CAYUGA, NEW YORK**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2012**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,972,301	\$ 1,889,564	\$ 2,903,675	\$ 8,765,540
Accounts receivable	311,649	-	1,299,485	1,611,134
Tax receivable	8,495,447	-	-	8,495,447
Notes and loans receivable, net	12,175,000	-	517,600	12,692,600
State and federal aid receivable	13,701,892	2,595,488	116,597	16,413,977
Due from other governments	472,542	-	-	472,542
Due from component units	1,000,281	1,742,076	-	2,742,357
Prepaid expenses	1,242,600	-	135,384	1,377,984
Due from other funds	13,189,358	-	2,144	13,191,502
Cash and cash equivalents, restricted	-	-	1,334,171	1,334,171
<b>TOTAL ASSETS</b>	<u>54,561,070</u>	<u>6,227,128</u>	<u>6,309,056</u>	<u>67,097,254</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable and other current liabilities	2,385,414	1,312,770	161,575	3,859,759
Accrued wages and benefits	1,733,040	-	225,099	1,958,139
Short-term notes	-	11,529,400	-	11,529,400
Due to other funds	2,345	12,282,808	95,623	12,380,776
Due to Cayuga County Health Insurance Consortium	1,953,506	-	-	1,953,506
Due to other governments	6,418,549	151,098	76,967	6,646,614
Deferred revenue	<u>17,972,835</u>	<u>-</u>	<u>517,600</u>	<u>18,490,435</u>
<b>Total liabilities</b>	<u>30,465,689</u>	<u>25,276,076</u>	<u>1,076,864</u>	<u>56,818,629</u>
Fund Balance:				
Nonspendable	1,242,600	-	135,384	1,377,984
Restricted	137,195	-	1,334,171	1,471,366
Assigned	6,769,759	-	3,762,637	10,532,396
Unassigned	<u>15,945,827</u>	<u>(19,048,948)</u>	<u>-</u>	<u>(3,103,121)</u>
<b>Total fund balance (deficiency)</b>	<u>24,095,381</u>	<u>(19,048,948)</u>	<u>5,232,192</u>	<u>10,278,625</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 54,561,070</u>	<u>\$ 6,227,128</u>	<u>\$ 6,309,056</u>	<u>\$ 67,097,254</u>

See Notes to Basic Financial Statements

**COUNTY OF CAYUGA, NEW YORK**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

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Total fund balances - governmental funds	\$ 10,278,625
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.</p>	57,193,630
<p>Notes receivable are not available to pay current period expenditures and therefore are deferred in the governmental funds.</p>	12,695,597
<p>Long term liabilities do not require the use of current financial resources and therefore are not reported in the governmental funds. They are as follows:</p>	
Serial bonds - excluding CTASC	(11,450,000)
Serial bonds - CTASC	(24,023,977)
Certificates of participation - Hospital	(12,175,000)
Pollution remediation obligation	(121,000)
Compensated absences	(2,367,711)
Other postemployment benefits	(36,004,336)
<p>Deferred property tax revenue is not available to pay for current period expenditures and, therefore, is deferred in the governmental funds.</p>	3,827,762
<p>Interest is accrued on outstanding CTASC bonds in the statement of net position but not in the governmental funds.</p>	(69,747)
<p>Inventory is noncurrent in nature and is therefore not reported in the governmental funds.</p>	<u>150,855</u>
Total net position of governmental activities	<u>\$ (2,065,302)</u>

See Notes to Basic Financial Statements

**COUNTY OF CAYUGA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real property taxes and tax items	\$ 36,662,450	\$ -	\$ -	\$ 36,662,450
Non-property tax items	42,161,241	-	-	42,161,241
Departmental income	9,941,785	-	235,772	10,177,557
Intergovernmental charges	214,993	337,262	1,052,073	1,604,328
Use of money and property	285,789	30,331	2,808	318,928
Licenses and permits	13,006	-	40	13,046
Fines and forfeitures	144,661	-	-	144,661
Sale of property and compensation for loss	21,204	-	-	21,204
Miscellaneous	2,191,954	639,873	1,501,551	4,333,378
State and county aid	16,505,002	6,669,365	3,162,008	26,336,375
Federal aid	12,791,915	1,771,880	655,585	15,219,380
Total revenues	<u>120,934,000</u>	<u>9,448,711</u>	<u>6,609,837</u>	<u>136,992,548</u>
<b>EXPENDITURES:</b>				
Current:				
General government support	32,974,066	16,139	111,867	33,102,072
Education	3,222,331	13,765,228	-	16,987,559
Public safety	17,115,237	11,770,537	-	28,885,774
Public health	12,518,564	-	-	12,518,564
Transportation	162,396	2,667,308	9,096,952	11,926,656
Economic assistance and opportunity	44,263,166	-	488,989	44,752,155
Culture and recreation	1,091,595	158,025	-	1,249,620
Home and community services	1,688,415	28,984	49,094	1,766,493
Employee benefits	193,169	-	1,999,332	2,192,501
Debt Service:				
Principal	1,240,000	-	3,060,000	4,300,000
Interest	804,900	-	1,431,874	2,236,774
Total expenditures	<u>115,273,839</u>	<u>28,406,221</u>	<u>16,238,108</u>	<u>159,918,168</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>5,660,161</u>	<u>(18,957,510)</u>	<u>(9,628,271)</u>	<u>(22,925,620)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers - in	15,634	934,880	8,926,692	9,877,206
Operating transfers - out	(8,033,276)	(297)	(1,843,633)	(9,877,206)
Total other financing sources (uses)	<u>(8,017,642)</u>	<u>934,583</u>	<u>7,083,059</u>	<u>-</u>
<b>CHANGES IN FUND BALANCE</b>	<u>(2,357,481)</u>	<u>(18,022,927)</u>	<u>(2,545,212)</u>	<u>(22,925,620)</u>
<b>FUND BALANCE - BEGINNING OF YEAR, as restated (Note 3)</b>	<u>26,452,862</u>	<u>(1,026,021)</u>	<u>7,777,404</u>	<u>33,204,245</u>
<b>FUND BALANCE (DEFICIENCY) - END OF YEAR</b>	<u>\$ 24,095,381</u>	<u>\$ (19,048,948)</u>	<u>\$ 5,232,192</u>	<u>\$ 10,278,625</u>

See Notes to Basic Financial Statements

**COUNTY OF CAYUGA, NEW YORK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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Net changes in fund balance - total governmental funds	\$ (22,925,620)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital assets (in the amount of \$20,693,478) as expenditures because such outlays use current financial resources, however the statement of activities capitalizes these expenditures. The outlay is allocated over assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays exceed depreciation expense.</p>	12,471,201
<p>Principal payments on debt service are reported as an expenditure in the governmental funds, and therefore reduce fund balance because current financial resources have been used. These payments are not an expense in the statement of activities.</p>	4,300,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The current year increase (decrease) to changes in net position are shown here:</p>	
Accrued interest on long-term debt	1,303
Compensated absences	(88,268)
Other postemployment benefit obligations	(9,571,673)
Income due to the change in deferred property tax revenue not recorded in governmental funds.	153,544
Net borrowings on Community Development Block Grant loans receivable, not recorded in governmental funds.	(71,613)
Revenue related to the Hospital's COP principal not recorded in governmental funds.	(1,240,000)
Current year accretion of capital appreciation bonds is not reflected in the governmental funds.	(744,527)
In the governmental funds, inventory purchases are reported as an expenditure. In the statement of activities, inventory is expensed as used.	1,078
In-kind revenue associated with donated capital assets is not recorded in the governmental funds.	<u>4,171,867</u>
Change in net position of governmental activities	<u>\$ (13,542,708)</u>

**COUNTY OF CAYUGA, NEW YORK**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND - CAYUGA COUNTY NURSING HOME**  
**DECEMBER 31, 2012**

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**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 1,972,247
Accounts receivable, net	2,754,247
Inventories	15,239
Prepaid expenses and other current assets	125,407
Non-current assets:	
Cash and cash equivalents, restricted	36,526
Capital assets, net	<u>963,622</u>
Total assets	<u>5,867,288</u>

**LIABILITIES**

Current liabilities:	
Accounts payable and other current liabilities	365,967
Accrued wages and benefits	213,139
Compensated absences	159,346
Due to other funds	485,227
Non-current liabilities:	
Other postemployment benefit obligations	3,082,403
Resident funds held in trust	<u>36,526</u>
Total liabilities	<u>4,342,608</u>

**NET POSITION**

Net investment in capital assets	963,622
Unrestricted	<u>561,058</u>
Total net position	<u>\$ 1,524,680</u>

See Notes to Basic Financial Statements

**COUNTY OF CAYUGA, NEW YORK**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**PROPRIETARY FUND - CAYUGA COUNTY NURSING HOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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<b>OPERATING REVENUES:</b>	
Charges for services	\$ 6,848,533
Contributions from governmental funds	252,286
Other operating revenue	<u>308,407</u>
Total operating revenues	<u>7,409,226</u>
 <b>OPERATING EXPENSES:</b>	
Nursing services	5,836,811
General services	1,255,084
Other professional services	283,236
Administrative	567,805
Depreciation and amortization	129,028
Bad debt expense	58,954
New York State cash receipts assessment	<u>318,017</u>
Total operating expenses	<u>8,448,935</u>
OPERATING INCOME	(1,039,709)
 <b>NON-OPERATING REVENUE:</b>	
Interest income	<u>6,620</u>
Total non-operating revenues	<u>6,620</u>
CHANGE IN NET POSITION	(1,033,089)
TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED (Note 3)	<u>2,557,769</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 1,524,680</u>

