

## **MANAGEMENT COMMENT LETTER**

To the Chairperson and  
Members of the Legislature  
County of Schuyler  
Watkins Glen, New York

In planning and performing our audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Schuyler (the County) as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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

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

### **Current and Prior Year's Findings**

#### **Other Matters**

##### Departmental Cash

##### Prior Year Finding:

Several of the County's departments have specific bank accounts. The majority of these accounts should have zero balances at month end. Additionally, these accounts should be reconciled monthly and copies of the monthly bank statements and reconciliations sent to the Treasurer's Office. We could not locate reconciliations for several of these accounts. Copies of the monthly bank statements and reconciliations are not being sent to the Treasurer's Office on a regular basis. These accounts are property of the County and should be collateralized, as required by GML. Also, in order to further monitor internal controls over cash, departmental bank statements should be reviewed by the Treasurer's Office for reasonableness.

Current Status:

Most departments are providing copies of their bank statements and reconciliations to the Treasurer. However, it was necessary to request bank statements and reconciliations from a few of the larger departments.

Recommendation:

We continue to recommend copies of all monthly department bank accounts, with reconciliations, be sent to the Treasurer's Office and reviewed for reasonableness.

Stale Dated Checks

Prior Year Finding:

Several stale dated checks older than one year remain as outstanding items on bank statement reconciliations. However, the total amount of stale dated checks was immaterial to the basic financial statements.

Recommendation:

We recommend the Treasurer research these checks and attempt to reissue them. If reissue is unsuccessful, the Treasurer should take action and consult with the State of New York to determine proper disposition of unclaimed funds in accordance with State laws.

Current Status:

Significant improvement was noted during our current year audit. The Treasurer has developed and implemented a plan to eliminate stale dated checks.

**Prior Year Findings - Resolved**

Preparation of Financial Statements

Prior Year Finding:

The preparation and assembly of the Schuyler County's audited financial statements, Schedule of Federal Expenditures of Federal Awards (SEFA) and related notes have been traditionally delegated to the audit firm. While it is common for the auditor to prepare the financial statements for many small organizations, the role of the auditor continues to be expressing an opinion on those financial statements. Government Auditing Standards require us to assess whether the organizations we audit are able to prepare the financial statements, SEFA and related notes in accordance with generally accepted accounting principles.

Resolution:

Current management displays the ability to prepare the financial statements, SEFA and related notes in accordance with generally accepted accounting principles.

General Ledger Oversight

Prior Year Findings:

During our prior year audits, amounts were posted directly to reserve accounts. Transactions affecting reserves need to be posted to relevant revenue and expenditure accounts, rather than being posted directly to reserves.

During our prior year audits, activity related to General Fund reserve accounts was not tracked and adjustments were not made properly. Several reserves were outdated and had not changed over many years. Others were accumulating balances because the respective departments were not aware of the balance of said reserves, and, as such, were not using them. This lack of tracking resulted in use of unassigned fund balance when reserves could have been utilized.

Also, during prior year audits, amounts due to and due from other funds and interfund revenues and expenditures did not balance. Thus, individual funds were not appropriately reporting sources and usage of revenues and expenditures.

Resolution:

All current year interfund activity was easily traced and balanced. Reserves are being tracked and adjusted properly.

Bank Statement Reconciliations

Prior Year Finding:

During our prior year audits, County bank accounts were not being reconciled to the general ledger system on a monthly basis, causing significant differences between general ledger balances and reconciled cash balances resulting in a significant time investment to reconcile the two.

Resolution:

Bank statements are being reconciled to the general ledger.

Adjusting Entries

Prior Year Finding:

During our prior year audits numerous audit adjustments were required to correct misstatements. Professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Audit adjustments that, either individually or in the aggregate, may have a significant effect on the County's financial reporting process were reviewed, approved and posted by management.

Resolution:

During our current year audit, significantly less errors that required correction during the audit process were noted. Although, audit adjustments usually will occur, we feel they are not indicative of an internal control deficiency.

We will review the status of these comments during our next audit engagement. We are available at any time to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in formulating any corrective action.

This communication is intended solely for the information and use of the County Legislature and management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
June 8, 2016

# *COUNTY OF SCHUYLER*

## FINANCIAL STATEMENTS

December 31, 2015



**insero&co**

Certified Public Accountants | Business Advisors

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# COUNTY OF SCHUYLER

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## **INDEPENDENT AUDITOR'S REPORT**

To the Chairperson and  
Members of the Legislature  
County of Schuyler  
Watkins Glen, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Schuyler, New York (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **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 an opinion 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 County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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

### **Emphasis of a Matter**

During the year ended December 31, 2015, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." Our opinion is not modified with respect to this matter.

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Schedule of County Contributions, the Schedule of the County’s Proportionate Share of the Net Pension (Asset) Liability, Budgetary Comparison Schedules and the Schedule of Funding Progress on pages 3-3k and 49-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 8, 2016 on our consideration of the County of Schuyler’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 Schuyler’s internal control over financial reporting and compliance.

Respectfully Submitted,



Inero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
June 8, 2016

# ***COUNTY OF SCHUYLER***

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

Our discussion and analysis of the financial performance of the County of Schuyler (the County) provides an overview of the County's financial activities for the fiscal year ended December 31, 2015. Please read this information in conjunction with the County's financial statements, which begin on page 4.

### **FINANCIAL HIGHLIGHTS**

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$13,397,115 (net position). Of this amount, \$(11,411,353) is an unrestricted net deficit primarily attributable to the GASB Statement No. 45 other postemployment liability recognition of \$16,298,834.
- The County's overall net position increased by \$1,374,782, or 11.44%, while unrestricted net (deficit) decreased by \$201,762 or 1.73%.
- During the year, the County's revenues increased by \$2,202,465 to \$43,006,519 from \$40,804,054 in 2014.
- Expenses of \$41,631,737 increased \$971,386, from \$40,660,351 in the prior year.
- Revenues exceeded expenditures in the Governmental Funds by \$1,610,098, bringing fund balances to \$7,253,367 at December 31, 2015.
- The General Fund recorded an increase of \$1,958,248 in 2015, and ended the year with a fund balance of \$5,640,008. Of this fund balance, \$2,532,218 was reserved or allocated for future expenditures, and \$3,107,790 was unassigned.
- The County's long-term obligations at year end were \$31,212,187, a net increase of \$1,556,322 from 2014, primarily as a result of recording additional GASB Statement No. 45 other postemployment benefits liabilities and expense of \$2,324,030 for the year.
- Capital assets increased by \$1,365,914 in 2015, as capital outlay exceeded depreciation. Additionally, during 2015, the County reevaluated capital assets and performed certain reclassifications of balances resulting in an increase to beginning net position of \$596,635.
- During the year ended December 31, 2015, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." As a result, beginning net position decreased \$(654,610). Additionally, the County recorded its proportionate share of net pension (assets) and liabilities, as well as deferred outflows and deferred inflows related to pensions. See note 3 for more detailed information.