See Notes to Basic Financial Statements

**COUNTY OF CAYUGA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - CAYUGA COUNTY NURSING HOME  
FOR THE YEAR DECEMBER 31, 2012**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from providing services	\$ 6,306,848
Cash received from other operations	308,407
Cash received from governmental funds	252,286
Cash payments to suppliers	(3,724,125)
Cash payments to employees and for contractual services	(3,563,709)
Cash payments for New York State cash receipts assessment	<u>(318,017)</u>
Net cash utilized in operating activities	<u>(738,310)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Purchases of capital assets	<u>(158,543)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest income	<u>6,620</u>
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DECREASE IN CASH AND CASH EQUIVALENTS (890,233)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 2,862,480

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 1,972,247

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
UTILIZED IN OPERATING ACTIVITIES:**

Operating loss	\$ (1,039,709)
Adjustments to reconcile operating loss to net cash flows utilized in operating activities:	
Depreciation and amortization	129,028
Bad debt expense	58,954
Changes in:	
Accounts receivable	(1,372,502)
Inventories	2,369
Prepaid expense	(17,668)
Accounts payable and other current liabilities	149,529
Accrued liabilities	<u>1,351,689</u>
Net cash utilized in operating activities	<u>\$ (738,310)</u>

See Notes to Basic Financial Statements

**COUNTY OF CAYUGA, NEW YORK**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2012**

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	<u>Agency</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 2,256,116
Due from other funds	<u>202</u>
Total assets	<u><u>2,256,318</u></u>
<b>LIABILITIES:</b>	
Accounts payable and other current liabilities	1,930,617
Due to other funds	<u>325,701</u>
Total liabilities	<u><u>\$ 2,256,318</u></u>

See Notes to Basic Financial Statements

**COUNTY OF CAYUGA, NEW YORK  
COMBINING STATEMENT OF NET POSITION -  
PROPRIETARY COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Cayuga Community College</b>	<b>Cayuga County Water and Sewer Authority</b>	<b>Cayuga County Industrial Development Agency</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,651,468	\$ 514,462	\$ 174,823	\$ 4,340,753
Investments	11,569,892	-	90,776	11,660,668
Accounts receivable, net	8,734,663	214,818	31,438	8,980,919
Due from other governments	899,069	-	-	899,069
Notes and loans receivable	-	2,494,502	-	2,494,502
Prepaid expenses and other current assets	815,557	10,217	-	825,774
Inventories	-	-	753,051	753,051
Non-current assets:				
Cash and cash equivalents, restricted	879,750	2,351,463	-	3,231,213
Investments, restricted	-	-	150,618	150,618
Capital assets, net	38,305,236	15,688,313	-	53,993,549
Total assets	<u>64,855,635</u>	<u>21,273,775</u>	<u>1,200,706</u>	<u>87,330,116</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and other current liabilities	4,927,043	274,481	28,821	5,230,345
Accrued wages and benefits	1,389,150	16,920	-	1,406,070
Due to other governments	113,884	-	-	113,884
Deferred revenue	9,176,935	-	29,000	9,205,935
Long-term liabilities:				
Due within one year	994,640	1,608,361	-	2,603,001
Due in more than one year	29,195,929	6,178,531	-	35,374,460
Total Liabilities	<u>45,797,581</u>	<u>8,078,293</u>	<u>57,821</u>	<u>53,933,695</u>
<b>NET POSITION</b>				
Net investment in capital assets	12,963,911	7,964,421	-	20,928,332
Restricted	8,499,836	1,159,820	150,618	9,810,274
Unrestricted	(2,405,693)	4,071,241	992,267	2,657,815
Total net position	<u>\$ 19,058,054</u>	<u>\$ 13,195,482</u>	<u>\$ 1,142,885</u>	<u>\$ 33,396,421</u>

See Notes to Basic Financial Statements

**COUNTY OF CAYUGA, NEW YORK**  
**COMBINING STATEMENT OF ACTIVITIES - PROPRIETARY COMPONENT UNITS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Cayuga Community College</b>	<b>Cayuga County Water and Sewer Authority</b>	<b>Cayuga County Industrial Development Agency</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>				
Charges for services, net	\$ 10,710,944	\$ 1,161,083	\$ 5,321	\$ 11,877,348
Rental fees	-	-	4,400	4,400
Federal grants	12,470,813	4,146,315	-	16,617,128
State and local grants	1,387,328	-	-	1,387,328
Other grants and contracts	554,143	-	-	554,143
Other revenue	751,715	-	1,142	752,857
Total operating revenues	<u>25,874,943</u>	<u>5,307,398</u>	<u>10,863</u>	<u>31,193,204</u>
<b>OPERATING EXPENSES:</b>				
Instruction	13,711,452	-	-	13,711,452
Public service	127,320	-	-	127,320
Academic support	3,826,114	-	-	3,826,114
Student services	4,207,365	-	-	4,207,365
Institutional support	8,411,061	-	-	8,411,061
Operation and maintenance	5,626,780	20,306	-	5,647,086
Scholarships and fellowships	20,022,407	-	-	20,022,407
Administration	-	32,732	20,381	53,113
Water and sewer	-	453,372	-	453,372
Payroll, benefits and payroll taxes	-	156,542	-	156,542
Utilities	-	17,788	-	17,788
Legal and accounting	-	50,427	16,105	66,532
Insurance	-	11,025	-	11,025
Telephone	-	4,972	-	4,972
Depreciation	559,420	415,944	-	975,364
Other expenses	2,644,109	56,193	296,818	2,997,120
Total operating expenses	<u>59,136,028</u>	<u>1,219,301</u>	<u>333,304</u>	<u>60,688,633</u>
<b>OPERATING INCOME (LOSS):</b>	<u>(33,261,085)</u>	<u>4,088,097</u>	<u>(322,441)</u>	<u>(29,495,429)</u>
<b>NON-OPERATING REVENUE (EXPENSE):</b>				
State appropriations	8,188,227	-	-	8,188,227
Local appropriations	5,907,919	-	-	5,907,919
Federal tuition grants	9,283,654	-	-	9,283,654
State tuition grants	3,345,955	-	-	3,345,955
Private contributions	608,165	-	-	608,165
Interest income	811,738	2,107	1,930	815,775
Interest expense	(741,449)	(118,305)	-	(859,754)
Other revenue	2,244,315	328,990	1,002	2,574,307
Total non-operating revenue	<u>29,648,524</u>	<u>212,792</u>	<u>2,932</u>	<u>29,864,248</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS:</b>	<u>(3,612,561)</u>	<u>4,300,889</u>	<u>(319,509)</u>	<u>368,819</u>
<b>CONTRIBUTED CAPITAL:</b>				
State contributions	1,258,786	-	-	1,258,786
Local contributions	6,282,764	-	-	6,282,764
Total contributed capital	<u>7,541,550</u>	<u>-</u>	<u>-</u>	<u>7,541,550</u>
<b>CHANGE IN NET POSITION</b>	<u>3,928,989</u>	<u>4,300,889</u>	<u>(319,509)</u>	<u>7,910,369</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>15,129,065</u>	<u>8,894,593</u>	<u>1,462,394</u>	<u>25,486,052</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 19,058,054</u>	<u>\$ 13,195,482</u>	<u>\$ 1,142,885</u>	<u>\$ 33,396,421</u>

See Notes to Basic Financial Statements

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Background**

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 Board of Legislators, which is the legislative body responsible for the overall operation of the County, consists of the fifteen supervisors representing the towns in the County with each member's vote weighted on the basis of population in the town represented. 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: highway construction and maintenance, economic assistance and opportunity, educational assistance, public safety and law enforcement, public health, culture and recreation and home and community services.

The County financial reporting entity includes organizations, functions, and activities over which County elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) 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. For these reasons, the Cayuga County Nursing Home ("CNH") has been included in these statements as an enterprise fund. In addition, the Cayuga Tobacco Asset Securitization Corporation ("CTASC") has been included in these statements as a blended component unit of the Debt Service Fund.

**Financial Reporting Entity**

The accompanying basic financial statements are intended to report upon the financial position and results of operations of the individual major or nonmajor funds in accordance with generally accepted accounting principles in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB").

In accordance with GASB Statement No. 14 *The Financial Reporting Entity*, and Statement No. 39 *Determining Whether Certain Organizations are Component Units*, the basic financial statements of the County include the primary government and component units that are defined as legally separate organizations for which the primary government is financially accountable. Based upon the criteria for defining the financial reporting entity in Statements No. 14 and 39, financial accountability of the primary government is determined on the basis of the component unit's fiscal dependency, appointment of a voting majority of the component unit's governing board, ability to impose its will or potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Component Units - Discretely Presented**

*Governmental Fund Type*

The Cayuga County Soil and Water Conservation District ("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. Members of the SWCD's board of directors are appointed by the Board of Legislators, and administrative costs of the SWCD are funded primarily through County appropriations. The SWCD derives other revenues and performs other activities outside the County's general oversight responsibilities. Separate audited financial statements for the SWCD may be obtained by contacting SWCD directly.

*Proprietary Fund Types*

Cayuga Community College ("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. 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. The CCC has a fiscal year ending August 31. Balances for CCC in the County's December 31, 2012 financial statements reflect balances at August 31, 2012. Separate audited financial statements for the CCC may be obtained by contacting CCC directly.

The Cayuga County Industrial Development Agency ("CCIDA") is a public benefit corporation created by state legislation to promote the economic welfare, opportunities, and prosperity of the County's inhabitants. The CCIDA has the authority to issue tax exempt and taxable industrial revenue bonds for eligible projects in the County. Members of the CCIDA are appointed by the Board of Legislators; however, the directors have sole control over the management and operation of the CCIDA. Separate audited financial statements for the CCIDA may be obtained by contacting CCIDA directly.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Component Units - Discretely Presented (Cont'd)**

*Proprietary Fund Types (Cont'd)*

The Cayuga County Water and Sewer Authority District ("CCWSAD") 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 CCWSAD was created to finance, construct, operate, and maintain water and sewage facilities for the benefit of the residents of the County. Members of the CCWSAD are appointed by the County Board of Legislators; however, the Board of Legislators exercises no oversight responsibility for management of the CCWSAD or accountability for fiscal matters. Separate audited financial statements for the CCWSAD may be obtained by contacting CCWSAD directly.

**Component Units - Blended**

*Governmental Fund Type*

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 instrumentality part of, but separate and apart from, the County. CTASC is considered a governmental fund-type component unit (blended presentation within the Debt Service Fund) of the County in accordance with generally accepted accounting principles in the United States of America. CTASC has a board of directors comprised of three elected officials of the County. 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.

(Continued)

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Component Units - Blended (Cont'd)**

*Governmental Fund Type (Cont'd)*

The County, CCC, and the SWCD are all participants in a municipal cooperation agreement to create the Cayuga County Health Insurance Consortium (“Consortium”) for the sole purpose of purchasing a health insurance policy for its members. The participants have established a joint body which oversees the 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. Inclusion of this blended component unit in the County’s financial statements is necessary for conformity with generally accepted accounting principles in the United States. However, audited financial statements of the Consortium for the year ended December 31, 2012 were not available, and as a result, management has elected to omit the blended component unit from the County’s General Fund.

**Basis of Presentation**

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 and non-major funds).

*Government-wide Financial Statements*

In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County’s net position are reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The County first uses restricted resources to fund qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County’s functions, i.e., public safety, transportation, and economic assistance and opportunity. The functions are also supported by general government revenues (real property taxes and sales tax). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and grants and contributions. Program revenues must be directly associated with the function. Grants include operating-specific and discretionary (either operating or capital) grants. The net costs by function are normally covered by general revenue (real property taxes and sales taxes).

In addition, as a general rule, interfund activity has been eliminated from the government-wide financial statements.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Basis of Presentation (Cont'd)**

*Government-wide Financial Statements (Cont'd)*

The 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.

Amounts reported as charges for services include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

*Fund Financial Statements*

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

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

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Basis of Presentation (Cont'd)**

*Fund Financial Statements (Cont'd)*

Major Governmental Funds:

- General Fund - is the 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 Projects Fund - used to account for financial resources to be used for the acquisition, construction or renovation of capital facilities; or the acquisition of equipment.

Nonmajor governmental funds are other funds which do not meet the major fund criteria are aggregated and reported as nonmajor governmental funds. The following are reported as nonmajor governmental funds:

- Special Revenue Funds - used to account for taxes, user fees, or other revenues, which are raised or received and designated to provide special services to areas that may or may not encompass the whole County. Non-major special revenue funds include, Road Machinery Fund, Special Grant Fund, County Road Fund, and Miscellaneous Fund.
- 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 within the Debt Service fund.

Major Proprietary Fund:

This fund is used to account for the County's only enterprise fund, CNH, and is accounted for using the economic resource measurement focus and accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred. Operating revenue is revenue generated in the course of ordinary business in the execution of the mission of CNH.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Basis of Presentation (Cont'd)**

*Fund Financial Statements (Cont'd)*

Major Proprietary Fund (Cont'd):

Proprietary funds distinguish operating revenues and expenses from non-operating 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 are charges 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 non-operating revenues and expenses.

Fiduciary Fund :

The County's fiduciary funds are presented in the fiduciary fund financial statements as the agency fund. Since by definition these assets are being held for the benefit of a third-party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. These funds included in the Agency Fund are used to account for assets held by the local government in a trustee or custodial capacity.

**Basis of Accounting/Measurement Focus**

*Accrual*

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied, or when the related expense is incurred.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Basis of Accounting/Measurement Focus (Cont'd)**

*Modified Accrual*

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are deemed measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes receivable, which use a 60-day available period.

Material revenues that are accrued include real property taxes, state and federal aid, distributed sales taxes, certain user charges, and some departmental fees. 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 except that:

- a) Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursement.
- b) Principal and interest on indebtedness are not recognized as an expenditure until due and paid.
- c) Compensated absences, such as vacation and compensatory time which vests or accumulates, are charged as an expenditure when paid.

**Cash, Cash Equivalents and Investments**

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

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.

CNH, as trustee, holds residents' funds in an escrow account. These funds are expended at the direction of the residents for personal items. New York State Department of Health Regulations requires that these funds be reported as an asset and a liability on the balance sheet.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Accounts Receivable**

*Governmental Funds*

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

*Enterprise Funds*

CNH accounts receivable are for services provided to residents and consist of amounts owed directly from residents on a private pay basis and amounts owed from third-party payors on behalf of residents. Receivables from third party payors are recorded at established rates, net of contractual adjustments specific to each payor.

Receivables from private pay residents are recorded at established rates. Receivables are considered to be past due when payments have not been received by CNH within 30 days of their contractually stated due date. The provisions for the uncollectible private pay resident accounts receivable is based on management's assessment of the collectability of individual receivables and the aggregate aging of all private pay resident accounts receivable and is estimated to be \$324,140 at December 31, 2012. Losses are charged against the allowance for uncollectible private pay resident accounts receivable when management believes the uncollectibility of a receivable is confirmed.

CCC accounts receivable are stated net of an allowance for doubtful accounts. The allowance of \$454,744 is based on an estimate of uncollectible student tuition and fees.

**Due To/From Other Funds**

The amounts reported on the Government Funds Balance Sheet for due to and due from other funds represents amounts due between different governmental funds. Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**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") in 1994 to secure financing related to a Certificates of Participation ("COP") issue by the County for hospital improvements. The COP notes receivable is recorded in the General Fund.

**Tax Receivable**

There is an allowance for doubtful accounts for tax collections in the amount of approximately \$425,300.

**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, NEW YORK**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Capital Assets**

General capital assets are assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental-activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value on the date donated. The County maintains a capitalization threshold of \$5,000 for governmental funds and \$500 for all proprietary funds. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

*Governmental Funds*

Depreciation on all assets is provided on the straight-line basis over the following useful lives:

Land Improvements	20 Years
Buildings and Improvements	30 Years
Machinery and equipment	3 - 15 Years
Infrastructure	20 Years

*Proprietary Funds*

Depreciation has generally been provided using the straight-line method over the following estimated useful lives:

Land improvements	5 - 25 Years
Machinery and equipment (fixed & moveable)	3 - 25 Years
Buildings and building services	10 - 40 Years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt, where such amounts are material. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

(Continued)

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Capital Assets (Cont'd)**

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 within the proprietary funds are charged to expense as incurred; significant renewals and improvements are capitalized.

**Deferred Revenue**

The County reports deferred revenue in its basic financial statements. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the County has legal claim to resources, the liability for deferred revenue is removed and revenue is recognized.

**Compensated Absences**

The County accounts for compensated absences (unused vacation and compensatory time) as directed by GASB Statement No. 16 - *Accounting for Compensated Absences*. A liability for compensated absences 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.

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.

The County has computed the value of earned and unused vacation and compensatory time related to the governmental activities as of December 31, 2012 to be \$2,367,711. This represents vacation and compensatory time earned but not usable until 2013. It is anticipated that this time will be used in 2013. 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. The liability for vested compensated absences of the Cayuga County Nursing Home is recorded in this fund as the benefits accrue to employees. As of December 31, 2012, a liability existed for compensated absences in the CNH Fund in the amount \$159,346.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Revenue Recognition - CNH**

Net resident service revenue is reported at estimated net realizable amounts from residents, third-party payers, and others for services rendered and includes estimated retroactive revenue adjustments due to changes in case mix indexes and future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations. It is not possible to determine the extent of additional liability (or receivable) resulting from governmental audits conducted in subsequent years.