# ***COUNTY OF SCHUYLER***

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

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 4 through 5a) provide information about the County as a whole and present a longer-term view of the County's finances. Governmental Fund financial statements start on page 6. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the County's operations in greater detail than the Government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's Major Fund budgets for the year, a Schedule of Funding Progress related to the County's other postemployment benefits, a Schedule of County's Contributions, and a Schedule of the County's Proportionate Share of Net Pension (Asset) Liability.

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

### **Reporting the County as a Whole**

Analysis of the County as a whole begins on page 4, with the Government-wide statements. The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer the question of whether the County, as a whole, is better off or worse off as a result of the year's activities. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the County's net position and changes in it. The County's net position, the difference between assets and liabilities, is one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. One needs to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

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

**Governmental Activities:** Most of the County's services are reported in this category, including public safety, public health, transportation, economic assistance and opportunity, culture and recreation, home and community services and general administration. Property and sales taxes, and state and federal grants finance most of these activities.

# ***COUNTY OF SCHUYLER***

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

**Component Units:** The County includes four separate legal entities in its report - the Schuyler County Industrial Development Agency, the Soil and Water Conservation District, the Schuyler County Human Services Corporation (HSDC) and the Schuyler Tobacco Asset Securitization Corporation (STASC). The STASC is reported as a blended component unit with the County's Governmental Activities. The HSDC is reported as an Internal Service Fund and blended with the County's Governmental Activities. The other two component units are reported discretely. Although legally separate, these component units are important because the County is financially accountable for them. Complete financial statements for the Industrial Development Agency can be obtained from their administrative office at 910 South Decatur Street, Watkins Glen, New York 14891. Financial statements for the STASC and HSDC can be obtained from Schuyler County, 105 9<sup>th</sup> Street, Watkins Glen, New York 14891. Soil and Water Conservation District financial information may be obtained from Schuyler County Soil and Water Conservation District, PO Box 326, Montour Falls, New York, 14865.

### **Reporting the County's Most Significant Funds**

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

Analysis of the County's Major Funds begins on page 6. The Governmental Fund financial statements provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants. The County reports its activities in Governmental Funds.

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

**The County as Trustee:** The County is the trustee, or fiduciary, for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the County's Fiduciary Activities are reported in a separate Statement of Fiduciary Net Position on page 13. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

# ***COUNTY OF SCHUYLER***

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

### **THE COUNTY AS A WHOLE**

The County's net position for the fiscal year ended December 31, 2015 increased \$1,374,782, from \$12,022,333 to \$13,397,115, compared to last year's net position decrease of \$(143,703).

The largest portion of the County's net position, \$23,649,991 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position, \$1,158,477 represents resources subject to external restrictions on how they may be used and is reported as restricted net position. These net resources consist of unspent funds restricted for public safety, community development and debt service.

The remaining category of total net position, unrestricted net (deficit) of \$(11,411,353) may generally be used to meet the government's ongoing obligations and services to creditors and citizens. Of this net deficit, the County has designated \$3,196,313 for specific purposes. The net deficit is primarily attributable to the GASB Statement No. 45 other postemployment liability recognition of \$16,298,834 at December 31, 2015.

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

***Figure 1 - Net Position***

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2014 (Restated)</i>	<i>2015</i>	<i>2014 - 2015</i>
<i>Current assets</i>	\$ 10,529,887	\$ <b>13,835,871</b>	\$ 3,305,984
<i>Capital assets, net</i>	33,354,563	<b>34,720,477</b>	1,365,914
<i>Other noncurrent assets</i>	413,000	<b>413,000</b>	-
<i>Total Assets</i>	44,297,450	48,969,348	4,671,898
<i>Pensions</i>	1,419,278	<b>1,634,781</b>	215,503
<i>Total Deferred Outflows of Resources</i>	1,419,278	1,634,781	215,503
<i>Current liabilities</i>	6,491,688	<b>8,117,957</b>	1,626,269
<i>Noncurrent liabilities</i>	27,202,707	<b>28,830,166</b>	1,627,459
<i>Total Liabilities</i>	33,694,395	36,948,123	3,253,728
<i>Pensions</i>		<b>258,891</b>	258,891
<i>Total Deferred Inflows of Resources</i>	-	258,891	258,891
<i>Net investment in capital assets</i>	22,458,394	<b>23,649,991</b>	1,191,597
<i>Restricted</i>	1,177,054	<b>1,158,477</b>	(18,577)
<i>Unrestricted</i>	(11,613,115)	<b>(11,411,353)</b>	201,762
<i>Total Net Position</i>	\$ 12,022,333	\$ <b>13,397,115</b>	\$ 1,374,782

# ***COUNTY OF SCHUYLER***

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

The County's current assets increased \$3,305,984 largely due to the increase of accounts receivable of \$1,845,480 as well as the increases in returned school taxes receivable of \$466,221 and cash of \$424,312. Capital assets, net, increased \$1,365,914, primarily due to capital additions in excess of depreciation and disposals.

Deferred outflows and inflows of resources increased \$215,503 and \$258,891, respectively, due to the increase in pension expenses in the subsequent period, and the implementation of GASB Statement No. 68.

Current liabilities increased \$1,626,269, primarily due to the timing of year end disbursements. The increase of \$1,627,459 in noncurrent liabilities is primarily due to the reporting of the County's net other postemployment benefits obligation at December 31, 2015, offset by repayment of debt principal.

Net investment in capital assets increased due to capital asset additions; offset by depreciation and payment of debt principal.

The County's total revenues increased by \$2,202,465, while the total cost of all programs and services increased by \$971,386. Our analysis in Figure 2 separately considers the operations of Governmental Activities.