Laws and regulations governing reimbursement are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

**Encumbrances**

Encumbrance accounting, whereby purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the general and non-major funds. Encumbrances are reported as assigned fund balance since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**Medicaid Rate Reimbursement - CNH**

As a result of the 2011 New York State ("NYS") Legislative session, the final budget agreement included provisions to rebase and restructure the nursing home Medicaid payment system. A total of \$210 million was added system-wide as transition payments to implement the new reimbursement methodology. Allowable costs for Medicaid rate calculations previously were based on 1983 costs trended forward. Under the new reimbursement system, allowable costs for Medicaid rate calculations will be based on 2007 costs trended forward. Also, in order to prevent the system from becoming outdated in the future, the legislation requires that the reimbursement formula be updated no less than every six years. For the year ended December 31, 2011, CNH actually received \$353,038 for Medicaid rebasing. CNH adjusted \$256,662 to bad debt as of December 31, 2011 for an amount not received from Medicaid rebasing.

**Equity Classifications**

*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, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* - consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations for other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - all other remaining net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

The County's policy is to use restricted net position prior to utilizing unrestricted funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Equity Classifications (Cont'd)

*Fund Financial Statements*

Governmental fund balances are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. When funds from more than one classification may be used to satisfy an expenditure, the County's policy is to utilize funds with the strongest spending constraints first.

- *Nonspendable fund balance* - amounts that are not in a spendable form or are required to be maintained intact. Nonspendable balances are comprised of prepaid expenses in the amount of \$1,246,600 in the General Fund and \$135,384 in prepaid expenses in the nonmajor governmental funds.
- *Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. Restricted balances are comprised of \$137,195 restricted by New York State for DWI programs and \$1,334,171 of restricted cash in the Debt Service Fund.
- *Assigned fund balance* - amounts the County intends to use for a specific purpose; intent for which must be expressed by the County Legislature or Department management. Any remaining positive fund balance amounts for funds other than General Fund are classified as assigned. In the General Fund, assigned fund balance is comprised of \$4,875,786 of 2013 approximated fund balance; \$527,089 in casualty and liability designations; \$548,591 in unemployment designations; \$285,152 in encumbrances and a number of other small designations.
- *Unassigned fund balance* - amounts within the General Fund that do not meet the definition of the above four classifications and are deemed to be available for general use by the County, or any remaining negative fund balance for funds other than General Fund.

Proprietary funds equity is classified using the same definitions listed under government-wide financial statements.

The County's policy is to use restricted or assigned resources prior to utilizing unassigned funds.

(Continued)

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Property Taxes**

County real property taxes are levied annually no later than December 31<sup>st</sup> and become a lien on January 1. 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 revenue. 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.

Real property taxes for the County are levied together with taxes for town and special district purposes on January 1, and are due within 30 days. The towns and special districts receive the full amount of their levies annually.

The 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 deferred tax revenue of approximately \$3,800,000 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Interfund Transfers**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

Short-term advances between funds are accounted for in the appropriate due from (to) other funds accounts. Transactions between funds that would be treated as revenues or expenditures/expenses if they involved organizations external to the governmental unit are accounted for as revenues or expenditures/expenses in the funds involved. Transactions that constitute reimbursements to a fund for expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of the expenditure in the fund that is reimbursed. All other legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

**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.

**Subsequent events**

Subsequent events have been evaluated by management through November 21, 2013 which is the date the financial statements were available to be issued.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Data**

The only fund required to have a legally approved budget is the General Fund, and it is presented as required supplementary information in the financial statement. After public hearings are conducted to obtain taxpayer comments, but no later than December 20, the Board of Legislators adopts the County budget.

The annual budget, as amended, sets limitations on the amount of resources which can be expended during the year except for the following:

a. *Capital Projects Fund*

Budgetary controls are established for the Capital Projects Fund through resolutions as adopted by the Legislative Board authorizing individual projects which remain in effect for the life of the project.

b. *Special Grant Fund*

Budgetary controls for the Special Grant Fund are established in accordance with the Grant agreement which covers a period other than that of the County's year. However, the County does account for the Special Grant Funds on a County year basis.

**Budgetary Basis of Accounting**

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.

(Continued)

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**3. RESTATEMENT**

**Governmental Activities**

Management has elected to omit the presentation of a blended component unit, Cayuga County Health Insurance Consortium as of December 31, 2012. This results in a necessary adjustment to assets of \$17,952,369, an adjustment to liabilities of \$2,114,882 and a decrease in net position in the amount of \$15,837,487 in the General Fund for the year ended December 31, 2011.

In addition, accounts receivable and revenues were understated by \$1,086,680 in the Capital Projects Fund at December 31, 2011.

An adjustment was made to decrease net position by \$14,750,807 at January 1, 2012. The net effect of the adjustment is as follows:

	Net Position Previously Reported <u>December 31, 2011</u>	Effect of Restatement	Net Position Restated at <u>January 1, 2012</u>
Governmental Activities	\$ 26,228,213	\$ (14,750,807)	\$ 11,477,406

**Governmental Funds - General Fund**

Management has elected to omit the presentation of a blended component unit, Cayuga County Health Insurance Consortium, resulting in an overstatement of assets by \$17,952,369, an overstatement of liabilities by \$2,114,882 as of December 31, 2011, and an overstatement of the change in fund balance by \$15,837,487 for the year ended December 31, 2011. An adjustment was made to decrease fund balance by \$15,837,487 at January 1, 2012. The net effect of the adjustment is as follows:

	Fund Balance Previously Reported <u>December 31, 2011</u>	Effect of Restatement	Fund Balance Restated at <u>January 1, 2012</u>
General Fund	\$ 42,290,349	\$ (15,837,487)	\$ 26,452,862

(Continued)

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**3. RESTATEMENT (CONT'D)**

**Governmental Funds - Capital Projects Fund**

Accounts receivable and revenues were understated by \$1,086,680 in the Capital Projects Fund at December 31, 2011. An adjustment was made to increase fund balance at January 1, 2012 in the amount of \$1,086,680. The net effect of the adjustment is as follows:

	Fund Balance Previously Reported December 31, 2011	Effect of Restatement	Fund Balance Restated at January 1, 2012
Capital Projects Fund	\$ (2,112,701)	\$ 1,086,680	\$ (1,026,021)

**Business Type Activities - CNH**

Compensated absences liabilities and related payroll expense were understated by \$118,078 in the CNH Fund at December 31, 2011. An adjustment was made to decrease net position at January 1, 2012 in the amount of \$118,078. The net effect of the adjustment is as follows:

	Net Position Previously Reported December 31, 2011	Effect of Restatement	Net Position Restated at January 1, 2012
CNH Fund	\$ 2,675,847	\$ (118,078)	\$ 2,557,769

(Continued)

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**4. CASH AND CASH EQUIVALENTS**

State statutes govern the County's investment policies. The County has its own written deposit and investment policy, which is compliant with Section 39 of the General Municipal Law. County monies must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within New York State. The County Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and its agencies, repurchase agreements, and general obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities. At year-end, demand deposits and certificates of deposit for the County were entirely covered by FDIC insurance or collateral held by trust companies located within the State.

Cash and cash equivalents consisted of demand deposit accounts, money market accounts, savings accounts, and short-term certificates of deposit. Restricted cash and cash equivalents represent cash and cash equivalents where use is limited by legal requirements.

At December 31, 2012 the carrying amount of the County's deposits (excluding the proprietary fund) with financial institutions was approximately \$40,027,000. Of this amount, approximately \$14,513,000 represents money market accounts, \$549,000 represents certificates of deposit and approximately \$26,965,000 represents cash. At December 31, 2012, deposits in the amount of approximately \$143,000 were not collateralized or insured by the FDIC.

**4. CASH AND CASH EQUIVALENTS (CONT'D)**

**Proprietary Funds**

CNH maintains cash balances at several financial institutions. Accounts at each institution are insured by the FDIC up to \$250,000 for the year ended December 31, 2012. The amounts over the FDIC limit are secured by United States Treasury Bills.

**Interest Rate Risk**

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

**Credit Risk**

The County's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the County's investment and deposit policy, all deposits of the County including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of securities with an aggregate value from 100% to 104% where noted, of the aggregate amount of deposits. The County restricts the securities to the following eligible items:

- Obligations issued, fully insured, or guaranteed as to the payment of principal and interest, by the United States, an agency thereof, or a United States government sponsored corporation.
- Obligations partially insured or guaranteed by any agency of the United States.
- Obligations issued or fully insured or guaranteed by New York State.
- Obligations issued by a municipal corporation, school district, or district corporation of New York State.

(Continued)

**4. CASH AND CASH EQUIVALENTS (CONT'D)**

**Custodial Credit Risk - Deposits (Cont'd)**

- Obligations of counties, cities, and other governmental entities of a state other than New York State having the power to levy taxes that are backed by the full faith and credit of such governmental entity.
- By a pledge of eligible securities with an aggregate market value equal to the aggregate of deposits, from the categories designated in the County's investment policy.
- By an eligible irrevocable letter-of-credit issued by a qualified bank other than the bank with deposits in favor of the County of a term not to exceed ninety days with an aggregate value equal to 104% of the amount of deposits and the agreed upon interest, if any.
- By an eligible surety bond payable to the County for an amount equal to 100% of the aggregate amount of the deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims paying ability is rated in the highest category by at least two nationally recognized statistical rating organizations.

The County does not have any foreign currency investments, securities lending agreements, or derivative instruments.

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**5. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS**

**Interfund Receivables and Payables**

To improve cash management, most County disbursements are made from a pooled account in the General Fund. This cash management practice, as well as normal delays in processing interfund transfers and reimbursements, is the main reason why interfund receivables and payables exist. These receivables and payables are short term in nature and are typically repaid in less than one year. The following schedule summarizes individual fund interfund receivables and payables at December 31, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 13,189,358	\$ 2,345
Capital Projects Fund	-	12,282,808
CNH Fund	-	485,227
County Road Fund	-	-
Special Grant Fund	-	80,000
Miscellaneous Fund	2,144	-
Debt Service Fund	-	15,623
Agency Fund	202	325,701
Total	<u>\$ 13,191,704</u>	<u>\$ 13,191,704</u>

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**5. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (CONT'D)**

**Interfund Transfers**

Cash transfers from one fund to another without a requirement for repayment are reported as interfund transfers and are part of the annual budget process. Interfund transfers are reported as other financing sources/uses in governmental funds. For the primary government, operating transfers in, and operating transfers out, which were routine in nature, for the year ended December 31, 2012 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 15,634	\$ 8,033,276
Capital Projects Fund	934,880	297
Debt Service Fund	988,175	15,633
Road Machinery Fund	1,800,000	-
County Road Fund	6,138,220	1,828,000
Miscellaneous Fund	297	-
Total	<u>\$ 9,877,206</u>	<u>\$ 9,877,206</u>

**6. NOTES AND LOANS RECEIVABLE**

A notes receivable in the Special Grant Fund consist of microenterprise development loans funded through the Small Cities Community Development Block Grant, with interest rates ranging from 0% - 5%.

	<u>Balance at</u>		<u>Balance at</u>
	<u>January 1</u>	<u>Additions</u>	<u>December 31</u>
CDBG loans	\$ 589,213	\$ 182,000	\$ (253,613) \$ 517,600

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**7. CAPITAL ASSETS**

The County's capital assets activity for the year ended December 31, 2012 for governmental activities was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Nondepreciable assets:				
Land	\$ 2,856,464	\$ 9,999	\$ -	\$ 2,866,463
Construction in progress	<u>7,439,210</u>	<u>14,549,943</u>	<u>(990,283)</u>	<u>20,998,870</u>
Total non-depreciable assets	<u>10,295,674</u>	<u>14,559,942</u>	<u>(990,283)</u>	<u>23,865,333</u>
Depreciable assets:				
Buildings and improvements	40,127,788	5,116,367	-	45,244,155
Machinery and equipment	14,158,453	1,017,169	(146,652)	15,028,970
Infrastructure	<u>20,546,099</u>	<u>-</u>	<u>-</u>	<u>20,546,099</u>
Total depreciable assets	<u>74,832,340</u>	<u>6,133,536</u>	<u>(146,652)</u>	<u>80,819,224</u>
Accumulated depreciation:				
Buildings and improvements	(17,453,328)	(1,225,539)	-	(18,678,867)
Machinery and equipment	(10,541,154)	(1,368,058)	120,788	(11,788,424)
Infrastructure	<u>(16,582,971)</u>	<u>(440,665)</u>	<u>-</u>	<u>(17,023,636)</u>
Total accumulated depreciation	<u>(44,577,453)</u>	<u>(3,034,262)</u>	<u>120,788</u>	<u>(47,490,927)</u>
Net depreciable assets	<u>30,254,887</u>	<u>3,099,274</u>	<u>(25,864)</u>	<u>33,328,297</u>
Capital assets, net	<u>\$ 40,550,561</u>	<u>\$ 17,659,216</u>	<u>\$ (1,016,147)</u>	<u>\$ 57,193,630</u>

(Continued)

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**7. CAPITAL ASSETS (CONT'D)**

Depreciation expense was charged to the County's functions and programs as follows:

Governmental activities:

General government support	\$ 2,119,228
Public safety	543,479
Public health	9,689
Transportation	319,166
Economic assistance and development	22,520
Culture and recreation	<u>20,180</u>
Total depreciation expense	<u>\$ 3,034,262</u>

The County's capital assets activity for the year ended December 31, 2012 for business-type activities was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Land and land improvements	\$ 756,838	\$ 4,876	\$ -	\$ 761,714
Buildings and building services	1,970,276	-	-	1,970,276
Fixed equipment	891,710	143,070	-	1,034,780
Moveable equipment	<u>1,141,817</u>	<u>10,597</u>	-	<u>1,152,414</u>
Total depreciable assets	<u>4,760,641</u>	<u>158,543</u>	-	<u>4,919,184</u>
Accumulated depreciation:				
Land improvements	(693,885)	(14,228)	-	(708,113)
Building and building services	(1,915,853)	(3,796)	-	(1,919,649)
Fixed equipment	(326,235)	(44,218)	-	(370,453)
Moveable equipment	<u>(890,561)</u>	<u>(66,786)</u>	-	<u>(957,347)</u>
Total accumulated depreciation	<u>(3,826,534)</u>	<u>(129,028)</u>	-	<u>(3,955,562)</u>
Capital assets, net	<u>\$ 934,107</u>	<u>\$ 29,515</u>	<u>\$ -</u>	<u>\$ 963,622</u>

(Continued)

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**8. PENSION PLANS**

The County (including CNH) and CCC participate in the New York State and Local Employees' Retirement System ("ERS") with CCC also participating in the New York State Teachers' Retirement System ("TRS") and the TIAA-CREF optional retirement plan. These are cost sharing multiple employer retirement systems. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of its funds. The Systems issue a publicly available financial report that included financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

(Continued)

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**8. PENSION PLANS (CONT'D)**

**Funding Policy**

The Systems are non-contributory except for employees who joined New York State and Local Employees' Retirement System after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. For employees who joined after January 1, 2012 and prior to April 1, 2012, employees contribute 3% of their salary throughout their active membership. For employees who joined on or after April 1, 2012, employees contribute 3% to 6% of their salary depending on the amount of their salary throughout active membership. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The County (including CNH) and CCC are required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	County (excluding CNH)	CNH	CCC
2012	\$ 5,210,874	\$ 467,560	\$ 1,324,342
2011	4,620,561	383,513	881,971
2010	3,580,417	215,324	493,719

The contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Contributions by CCC to the TIAA/CREF optional retirement plan were \$722,233 in 2012.

**9. FINANCING ARRANGEMENTS**

**Short-term Notes**

Liabilities for bond anticipation notes ("BAN") are generally accounted for in the Capital Projects Fund. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter.

State law requires that BANs issued for capital purposes be retired or converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The short-term BAN interest expense amounted to \$147,417.

(Continued)

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**9. FINANCING ARRANGEMENTS (CONT'D)**

**Short-term Notes (Cont'd)**

The following is a summary of current obligations outstanding at December 31, 2012:

	Balance at January 1	Additions	Deductions	Balance at December 31
Emergency Communications (911)	\$ 10,000,000	\$ -	\$(10,000,000)	\$ -
Emergency Communications (911)	-	10,064,400	-	10,064,400
Soil & Water Digester	1,500,000	-	(1,500,000)	-
Soil & Water Digester	-	1,465,000	-	1,465,000
Total governmental activities	<u>\$ 11,500,000</u>	<u>\$ 11,529,400</u>	<u>\$(11,500,000)</u>	<u>\$ 11,529,400</u>

The following is a summary of the maturity of bond anticipation notes outstanding at December 31, 2012:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding December 31</u>
Governmental activities:				
Emergency Communications (911)	2/9/2012	2/13/2013	1.25%	\$ 10,064,400
Soil & Water Digester	4/27/2012	4/26/2013	1.68%	<u>1,465,000</u>
				<u>\$ 11,529,400</u>

**Short-term Notes - CCWSA**

The Authority utilizes short-term notes to fund construction on a sewer project in anticipation of receiving federal grants and long-term financing. During March 2012, the Authority's revenue refunding note (RRN) was renewed for an amount of \$2,500,000 with interest of 2%. Total principal repayments of \$1,250,000 were made during the year. State law requires that notes issued for general purposes be converted to long-term financing within five years after the original issue date.

	Balance at January 1, 2012	Increases	Decreases	Balance at December 31, 2012
2011 Revenue refunding note	\$ 3,640,000	\$ -	\$ (3,640,000)	\$ -
2012 Revenue refunding note	-	2,500,000	(1,250,000)	1,250,000
	<u>\$ 3,640,000</u>	<u>\$ 2,500,000</u>	<u>\$ (4,890,000)</u>	<u>\$ 1,250,000</u>

(Continued)

**9. FINANCING ARRANGEMENTS (CONT'D)**

**Serial Bonds - Excluding CTASC**

The County borrows money in order to acquire land or high cost equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the County. The provision to be made in 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.

Total long-term serial bond interest expense excluding CTASC for 2012 was \$439,675.

**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 \$33,338,337 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.

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**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**9. FINANCING ARRANGEMENTS (CONT'D)**

**Serial Bonds - CTASC (Cont'd)**

The Series 2000 bonds are composed of the bonds which mature from June 1, 2002 through June 1, 2042, without flexible amortization, and from June 1, 2001 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:

- \$2,410,549 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.