**Figure 2 - Changes in Net Position**

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2014</i>	<i>2015</i>	<i>2014 - 2015</i>
<i>REVENUES</i>			
<i>Program Revenues:</i>			
Charges for services	\$ 6,385,978	\$ 6,710,832	\$ 324,854
Operating grants and contributions	10,195,181	11,610,054	1,414,873
Capital grants	1,438,770	1,244,207	(194,563)
<i>General Revenues:</i>			
Property taxes and tax items	11,445,538	11,565,200	119,662
Sales and other taxes	10,653,035	10,876,877	223,842
Tobacco settlement	311,515	457,026	145,511
Use of money and property	8,164	6,451	(1,713)
Other	365,873	535,872	169,999
<b>Total Revenues</b>	<b>40,804,054</b>	<b>43,006,519</b>	<b>2,202,465</b>
<i>PROGRAM EXPENSES</i>			
General government	9,105,149	9,253,538	148,389
Education	1,703,595	1,706,758	3,163
Public safety	5,605,284	6,012,253	406,969
Public health	4,617,029	4,928,968	311,939
Transportation	3,981,412	4,253,664	272,252
Economic assistance and opportunity	14,103,085	13,841,989	(261,096)
Culture and recreation	275,246	274,456	(790)
Home and community services	624,550	714,893	90,343
Interest on long-term debt	645,001	645,218	217
<b>Total Expenses</b>	<b>40,660,351</b>	<b>41,631,737</b>	<b>971,386</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 143,703</b>	<b>\$ 1,374,782</b>	<b>\$ 1,231,079</b>

# COUNTY OF SCHUYLER

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

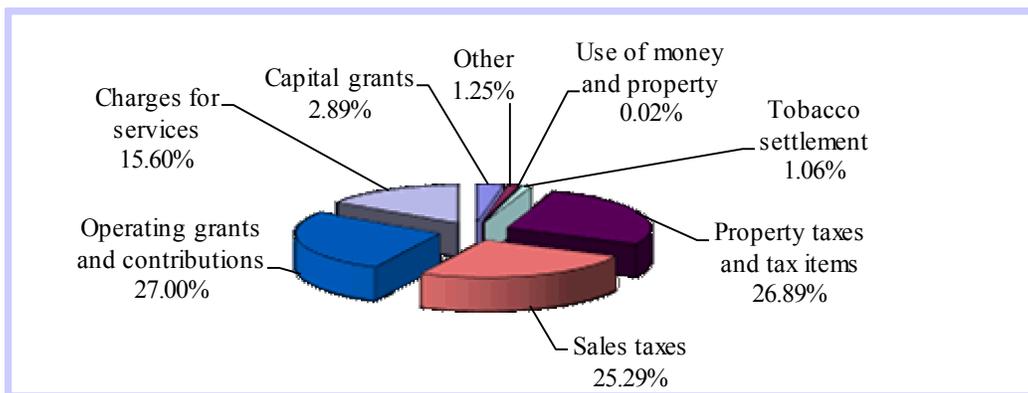
Operating grants and contributions increased \$1,414,873 largely due to an increase of \$768,595 in other public safety state aid and other increases across state and federal grants.

Overall, expenses increased due to increases in public safety, public health, and transportation. Increases in these expense lines is a result of the increase in the other postemployment benefit liability of \$2,324,030 and depreciation expense of \$2,227,375, offset by additions to capital assets of \$3,721,343.

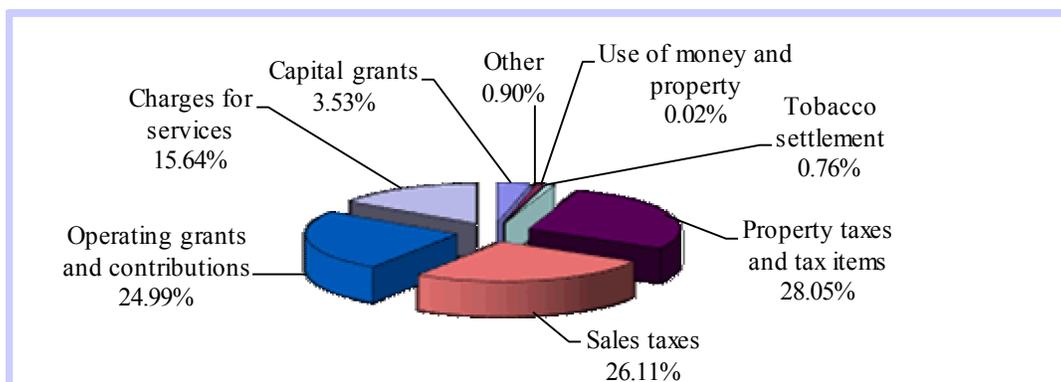
The effects of the implementation of GASB Statement No. 68 are not reflected in the 2014 program expenses, as this information was not available.