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**9. FINANCING ARRANGEMENTS (CONT'D)**

**Other Long-Term Obligations**

In addition to long-term bonded debt, the County had the following other obligations:

*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 that 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, 2012, the COPs outstanding aggregated \$12,175,000 and are to be paid serially in varying amounts through 2020. Interest paid in connection with this agreement was \$804,900.

The following is a summary of maturing debt service requirements of the COPs:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,315,000	\$ 730,500	\$ 2,045,500
2014	1,395,000	651,600	2,046,600
2015	1,475,000	567,900	2,042,900
2016	1,565,000	479,400	2,044,400
2017	1,655,000	385,500	2,040,500
2018-2020	<u>4,770,000</u>	<u>560,100</u>	<u>5,330,100</u>
	<u>\$ 12,175,000</u>	<u>\$ 3,375,000</u>	<u>\$ 15,550,000</u>

*Pollution Remediation Obligations*

In 2012 the County did not recognize any recoveries. The total liability at December 31, 2012 was \$121,000. 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.

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**9. FINANCING ARRANGEMENTS (CONT'D)**

**Summary of Long-Term Debt**

The following is a summary of long-term obligations outstanding at December 31:

	Balance January 1	Increases	Decreases	Due in One Year	Due in More Than One Year
Governmental activities:					
Serial Bonds - excluding CTASC	\$ 14,250,000	\$ -	\$ (2,800,000)	\$ 580,000	\$ 10,870,000
Serial Bonds - CTASC	23,539,450	744,527	(260,000)	1,375,000	22,648,977
Certificates of participation - Hospital	13,415,000	-	(1,240,000)	1,315,000	10,860,000
Pollution remediation obligation	121,000	-	-	-	121,000
Compensated absences	2,279,443	88,268	-	2,367,711	-
Other postemployment benefits	26,432,663	14,060,612	(4,488,939)	-	36,004,336
Total governmental activities	80,037,556	14,893,407	(8,788,939)	5,637,711	80,504,313
Business-type activities:					
Other postemployment benefits	2,240,016	1,192,309	(349,922)	-	3,082,403
Compensated absences	140,650	18,696	-	159,346	-
Total business-type activities	2,380,666	1,211,005	(349,922)	159,346	3,082,403
Total primary government	<u>\$ 82,418,222</u>	<u>\$ 16,104,412</u>	<u>\$ (9,138,861)</u>	<u>\$ 5,797,057</u>	<u>\$ 83,586,716</u>

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

	Issue Date	Final Maturity	Interest Rate
Governmental activities:			
Serial Bonds - excluding CTASC:			
Public improvement serial bonds	2010	2028	2.00-3.375%
COPs - Hospital	2005	2020	6.00%
Serial Bonds - CTASC	2000	2042	5.00- 6.25%
Serial Bonds - CTASC	2005	2039	6.00- 7.85%

The following is a summary of maturing debt service requirements for general obligation serial bonds excluding CTASC:

	Principal	Interest	Total
2013	\$ 580,000	\$ 326,875	\$ 906,875
2014	590,000	314,437	904,437
2015	605,000	300,994	905,994
2016	620,000	287,213	907,213
2017	635,000	270,713	905,713
2018 - 2022	3,480,000	1,051,237	4,531,237
2023 - 2027	4,050,000	480,950	4,530,950
2028	890,000	15,019	905,019
	<u>\$ 11,450,000</u>	<u>\$ 3,047,438</u>	<u>\$ 14,497,438</u>

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**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**9. FINANCING ARRANGEMENTS (CONT'D)**

**Summary of Long-Term Debt (Cont'd)**

The following is a summary of maturing debt service requirements 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:

	<u>2000</u> Series	<u>2005</u> Series
2013	\$ 1,375,000	\$ -
2014	600,000	-
2015	630,000	-
2016	665,000	339,101
2017	700,000	562,008
Thereafter	<u>8,945,000</u>	<u>35,436,022</u>
	<u>\$ 12,915,000</u>	<u>\$ 36,337,131</u>

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

Under the terms of the Indenture, CTASC is required to maintain certain deposits to fund debt service payments, if needed. Such deposits are included investments in the basic financial statements. In addition, CTASC is subject to various debt covenants, including limitations on expenses/expenditures, and compliance with Indenture agreement requirements. CTASC was in compliance with all covenants and indenture agreement requirements at 2012.

A principal payment in the amount of \$260,000 was made during 2012 in accordance with the Series 2000 bonds.

**Interest - CTASC**

Interest expense on CTASC bonds payable was \$1,588,006 in 2012. In 2012, cash paid for interest was \$844,782.

(Continued)

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**9. FINANCING ARRANGEMENTS (CONT'D)**

**Summary of Long-Term Debt (Cont'd)**

**EFC Bonds - Component Unit - CCWSA**

In 1999 the County was the recipient of \$3,517,809 in New York State Environmental Facilities Corporation (“EFC”) bonds for the sole purpose of construction of a water main by CCWSA. Proceeds from the bonds on the closing date were sent directly to the CCWSA by NYS EFC; this was a noncash transaction for the County. The County acts as the guarantor of the bonds. All principal and interest payments are made by the CCWSA with CCWSA funds. The bonds are reported on the financial statements of the CCWSA, and not the books of the County. As the County is the guarantor, the following information is presented:

The following is the activity of the EFC bonds in 2012:

	Balance January 1	Increases	Decreases	Due in One Year	Due in More Than One Year
EFC bonds	\$ 1,300,000	\$ -	\$ (210,000)	\$ 210,000	\$ 880,000

The following is a summary of maturing debt service requirements for the CCWSA EFC bonds:

	<u>EFC Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 210,000	\$ 23,052	\$ 233,052
2014	215,000	19,361	234,361
2015	220,000	14,822	234,822
2015	225,000	9,377	234,377
2017	<u>220,000</u>	<u>3,207</u>	<u>223,207</u>
	<u>\$ 1,090,000</u>	<u>\$ 69,819</u>	<u>\$ 1,159,819</u>

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**9. FINANCING ARRANGEMENTS (CONT'D)**

**Summary of Long-Term Debt (Cont'd)**

**Component Units**

	Balance January 1	Increases	Decreases	Due in One Year	Due in More Than One Year
Governmental Component Units:					
SWCD -					
Other post employment benefits	\$ 920,852	\$ 222,770	\$ -	\$ -	\$ 1,143,622
Capital leases	99,321	-	(19,406)	19,985	59,930
Compensated absences	<u>269,695</u>	<u>-</u>	<u>(83,217)</u>	<u>-</u>	<u>186,478</u>
Total governmental	<u>1,289,868</u>	<u>222,770</u>	<u>(102,623)</u>	<u>19,985</u>	<u>1,390,030</u>
Proprietary Component Units:					
CCC -					
Bonds payable	9,141,851	13,956,134	(317,850)	994,640	21,785,495
Other postemployment benefits	6,593,256	817,178	-	-	7,410,434
CCWSA -					
Notes and bonds payable - Including EFC bonds	<u>5,839,242</u>	<u>987,000</u>	<u>(289,350)</u>	<u>358,361</u>	<u>6,178,531</u>
Total proprietary	<u>\$ 21,574,349</u>	<u>\$ 15,760,312</u>	<u>\$ (607,200)</u>	<u>\$ 1,353,001</u>	<u>\$ 35,374,460</u>

The following is a summary of maturing debt service requirements for the CCC and CCWSA bonds:

	CCC			CCWSA		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 994,640	\$ 721,255	\$ 1,715,895	\$ 358,361	\$ 100,877	\$ 459,238
2014	1,031,695	698,156	1,729,851	3,530,311	95,486	3,625,797
2015	1,104,531	676,221	1,780,752	276,259	83,720	359,979
2016	7,484,658	651,573	8,136,231	282,471	76,840	359,311
2017	526,622	625,476	1,152,098	277,694	69,136	346,830
2018 - 2022	2,887,109	2,705,600	5,592,709	293,223	286,355	579,578
2023 - 2027	3,400,621	1,938,611	5,339,232	271,718	231,062	502,780
2028 - 2032	2,859,934	1,077,044	3,936,978	310,281	181,413	491,694
2033 - 2037	1,754,595	436,480	2,191,075	352,561	121,991	474,552
2038 - 2042	735,730	78,975	814,705	335,013	53,105	388,118
2043 - 2047	-	-	-	176,000	18,248	194,248
2048 - 2049	-	-	-	73,000	1,676	74,676
	<u>\$ 22,780,135</u>	<u>\$ 9,609,391</u>	<u>\$ 32,389,526</u>	<u>\$ 6,536,892</u>	<u>\$ 1,319,909</u>	<u>\$ 7,856,801</u>

(Continued)

**COUNTY OF CAYUGA, NEW YORK**  
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**10. OPERATING LEASES**

The County leases portions of property to unrelated business organizations under both cancelable and non-cancelable operating lease agreements. Payments under the leases are received monthly in accordance with lease agreements. Rental income in 2012 amounted to approximately \$193,000 and is included in the statement of activities as use of money and property. The future minimum rentals under non-cancelable leases are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2013	\$ 115,365
2014	97,222
2015	98,899
2016	100,575
2017	<u>102,251</u>
TOTAL	<u>\$ 514,312</u>

**11. 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. Under GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the assets and the corresponding liabilities of the Plan are not reported as part of the County.