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

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



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



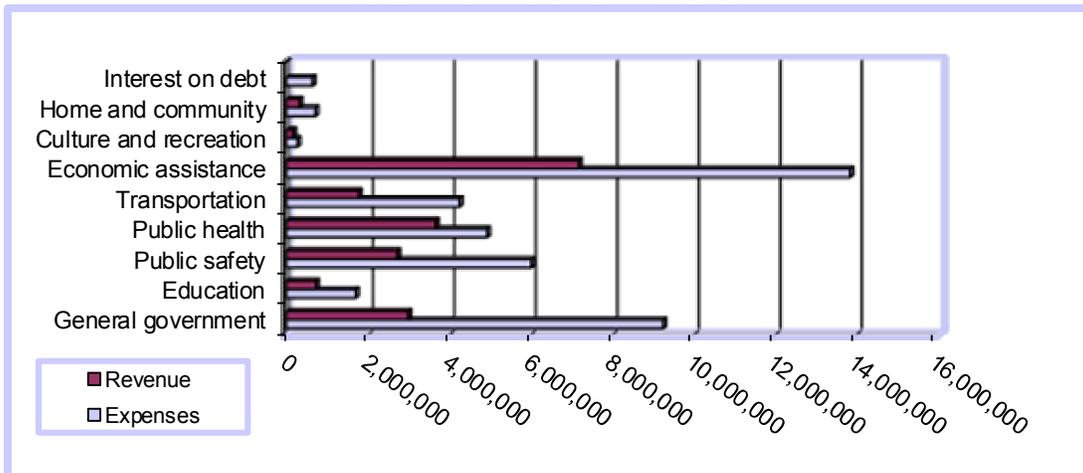
# **COUNTY OF SCHUYLER**

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

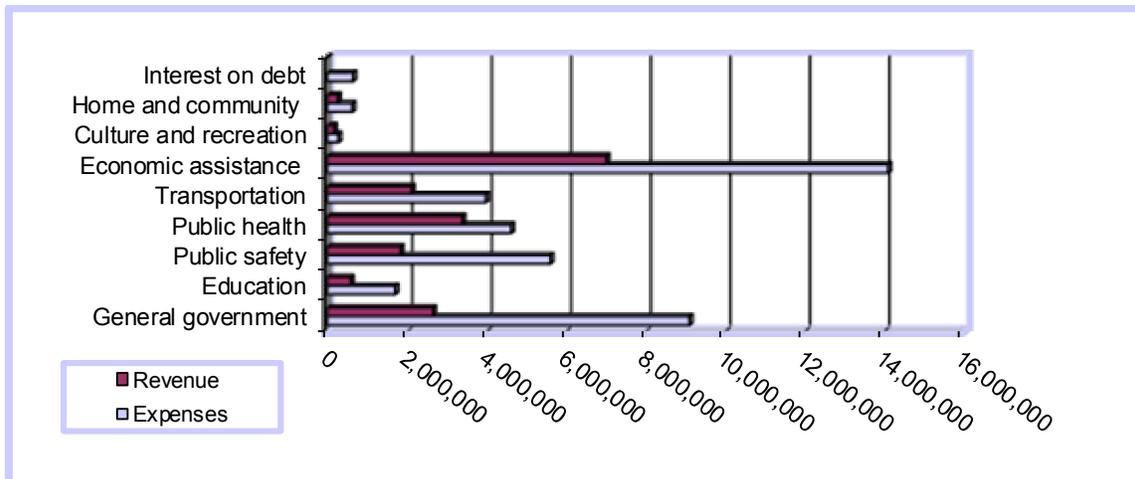
The cost of all Governmental Activities this year was \$41,631,737. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County property and other tax revenues was \$22,352,077, because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Overall, the County's governmental program revenues were \$19,565,093.

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

**Figure 5 - Net Program Cost  
Governmental Activities - 2015**



**Figure 6 - Net Program Cost  
Governmental Activities - 2014**



# ***COUNTY OF SCHUYLER***

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

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

As the County completed the year, its Governmental Funds, as presented in the balance sheets on pages 6 - 6a reported combined fund balances of \$7,253,367, which is \$1,610,098 more than last year's total fund balances. Of this amount, \$501,866 is nonspendable, \$1,423,539 is restricted for future expenditures, \$1,050,821 is committed for future expenditures and \$1,643,626 is assigned for 2016 expenditures, leaving \$2,633,515 in unassigned fund balance. Figure 7 shows the changes in fund balance for the County's Governmental Funds.

***Figure 7  
Governmental Funds  
Fund Balances***

			<i><b>Dollar Change</b></i>
	<i><b>2014</b></i>	<i><b>2015</b></i>	<i><b>2014 - 2015</b></i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 3,681,760	\$ <b>5,640,008</b>	\$ 1,958,248
<i>Special Revenue Fund:</i>			
<i>County Road Fund</i>	604,269	<b>749,384</b>	145,115
<i>STASC Debt Service Fund</i>	632,273	<b>840,717</b>	208,444
<i>Nonmajor Funds:</i>			
<i>Special Revenue Funds:</i>			
<i>Special Grant Fund</i>	17,768	<b>3,539</b>	(14,229)
<i>Road Machinery Fund</i>	348,460	<b>379,311</b>	30,851
<i>Capital Projects Fund</i>	358,739	<b>(359,592)</b>	(718,331)
<i>Totals</i>	\$ 5,643,269	\$ <b>7,253,367</b>	\$ 1,610,098

This year's total change in fund balance is an increase of \$1,610,098 compared to an increase of \$746,122 in 2014.

### **General Fund Budgetary Highlights**

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

Actual charges to appropriations (expenditures) were below final budgeted amounts by \$4,159,357. The most significant positive variances occurred in the County's public safety, public health, economic assistance and opportunity and employee benefits functions. These significant variances are due to cross period grants included in the budget for which no expenditures have been made as well as increased efforts to curtail spending in the current year. Resources available for appropriation were \$(2,034,603) under the final budgeted amount primarily due to departmental income not received as well as revenue related to the aforementioned cross period grants.

# COUNTY OF SCHUYLER

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

**Figure 8**  
**Budgetary Comparison Schedule - General Fund**  
**December 31, 2015**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Variance Fav.(Unfav.)</i>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
<i>Real property taxes and tax items</i>	\$ 11,714,772	\$ 11,717,718	\$ 12,076,074	\$ 358,356
<i>Nonproperty tax items</i>	10,793,000	10,883,694	10,939,341	55,647
<i>Departmental income and intergovernmental charges</i>	5,647,507	6,278,685	5,543,579	(735,106)
<i>Use of money and property</i>	638,062	638,062	641,985	3,923
<i>State sources</i>	6,032,370	8,785,855	7,409,588	(1,376,267)
<i>Federal sources</i>	4,153,283	4,634,955	4,311,621	(323,334)
<i>Other revenues and financing sources</i>	166,647	172,131	154,309	(17,822)
<i>Total Revenues and Other Financing Sources</i>	\$ 39,145,641	\$ 43,111,100	\$ 41,076,497	\$ (2,034,603)
<i>Appropriated Reserves and Fund Balance</i>	\$	\$ 199,558		
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
<i>General government</i>	\$ 7,125,371	\$ 7,181,624	\$ 6,963,333	\$ 218,291
<i>Education</i>	1,855,000	1,855,000	1,706,758	148,242
<i>Public safety</i>	3,477,375	6,534,249	5,723,247	811,002
<i>Public health</i>	3,726,923	4,214,072	3,677,833	536,239
<i>Transportation</i>	300,000	501,581	501,581	-
<i>Economic assistance and opportunity</i>	13,267,110	13,374,547	11,970,443	1,404,104
<i>Culture and recreation</i>	162,595	221,360	152,680	68,680
<i>Home and community services</i>	521,161	648,722	637,855	10,867
<i>Employee benefits</i>	6,288,400	6,299,400	5,342,544	956,856
<i>Debt service</i>	120,000	178,397	173,321	5,076
<i>Other financing uses</i>	2,301,706	2,301,706	2,301,706	-
<i>Total Expenditures and Other Financing Uses</i>	\$ 39,145,641	\$ 43,310,658	\$ 39,151,301	\$ 4,159,357
<b>Excess of Revenues and Other Financing Sources</b>	\$ -	\$ -	\$ 1,925,196	\$ 2,124,754

# **COUNTY OF SCHUYLER**

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

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of December 31, 2015, the County had capital assets of \$70,494,070, net of accumulated depreciation of \$(35,773,593). This amount represents an investment in a broad range of capital assets, including buildings, machinery and equipment, roads and bridges. Capital asset activity for the year resulted in a net increase of \$1,365,914 from last year.

*Figure 9  
Capital Assets, Net of Depreciation*

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2014 (Restated)</i>	<i>2015</i>	<i>2014 - 2015</i>
<i>Land</i>	\$ 374,839	\$ 374,839	\$ -
<i>Construction-in-progress</i>	1,855,133	<b>3,634,848</b>	1,779,715
<i>Buildings and improvements</i>	9,855,376	<b>9,300,347</b>	(555,029)
<i>Land improvements</i>	2,543,926	<b>2,472,152</b>	(71,774)
<i>Machinery and equipment</i>	1,951,301	<b>2,210,380</b>	259,079
<i>Infrastructure</i>	16,773,988	<b>16,727,911</b>	(46,077)
<i>Totals</i>	\$ 33,354,563	<b>\$ 34,720,477</b>	\$ 1,365,914

This year's additions consisted of:

Interoperable communication project	\$ 1,779,715
County road projects	873,019
Hooker Creek bridge	157,335
Machinery and equipment	914,472
Total Additions	<u>3,724,541</u>
Less: Depreciation	(2,227,375)
HSDC depreciation	(129,878)
Net book value of disposed assets	<u>(1,374)</u>
<b>Total Net Change</b>	<b><u>\$ 1,365,914</u></b>

#### **Debt Administration**

Total outstanding debt and long-term liabilities increased in 2015 by \$1,556,322 to \$31,212,187. Of this amount, \$2,890,708 was subject to the constitutional debt limit and represented 3.26% of the County's statutory debt limit. The increase in debt and long-term liabilities is largely due to recording other postemployment benefits liabilities and expense of \$2,324,030 offset by the repayment of debt.

# **COUNTY OF SCHUYLER**

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

Tobacco settlement pass-through bonds are debt of STASC, under which the County's future tobacco settlement proceeds were securitized. The County is not responsible for this debt in the event the STASC were to default in repayment of the bonds. The HSDC bonds are debt of the Human Services Corporation. The County is not responsible in the event the HSDC were to default in repayment of the bonds.

**Figure 10  
Outstanding Debt and Long-term Liabilities at Years Ended**

	<b>Governmental Activities</b>		<b>Dollar Change</b>
	<b>2014 (Restated)</b>	<b>2015</b>	<b>2014 - 2015</b>
<i>Bonds</i>	\$ 9,908,804	\$ <b>9,627,065</b>	\$ (281,739)
<i>Bond Anticipation Notes</i>	1,690,000	<b>1,510,000</b>	(180,000)
<i>Capital lease</i>	52,043	<b>55,708</b>	3,665
<i>Compensated absences</i>	658,962	<b>674,416</b>	15,454
<i>Other postemployment benefits liability</i>	13,974,804	<b>16,298,834</b>	2,324,030
<i>Net pension liability - proportionate share</i>	2,073,888	<b>1,550,413</b>	(523,475)
<i>Tobacco settlement pass-through bonds accrued interest</i>	1,297,364	<b>1,495,751</b>	198,387
<b>Totals</b>	<b>\$ 29,655,865</b>	<b>\$ 31,212,187</b>	<b>\$ 1,556,322</b>

The County's Moody's bond rating is currently A, which did not change from the prior year. More detailed information about the County's long-term liabilities is presented in Note 2.B.3 to the basic financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Schuyler County is experiencing a stabilizing-to-improving financial and liquidity position following the implementation of additional reporting protocols and the adoption of balanced budgets that have generated surplus operating revenues and improved liquidity. It is expected this will continue in 2016 as the local economy continues to stabilize and improve. The County will continue to make adjustments in spending to reflect declining revenue sources and seek to fund mandated increases in expenditures without proportionately increasing property taxes.

Effective January 1, 2016 the County will enact a change in sales tax distribution, capping the amount of revenue shared with local municipalities, reserving a greater portion for County purposes. New York State pension contributions are leveling off and are expected to remain stable in 2016 and beyond. This, coupled with continued conservative fiscal management should result in future tax levies that stay within the New York State tax cap legislative mandate.

# ***COUNTY OF SCHUYLER***

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

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

This financial report is designed to provide the County's citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact the County Treasurer, Schuyler County, 105 9th Street, Watkins Glen, New York 14891.

# COUNTY OF SCHUYLER

## STATEMENT OF NET POSITION DECEMBER 31, 2015

	Primary Government	Component Units	
	Governmental Activities	Soil and Water Conservation District	Industrial Development Agency
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 3,083,163	\$ 209,891	\$ 631,848
Restricted cash	867,764	1,139,606	210,504
Temporary investments	46,605	31,228	
Taxes receivable, net	2,880,241		
Accounts receivable, net	2,426,447	6,303	3,313
Loans receivable, current portion			23,915
Due from state and federal governments	3,993,125	79,975	
Due from other governments	36,660		
Prepaid expenses	494,935	14,976	
Inventories	6,931		
<b>Total Current Assets</b>	<b>13,835,871</b>	<b>1,481,979</b>	<b>869,580</b>
<b>Noncurrent Assets:</b>			
Restricted cash and cash equivalents	413,000		454,101
Loans receivable, long-term portion			157,785
Land and construction-in-progress	4,009,687	37,000	
Depreciable capital assets, net	30,710,790	376,876	
<b>Total Noncurrent Assets</b>	<b>35,133,477</b>	<b>413,876</b>	<b>611,886</b>
<b>Total Assets</b>	<b>48,969,348</b>	<b>1,895,855</b>	<b>1,481,466</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	1,634,781		
<b>Total Deferred Outflows of Resources</b>	<b>1,634,781</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	2,334,762	3,833	2,085
Accrued liabilities	177,961	22,683	
Interest payable	87,825		
Due to other governments	2,276,391		
Unearned revenue	858,997	1,139,606	
Long-term obligations due within one year:			
Lease payable	36,324		
Bonds payable	768,255		
Bond Anticipation Notes payable	1,510,000		
Compensated absences	67,442		
<b>Total Current Liabilities</b>	<b>8,117,957</b>	<b>1,166,122</b>	<b>2,085</b>

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

# COUNTY OF SCHUYLER

## STATEMENT OF NET POSITION DECEMBER 31, 2015

	<b>Primary Government</b>	<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Soil and Water Conservation District</b>	<b>Industrial Development Agency</b>
Total current liabilities brought forward	\$ 8,117,957	\$ 1,166,122	\$ 2,085
<b>Noncurrent Liabilities:</b>			
Long-term obligations due after one year:			
Accreted interest payable	1,495,751		
Lease payable	19,384		
Bonds payable	8,858,810		
Other postemployment benefits payable	16,298,834		
Compensated absences	606,974		
Net pension liability - proportionate share	1,550,413		
<b>Total Noncurrent Liabilities</b>	28,830,166	-0-	-0-
<b>Total Liabilities</b>	36,948,123	1,166,122	2,085
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	258,891		
<b>Total Deferred Inflows of Resources</b>	258,891	-0-	-0-
<b>NET POSITION</b>			
Net investment in capital assets	23,649,991	376,876	
Restricted for:			
Community development	3,539		392,204
Debt service	687,805		
Public safety	459,519		
Home and community services	7,614		
Unrestricted (Deficit)	(11,411,353)	352,857	1,087,177
<b>Total Net Position</b>	\$ 13,397,115	\$ 729,733	\$ 1,479,381