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 \$7,894,464 at December 31, 2012. Contributions made by employees during the year ended December 31, 2012 were \$734,694.

**12. POSTEMPLOYMENT HEALTH CARE BENEFITS**

**Plan Description**

The County provides certain health care benefits for retired employees of the County (including CNH) and CCC. The County administers the Retirement Benefits Plan (the "Retirement Plan") as a single-employer defined benefit Other Postemployment Benefit Plan ("OPEB").

(Continued)

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**12. POSTEMPLOYMENT HEALTH CARE BENEFITS (CONT'D)**

In general, the County provides health insurance coverage for retired employees, their spouses and their dependents. Substantially all the County's employees may become eligible for this benefit if they reach the normal retirement age while working and meet the years of service requirement, based on hire date.

The Retirement Plan can be amended by action of the County subject to applicable collective bargaining and employment agreements. The number of retired employees currently eligible to receive benefits at December 31, 2012 was approximately 440. The Retirement Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

**Funding Policy**

The obligations of the Retirement Plan are established by action of the County pursuant to applicable collective bargaining and employment agreements. The County will pay its portion of the premium for the retiree and spouse for the lifetime of the retiree. The costs of administering the Retirement Plan are paid by the County. The County currently contributes enough money to the Retirement Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums.

**Annual OPEB Cost and Net OPEB Obligation**

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Retirement Plan, and the changes in the County's net OPEB obligation, including those amounts allocated to CCC and CNH:

	County (excluding CNH)	CNH	CCC
Annual required contribution	\$ 13,003,305	\$ 1,102,708	\$ 2,266,909
Interest on net OPEB obligation	1,057,307	89,601	281,060
Adjustment to ARC	<u>(1,590,214)</u>	<u>(134,761)</u>	<u>(422,721)</u>
Annual OPEB cost	12,470,398	1,057,548	2,125,248
Contributions made	<u>(2,898,725)</u>	<u>(215,161)</u>	<u>(1,308,070)</u>
Increase in net OPEB obligation	9,571,673	842,387	817,178
Net OPEB obligation - beginning of year	<u>26,432,663</u>	<u>2,240,016</u>	<u>6,593,256</u>
Net OPEB obligation - end of year	<u>\$ 36,004,336</u>	<u>\$ 3,082,403</u>	<u>\$ 7,410,434</u>
Percentage of Annual OPEB Cost Contributed	23.3%	20.4%	61.6%

(Continued)

**12. POSTEMPLOYMENT HEALTH CARE BENEFITS (CONT'D)**

**Funded Status and Funding Progress**

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Retirement 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 Retirement Plan is currently not funded.

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members and include the types of benefits provided at the time of the 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 that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation for the County and CNH, the following methods and assumptions were used:

Actuarial cost method	Projected unit credit
Discount rate	4.0%
Inflation assumption	2.9%
Unfunded actuarial accrued liability:	
Amortization period	30 years
Amortization method	Level percentage of payroll
Amortization basis	Closed

In the August 31, 2012 actuarial valuation for the CCC, the following methods and assumptions were used:

Actuarial cost method	Projected unit credit
Discount rate	4.0%
Medical care cost trend rate	2.0% to 6.6% for medical cost and prescription drug costs.

The same assumptions used for the County and CNH as of December 31, 2012 were used in determining the unfunded actuarial accrued liability.

(Continued)

**13. CONCENTRATIONS AND CONTINGENCY COMMITMENTS**

**Concentrations**

The County has collective bargaining agreements ("CBA") with several employee unions. These CBA expire at various times. The unions represent greater than 65% of the County's workforce.

**Concentrations - CNH**

CNH receives net residents services revenue from Medicaid and Medicare programs, private payments and other programs. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. CNH believes that it is in compliance with all applicable laws and regulations. Provisions for adjustments related to these programs are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. It is anticipated that certain outstanding settlements will be finalized in the near term and there is at least a reasonable possibility that the final settlements may differ materially from amounts currently recorded. In addition, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Concentrations of net resident service revenue are as follows:

Medicare 22%  
Medicaid 59%  
Private payor and other 19%

CNH grants credit without collateral to its residents, most of who are insured under third part payor agreements. Concentrations of resident accounts receivable by payor classes are as follows:

Medicare 25%  
Medicaid 24%  
Private payor and other 51%

**Contingencies - General**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures which may be disallowed by the grantor cannot be determined at this time although the County government expects such amount, if any, to be immaterial.

The County is the defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material effect on the financial condition of the County government.

(Continued)

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**13. CONCENTRATIONS AND CONTINGENCY COMMITMENTS (CONT'D)**

**Contingency Commitments - CNH**

CNH is involved in legal proceedings arising from its normal course of operations. Although it is not possible to determine the final outcome of these matters, management believes the aggregate liability, if any, resulting from such proceedings will not have a material adverse effect on CNH's assets, liabilities, net assets, operations or cash flows.

**14. RISK MANAGEMENT**

**Liability**

The County assumes the liability for some risk including, but not limited to, general and personal injury liability. The County is insured up to \$10,000,000 with a deductible of \$100,000 per occurrence, subject to an aggregate annual limit of \$20,000,000.

**Workers' Compensation**

The County is fully insured for workers' compensation benefits through a private carrier.

**Unemployment**

County employees are entitled to coverage under the New York State Unemployment Insurance Law. The County has elected to discharge its liabilities to the New York State Unemployment Insurance Fund (the "Fund") by the benefit reimbursement method, a dollar-for-dollar reimbursement to the Fund for benefits paid from the Fund to former employees.

**15. NEW PRONOUNCEMENTS**

As of January 1, 2012, the County adopted the provision of GASB Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountant Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. In addition, GASB Statement No. 62 eliminated the election to apply post-November 30, 1989 FASB statements and interpretations that do not conflict with or contradict GASB pronouncements. The implementation of this guidance did not have a significant effect on the County's financial statements.

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**15. NEW PRONOUNCEMENTS (CONT'D)**

As of January 1, 2012, the County adopted the provisions of GASB Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in GASB 34 by incorporating deferred inflows of resources and deferred outflows of resources and by renaming the measure as net position, rather than net assets.

**16. SUBSEQUENT EVENTS**

An agreement made as of July 30, 2013 by and between CNH and Auburn Senior Services, Inc. ("Corporation") whereas the CNH Facility ("Facility") will be consolidated with Mercy Health and Rehabilitation Nursing Home Company and transferred to the Corporation under the sole corporate sponsor and parent, Loretto Management Corporation, Inc.

Transfer of the Facility shall occur within 120 days of satisfaction of all conditions to transfer. Either party may terminate the agreement upon 30 days prior written notice to the other in the event the conditions to transfer are not satisfied on or before April 1, 2014 and/or either party is in material breach of this agreement.

The County's disposal of the CNH Fund will be recorded in future financial statements in accordance with GASB Statement No. 69 - *Government Combinations and Disposals of Government Operations*.

**COUNTY OF CAYUGA, NEW YORK**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Modified</u>			
<b>REVENUES:</b>					
Real property taxes and tax items	\$ 36,499,086	\$ 36,499,086	\$ 36,662,450	\$ -	\$ 163,364
Non-property tax items	40,472,000	40,511,619	42,161,241	-	1,649,622
Departmental income	10,548,148	10,585,896	9,941,785	-	(644,111)
Intergovernmental charges	182,972	182,972	214,993	-	32,021
Use of money and property	364,022	364,022	285,789	-	(78,233)
Licenses and permits	12,092	12,092	13,006	-	914
Fines and forfeitures	138,747	138,747	144,661	-	5,914
Sale of property and compensation for loss	44,000	44,000	21,204	-	(22,796)
Miscellaneous	2,258,900	2,261,399	2,191,954	-	(69,445)
State and county aid	13,422,133	16,215,505	16,505,002	-	289,497
Federal aid	11,244,525	13,819,372	12,791,915	-	(1,027,457)
Total revenues	<u>115,186,625</u>	<u>120,634,710</u>	<u>120,934,000</u>	<u>-</u>	<u>299,290</u>
<b>EXPENDITURES:</b>					
Current:					
General government support	32,969,041	33,417,041	32,974,066	140,580	302,395
Education	3,221,184	3,221,184	3,222,331	-	(1,147)
Public safety	17,093,051	18,367,409	17,115,237	92,403	1,159,769
Public health	12,703,590	14,109,031	12,518,564	14,975	1,575,492
Transportation	176,200	176,200	162,396	-	13,804
Economic assistance and opportunity	41,365,642	43,019,102	44,263,166	25,843	(1,269,907)
Culture and recreation	1,048,096	1,453,698	1,091,595	11,351	350,752
Home and community services	1,680,583	2,064,157	1,688,415	-	375,742
Employee benefits	252,748	252,748	193,169	-	59,579
Debt service:					
Principal	1,240,000	1,240,000	1,240,000	-	-
Interest	804,900	804,900	804,900	-	-
Total expenditures	<u>112,555,035</u>	<u>118,125,470</u>	<u>115,273,839</u>	<u>285,152</u>	<u>2,566,479</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>2,631,590</u>	<u>2,509,240</u>	<u>5,660,161</u>	<u>(285,152)</u>	<u>2,865,769</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers - in	-	-	15,634	-	15,634
Operating transfers - out	(7,444,590)	(8,321,470)	(8,033,276)	-	288,194
Total other financing sources (uses)	<u>(7,444,590)</u>	<u>(8,321,470)</u>	<u>(8,017,642)</u>	<u>-</u>	<u>303,828</u>
<b>CHANGES IN FUND BALANCE</b>	<u>(4,813,000)</u>	<u>(5,812,230)</u>	<u>(2,357,481)</u>	<u>(285,152)</u>	<u>3,169,597</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>15,457,885</u>	<u>14,343,460</u>	<u>26,452,862</u>	<u>-</u>	<u>(12,109,402)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 10,644,885</u>	<u>\$ 8,531,230</u>	<u>\$ 24,095,381</u>	<u>\$ (285,152)</u>	<u>\$ (8,939,805)</u>