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

# COUNTY OF SCHUYLER

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

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General governmental support	\$ 9,253,538	\$ 2,615,016	\$ 378,725	\$ _____
Education	1,706,758	246,489	481,804	_____
Public safety	6,012,253	805,473	1,920,042	_____
Public health	4,928,968	1,868,009	1,798,531	_____
Transportation	4,253,664	241,571	293,357	1,244,207
Economic assistance and opportunity	13,841,989	766,215	6,413,135	_____
Culture and recreation	274,456	50,416	118,126	_____
Home and community services	714,893	117,643	206,334	_____
Interest on debt	645,218	_____	_____	_____
<b>Total Governmental Activities</b>	<b>\$ 41,631,737</b>	<b>\$ 6,710,832</b>	<b>\$ 11,610,054</b>	<b>\$ 1,244,207</b>
<b>Component Units:</b>				
Soil and Water Conservation District	\$ 1,569,270	\$ 43,523	\$ 1,303,909	\$ _____
Industrial Development Agency	151,054	208,540	_____	_____
<b>Total Component Units</b>	<b>\$ 1,720,324</b>	<b>\$ 252,063</b>	<b>\$ 1,303,909</b>	<b>\$ -</b>

Net (Expense) and Changes in Net Position brought forward

### GENERAL REVENUES

#### Taxes:

- Property taxes, levied for general purposes
- Property tax items
- Sales and other taxes
- Tobacco settlement payments
- Use of money and property
- Miscellaneous
- Sale of property and compensation for loss

#### Total General Revenues

Change in Net Position

Net Position - Beginning, as restated

#### Net Position - Ending

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

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

<u>Primary Government</u>	<u>Component Units</u>	
<u>Governmental Activities</u>	<u>Soil and Water Conservation District</u>	<u>Industrial Development Agency</u>
\$ (6,259,797)	\$ _____	\$ _____
(978,465)	_____	_____
(3,286,738)	_____	_____
(1,262,428)	_____	_____
(2,474,529)	_____	_____
(6,662,639)	_____	_____
(105,914)	_____	_____
(390,916)	_____	_____
(645,218)	_____	_____
(22,066,644)	_____	_____
_____	(221,838)	_____
_____	_____	57,486
_____	(221,838)	57,486
(22,066,644)	(221,838)	57,486
10,982,333	_____	_____
582,867	_____	_____
10,876,877	_____	_____
457,026	_____	_____
6,451	1,469	12,898
91,617	2,303	1,367
444,255	_____	_____
23,441,426	3,772	14,265
1,374,782	(218,066)	71,751
12,022,333	947,799	1,407,630
<b>\$ 13,397,115</b>	<b>\$ 729,733</b>	<b>\$ 1,479,381</b>

# COUNTY OF SCHUYLER

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2015

	Major Funds	
	General Fund	Special Revenue Fund County Road Fund
<b>ASSETS</b>		
<b>Assets:</b>		
Cash and cash equivalents - Unrestricted	\$ 1,723,089	\$ 963,214
Cash and cash equivalents - Restricted	545,385	
Temporary investments - Unrestricted		
Taxes receivable, net	2,880,241	
Due from other funds	804,037	1,606,632
Due from State and Federal governments	3,993,125	
Due from other governments	36,660	
Other receivables, net	1,912,449	6,656
Prepaid expenses	492,402	
Inventories	6,931	
<b>Total Assets</b>	<b>\$ 12,394,319</b>	<b>\$ 2,576,502</b>
<b>LIABILITIES, DEFERRED INFLOWS OF FINANCIAL RESOURCES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 2,231,331	\$ 5,337
Accrued liabilities	163,799	11,297
Due to other funds	320,883	1,810,484
Due to other governments	2,276,391	
Unearned revenue	858,997	
<b>Total Liabilities</b>	<b>5,851,401</b>	<b>1,827,118</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable tax revenue	902,910	
<b>Fund Balances:</b>		
Nonspendable	499,333	
Restricted	467,133	
Committed	1,050,821	
Assigned	514,931	749,384
Unassigned	3,107,790	
<b>Total Fund Balances</b>	<b>5,640,008</b>	<b>749,384</b>
<b>Total Liabilities, Deferred Inflows of Financial Resources, and Fund Balances</b>	<b>\$ 12,394,319</b>	<b>\$ 2,576,502</b>

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

<b>Major Funds</b>		
<b>STASC</b>		
<b>Debt</b>		
<b>Service</b>		
<b>Fund</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
\$ 42,774	\$ 333,458	\$ 3,062,535
274,805	47,574	867,764
46,605		46,605
		2,880,241
	1,701,586	4,112,255
		3,993,125
		36,660
474,000	22,487	2,415,592
2,533		494,935
		6,931
<b>\$ 840,717</b>	<b>\$ 2,105,105</b>	<b>\$ 17,916,643</b>

\$	\$ 98,094	\$ 2,334,762
	2,865	177,961
	1,980,888	4,112,255
		2,276,391
		858,997
-	2,081,847	9,760,366
		902,910
2,533		501,866
838,184	125,826	1,431,143
		1,050,821
	379,311	1,643,626
	(481,879)	2,625,911
840,717	23,258	7,253,367
<b>\$ 840,717</b>	<b>\$ 2,105,105</b>	<b>\$ 17,916,643</b>

# COUNTY OF SCHUYLER

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2015

Total Governmental Fund Balances \$ 7,253,367

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

Capital assets of the Governmental Funds, net of accumulated depreciation used in Governmental Activities are not financial resources and, therefore, are not reported in the funds. 30,766,070

The County's proportion of the collective net pension (asset) liability is not reported in the funds. (1,550,413)

Certain accrued expenses, such as interest on debt, reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in Governmental Funds.

Accrued interest payable	\$ (38,710)	
Accrued interest payable - STASC	(10,832)	
Accreted interest payable	<u>(1,495,751)</u>	(1,545,293)

Deferred outflows of resources represent a consumption of net position that applies to future periods and, therefore, is not reported in the Governmental Funds. Deferred inflows of resources represents an acquisition of net position that applies to future periods and, therefore, is not reported in the Governmental Funds.

Unavailable tax revenue	\$ 902,910	
ERS deferred inflows - pensions	(258,891)	
ERS deferred outflows - pensions	<u>1,634,781</u>	2,278,800

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. See Note 7.

Serial bonds payable	\$ (1,325,000)	
Bond Anticipation Notes payable	(1,510,000)	
Leases payable	(55,708)	
Tobacco settlement pass-through bonds	(3,533,503)	
Other postemployment benefits payable	(16,298,834)	
Compensated absences	<u>(674,416)</u>	<u>(23,397,461)</u>

The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Position. (407,955)

**Net Position of Governmental Activities** \$ 13,397,115

See Independent Auditor's Report and Notes to Financial Statements

# COUNTY OF SCHUYLER

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2015

	Major Funds	
	General Fund	Special Revenue Fund County Road Fund
<b>REVENUES</b>		
Real property taxes	\$ 11,055,936	\$
Real property tax items	1,020,138	
Nonproperty tax items	10,939,341	
Departmental income	5,243,261	31,753
Intergovernmental charges	300,318	
Use of money and property	641,985	448
Fines and forfeitures	38,439	800
Sale of property and compensation for loss	27,327	2,856
Miscellaneous local sources	88,543	
State sources	7,409,588	407,704
Federal sources	4,311,621	116,469
<b>Total Revenues</b>	41,076,497	560,030
<b>EXPENDITURES</b>		
General governmental support	6,948,525	
Education	1,706,758	
Public safety	5,721,993	
Public health	3,677,833	
Transportation	501,581	1,693,744
Economic assistance and opportunity	11,954,015	
Culture and recreation	152,118	
Home and community services	637,855	
Employee benefits	5,342,544	414,700
Debt service - Principal and interest	173,321	60,000
Capital outlay		
<b>Total Expenditures</b>	36,816,543	2,168,444
<b>Excess of Revenues (Expenditures)</b>	4,259,954	(1,608,414)
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund transfers in		1,933,529
Interfund transfers (out)	(2,301,706)	(180,000)
Proceeds of obligations		
<b>Total Other Financing (Uses) Sources</b>	(2,301,706)	1,753,529
<b>Excess of Revenues (Expenditures) and Other Financing Sources (Uses)</b>	1,958,248	145,115
<b>Fund Balances, Beginning</b>	3,681,760	604,269
<b>Fund Balances, Ending</b>	\$ 5,640,008	\$ 749,384

See Independent Auditor's Report and Notes to Financial Statements

<b>Major Funds</b>		
<b>STASC</b>		
<b>Debt</b>		
<b>Service</b>		
<b>Fund</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
\$	\$	\$ 11,055,936
		1,020,138
		10,939,341
		5,275,014
	210,202	510,520
893	390	643,716
		39,239
	9,260	39,443
457,026	(877)	544,692
	587,250	8,404,542
		4,428,090
457,919	806,225	42,900,671
49,405		6,997,930
		1,706,758
		5,721,993
		3,677,833
	1,130,143	3,325,468
		11,954,015
		152,118
	37,269	675,124
	85,973	5,843,217
200,070		433,391
	860,946	860,946
249,475	2,114,331	41,348,793
208,444	(1,308,106)	1,551,878
	1,148,003	3,081,532
	(599,826)	(3,081,532)
	58,220	58,220
-	606,397	58,220
208,444	(701,709)	1,610,098
632,273	724,967	5,643,269
<b>\$ 840,717</b>	<b>\$ 23,258</b>	<b>\$ 7,253,367</b>

# COUNTY OF SCHUYLER

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 1,610,098

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

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

Capital outlay	\$ 3,724,541	
Net book value of disposed assets	(1,374)	
Depreciation expense	<u>(2,227,375)</u>	<u>1,495,792</u>

Proceeds of long-term debt are recognized as revenue in Governmental Funds, but increase liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Amortization of bond discounts reduce expenditures in the Statement of Activities and increase liabilities.

Proceeds of long-term obligations	\$ (58,220)	
Bond, BAN and capital lease repayments	339,555	
Amortization of bond discounts	<u>(6,745)</u>	<u>274,590</u>

Net revenue of the Internal Service Fund component unit is reported with Governmental Activities.

54,931

Changes in the Countys proportionate share of net pension liabilities have no effect on current financial resources and therefore are not reported in the Governmental Funds. In addition, changes in the County's deferred outflows and deferred inflows related to pensions do not effect current financial resources and are also not reported in the Governmental Funds.

ERS 480,087

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. These expenses include changes in compensated absences, other postemployment benefits, and interest payable.

Compensated absences	\$ (15,454)	
Other postemployment benefits payable	(2,324,030)	
Change in accrued interest payable	(2,845)	
Change in accreted interest payable	<u>(198,387)</u>	<u>(2,540,716)</u>

### Change in Net Position of Governmental Activities

\$ 1,374,782

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

# COUNTY OF SCHUYLER

## STATEMENT OF NET POSITION PROPRIETARY FUND DECEMBER 31, 2015

	<u>Internal Service Fund</u> <u>Component Unit</u> HSDC <u>Fund</u>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents - Unrestricted	\$ 20,628
Accounts receivable	10,855
	<hr/>
<b>Total Current Assets</b>	<b>31,483</b>
<b>Noncurrent Assets:</b>	
Capital Assets:	
Nondepreciable capital assets	40,639
Depreciable capital assets, net of accumulated depreciation	3,913,768
Total Capital Assets, Net	<hr/> 3,954,407
Cash - Restricted	413,000
	<hr/>
<b>Total Noncurrent Assets</b>	<b>4,367,407</b>
	<hr/>
<b>Total Assets</b>	<b>4,398,890</b>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accrued interest payable	38,283
Current portion of noncurrent liabilities:	
Bonds payable	180,000
Unamortized bond premium	8,483
	<hr/>
<b>Total Current Liabilities</b>	<b>226,766</b>
<b>Noncurrent Liabilities:</b>	
Bonds payable	4,450,000
Unamortized bond premium	130,079
<b>Total Noncurrent Liabilities</b>	<hr/> 4,580,079
	<hr/>
<b>Total Liabilities</b>	<b>4,806,845</b>
<b>NET POSITION</b>	
Net investment in capital assets (deficit)	(814,155)
Restricted	413,000
Unrestricted (deficit)	(6,800)
	<hr/>
<b>Total Net Position (Deficit)</b>	<b>\$ (407,955)</b>