**County of Cayuga, New York**  
**Required Supplementary Information**  
**Other Postemployment Benefits**  
**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b) – (a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as % of Covered Payroll (b-a)/(c)</u>
12/31/2010	\$ -	\$ 90,226,399	\$ 90,226,399	0.0%	N/A	N/A
12/31/2011	\$ -	\$ 94,589,894	\$ 94,589,894	0.0%	\$ N/A	N/A
12/31/2012	\$ -	\$ 132,472,578	\$ 132,472,578	0.0%	\$ 28,663,730	428%

**COUNTY OF CAYUGA, NEW YORK**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2012**

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**1. BUDGETARY COMPARISON SCHEDULE**

Both the original and modified budget amounts are based upon budgets created and approved for the operational portion of the General Fund only. The actual amounts reflect the year ended December 31, 2012 balances of the General Fund which includes the casualty and liability activity. These differences result in both favorable and unfavorable variances.

**COUNTY OF CAYUGA, NEW YORK**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2012**

	<u>Debt Service Fund</u>	<u>Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 119,660	\$ 2,784,015	\$ 2,903,675
Accounts receivable	1,202,885	96,600	1,299,485
Loans receivable	-	517,600	517,600
State and federal aid receivable	-	116,597	116,597
Prepaid expenses	-	135,384	135,384
Due from other funds	-	2,144	2,144
Cash and cash equivalents, restricted	<u>1,334,171</u>	<u>-</u>	<u>1,334,171</u>
Total assets	<u><u>2,656,716</u></u>	<u><u>3,652,340</u></u>	<u><u>6,309,056</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable and other current liabilities	11,059	150,516	161,575
Accrued wages and benefits	-	225,099	225,099
Due to other funds	15,623	80,000	95,623
Due to other governments	-	76,967	76,967
Deferred revenue	<u>-</u>	<u>517,600</u>	<u>517,600</u>
Total liabilities	<u>26,682</u>	<u>1,050,182</u>	<u>1,076,864</u>
Fund balance:			
Nonspendable	-	135,384	135,384
Restricted	1,334,171	-	1,334,171
Assigned	<u>1,295,863</u>	<u>2,466,774</u>	<u>3,762,637</u>
Total fund balances	<u>2,630,034</u>	<u>2,602,158</u>	<u>5,232,192</u>
Total liabilities and fund balance	<u><u>\$ 2,656,716</u></u>	<u><u>\$ 3,652,340</u></u>	<u><u>\$ 6,309,056</u></u>

**COUNTY OF CAYUGA, NEW YORK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Debt Service Fund</b>	<b>Special Revenue Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES:</b>			
Departmental income	\$ -	\$ 235,772	\$ 235,772
Intergovernmental charges	-	1,052,073	1,052,073
Use of money and property	512	2,296	2,808
Licenses and permits	-	40	40
Miscellaneous	1,334,256	167,295	1,501,551
State aid	-	3,162,008	3,162,008
Federal aid	-	655,585	655,585
Total revenues	<u>1,334,768</u>	<u>5,275,069</u>	<u>6,609,837</u>
<b>EXPENDITURES:</b>			
Current:			
General government support	47,360	64,507	111,867
Transportation	-	9,096,952	9,096,952
Economic assistance and opportunity	-	488,989	488,989
Home and community services	-	49,094	49,094
Employee benefits	-	1,999,332	1,999,332
Debt service:			
Principal	3,060,000	-	3,060,000
Interest and other charges	1,431,874	-	1,431,874
Total expenditures	<u>4,539,234</u>	<u>11,698,874</u>	<u>16,238,108</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(3,204,466)</u>	<u>(6,423,805)</u>	<u>(9,628,271)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers - in	988,175	7,938,517	8,926,692
Operating transfers - out	<u>(15,633)</u>	<u>(1,828,000)</u>	<u>(1,843,633)</u>
Total other financing sources	<u>972,542</u>	<u>6,110,517</u>	<u>7,083,059</u>
<b>CHANGES IN FUND BALANCE</b>	<u>(2,231,924)</u>	<u>(313,288)</u>	<u>(2,545,212)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>4,861,958</u>	<u>2,915,446</u>	<u>7,777,404</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,630,034</u>	<u>\$ 2,602,158</u>	<u>\$ 5,232,192</u>

**COUNTY OF CAYUGA, NEW YORK**  
**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2012**

	<b>Road Machinery Fund</b>	<b>County Road Fund</b>	<b>Special Grant Fund</b>	<b>Miscellaneous Funds</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 391,715	\$ 337,256	\$ 1,892,922	\$ 162,122	\$ 2,784,015
Accounts receivable	84,572	-	-	12,028	96,600
Notes and loans receivable	-	-	517,600	-	517,600
State and federal aid receivable	-	12,829	103,768	-	116,597
Prepaid expenses	17,383	103,315	14,686	-	135,384
Due from other funds	-	-	-	2,144	2,144
Total assets	<u>493,670</u>	<u>453,400</u>	<u>2,528,976</u>	<u>176,294</u>	<u>3,652,340</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable and other current liabilities	64,037	85,862	617	-	150,516
Accrued wages and benefits	27,575	177,345	20,179	-	225,099
Due to other funds	-	-	80,000	-	80,000
Due to other governments	-	-	76,967	-	76,967
Deferred revenue	-	-	517,600	-	517,600
Total liabilities	<u>91,612</u>	<u>263,207</u>	<u>695,363</u>	<u>-</u>	<u>1,050,182</u>
Fund Balance:					
Nonspendable	17,383	103,315	14,686	-	135,384
Assigned	384,675	86,878	1,818,927	176,294	2,466,774
Total fund balance	<u>402,058</u>	<u>190,193</u>	<u>1,833,613</u>	<u>176,294</u>	<u>2,602,158</u>
Total liabilities and fund balance	<u>\$ 493,670</u>	<u>\$ 453,400</u>	<u>\$ 2,528,976</u>	<u>\$ 176,294</u>	<u>\$ 3,652,340</u>

**COUNTY OF CAYUGA, NEW YORK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE -**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Road Machinery Fund</b>	<b>County Road Fund</b>	<b>Special Grant Fund</b>	<b>Miscellaneous Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>OPERATING REVENUES:</b>					
Departmental income	\$ -	\$ -	\$ 235,772	\$ -	\$ 235,772
Intergovernmental charges	1,052,073	-	-	-	1,052,073
Use of money and property	-	-	1,971	325	2,296
Licenses and permits	-	40	-	-	40
Miscellaneous	30,879	6,593	5,177	124,646	167,295
State aid	-	3,162,008	-	-	3,162,008
Federal aid	-	-	655,585	-	655,585
Total operating revenues	<u>1,082,952</u>	<u>3,168,641</u>	<u>898,505</u>	<u>124,971</u>	<u>5,275,069</u>
<b>EXPENDITURES:</b>					
Current:					
General government support	-	-	-	64,507	64,507
Transportation	2,685,261	6,411,691	-	-	9,096,952
Economic assistance and opportunity	-	-	488,989	-	488,989
Home and community services	-	-	49,094	-	49,094
Employee benefits	245,456	1,592,284	161,592	-	1,999,332
Total expenditures	<u>2,930,717</u>	<u>8,003,975</u>	<u>699,675</u>	<u>64,507</u>	<u>11,698,874</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,847,765)</u>	<u>(4,835,334)</u>	<u>198,830</u>	<u>60,464</u>	<u>(6,423,805)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers - in	1,800,000	6,138,220	-	297	7,938,517
Operating transfers - out	-	(1,828,000)	-	-	(1,828,000)
Total other financing sources (uses)	<u>1,800,000</u>	<u>4,310,220</u>	<u>-</u>	<u>297</u>	<u>6,110,517</u>
<b>CHANGES IN FUND BALANCE</b>	<u>(47,765)</u>	<u>(525,114)</u>	<u>198,830</u>	<u>60,761</u>	<u>(313,288)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>449,823</u>	<u>715,307</u>	<u>1,634,783</u>	<u>115,533</u>	<u>2,915,446</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 402,058</u>	<u>\$ 190,193</u>	<u>\$ 1,833,613</u>	<u>\$ 176,294</u>	<u>\$ 2,602,158</u>