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

# COUNTY OF SCHUYLER

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Internal Service Fund</u> <u>Component Unit</u> HSDC <u>Fund</u>
<b>Operating Revenues:</b>	
Rent	\$ 417,908
In-kind contribution	9,622
<b>Total Operating Revenues</b>	<u>427,530</u>
<b>Operating Expenses:</b>	
Contractual expenses	9,710
In-kind administrative expense	9,622
Depreciation expense	129,878
<b>Total Operating Expenses</b>	<u>149,210</u>
<b>Operating Income</b>	<u>278,320</u>
<b>Nonoperating Income (Expense):</b>	
Interest and dividends	16
Interest (expense)	(223,405)
<b>Total Nonoperating (Expense)</b>	<u>(223,389)</u>
<b>Total Net Income - Revenues over (Expenses)</b>	54,931
<b>Net Position (Deficit), January 1, 2015</b>	<u>(462,886)</u>
<b>Net Position (Deficit), December 31, 2015</b>	<u><u>\$ (407,955)</u></u>

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

# COUNTY OF SCHUYLER

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

	<u>Internal Service Fund</u> <u>Component Unit</u> <u>HSDC Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Cash received from providing services	\$ 417,908
Cash payments - Contractual expenses	<u>(9,710)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>408,198</u>
<b>Cash Flows from Noncapital Financing Activities</b>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Cash payments - Bond principal	(175,000)
Cash payments - Interest expense	<u>(232,983)</u>
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>(407,983)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest and dividend income received	<u>16</u>
<b>Net Cash Provided by Investing Activities</b>	<u>16</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	231
<b>Cash and Cash Equivalents, January 1, 2015</b>	<u>433,397</u>
<b>Cash and Cash Equivalents, December 31, 2015</b>	<u><u>\$ 433,628</u></u>
<b>Reconciliation of net income to net cash provided by operating activities:</b>	
Operating income	\$ 278,320
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	<u>129,878</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 408,198</u></u>
<b>Supplemental Disclosures</b>	
<b>Noncash Operating Activities:</b>	
<b>In-kind contributions</b>	<u><u>\$ 9,622</u></u>
<b>In-kind administrative expenses</b>	<u><u>\$ 9,622</u></u>

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

# ***COUNTY OF SCHUYLER***

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

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents - Unrestricted	\$ 1,432,179
- Restricted	56,699
Due from other governments	<u>1,059,573</u>
<b>Total Assets</b>	<u><u>\$ 2,548,451</u></u>
<b>LIABILITIES</b>	
Agency liabilities	\$ 989,751
Due to other governments	<u>1,558,700</u>
<b>Total Liabilities</b>	<u><u>\$ 2,548,451</u></u>

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

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 1 Summary of Significant Accounting Policies**

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

#### **Financial Reporting Entity**

The County, which was incorporated in 1854, is governed by County Law and other laws of the State of New York and various local laws and ordinances. The County Legislature, which is the legislative body responsible for the overall operation of the County, consists of eight legislators. The Chairman of the Legislature serves as Chief Executive Officer of the County and the Treasurer serves as Chief Fiscal Officer.

The County provides the following basic services: public safety (including district attorney, assigned counsel, sheriff, probation, and jail), education (partial tuition to community colleges and tuition and transportation of handicapped children), public health, mental health, social services, highway maintenance, culture, and recreation programs.

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

The financial reporting entity consists of (a) the primary government which is the County, (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 statements to be misleading or incomplete, as set forth in GASB Statement No. 14, "The Financial Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - an Amendment to GASB Statement Nos. 14 and 34.

The decision to include a component unit in the County's reporting entity is based on several criteria set forth in GASB Statement No. 14, "The Financial Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the County's reporting entity.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 1 Summary of Significant Accounting Policies - Continued**

#### **Included in the Reporting Entity**

Based on the foregoing criteria and the significant factors presented below, the following organizations are included in the reporting entity.

- **The Schuyler County Industrial Development Agency**  
The Schuyler County Industrial Development Agency (the Agency) was created in 1971 by the Schuyler County Legislature under the provisions of Chapter 535 of the 1971 Laws of New York State for the purpose of encouraging economic growth in Schuyler County. The Agency is exempt from federal, state and local income taxes. The Agency, although established by the Schuyler County Legislature, is a separate entity and operates independently of the County. A separate audit report dated March 9, 2016 has been issued for the Agency for the year ended December 31, 2015. The Agency is considered a component unit of the County and is discretely presented. Complete financial statements for the Schuyler County Industrial Development Agency may be obtained by writing their administrative office at 910 South Decatur Street, Watkins Glen, New York 14891.

Section 870 of General Municipal Law indicates that the bonds or notes and other obligations of the Agency are not the debt of the County, and the payment of such is payable out of the funds of the Agency.

- **The Schuyler County Soil and Water Conservation District**  
The Schuyler County Soil and Water Conservation District (the District) was established in October, 1940, in accordance with the Soil and Water Conservation District's Law, to provide for the conservation of soil and water resources. Members of the District's Board of Directors are appointed by the County Board of Supervisors and 10% of the District's General Fund revenue is provided via County appropriation. The District is considered a component unit of the County and is discretely presented. Complete financial information for the Schuyler County Soil and Water Conservation District may be obtained by writing their administrative office at P.O. Box 326, Montour Falls, New York 14865.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 1 Summary of Significant Accounting Policies - Continued**

- **The Schuyler Tobacco Asset Securitization Corporation**

The Schuyler Tobacco Asset Securitization Corporation (STASC) is a local development corporation organized pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York. The STASC is one of 17 New York County TASC's created in 2000 for the purpose of purchasing the tobacco settlement rights from each respective county with the net proceeds of bonds issued to the New York Counties Tobacco Trust I (NYCTT). The trust in-turn issued \$227,130,000 aggregate principal amounts of Tobacco Settlement Pass-Through Bonds - Series 2000, dated December 7, 2000. The Trust bonds represent a direct, pass-through interest in the corresponding TASC bonds. All payments of the TASC bonds will be made directly by the Trust with the future proceeds of the Tobacco Settlement Revenues (TSRs).

The STASC, along with 23 other TASCs, created a trust known as the New York Counties Tobacco Trust V (NYCTTV) in order to issue \$199,375,348 aggregate principal amount of Tobacco Settlement Pass-Through Bonds (Series 2005 NYCTT Bonds). Series 2005 NYCTT Bonds, issued on November 29, 2005, represent a direct, pass-through interest in corresponding TASC bonds held by the trust and are subordinate to the prior bonds issued. The Series 2005 TASC bonds are subject to the rights of holders of the prior bonds, payable solely from, and secured solely by, the Collections and the funds and accounts pledged by the respective TASC Indenture. The Collections of the STASC will be comprised of the TSRs remaining after payment of the prior bonds and investment earnings on funds and accounts established under the STASC's Indenture. The STASC Series 2005 TASC Bonds are also payable from certain amounts released from Liquidity Reserve Accounts upon retirement of the prior bonds and amounts released from Trapping Accounts.

The STASC is controlled by a group of four directors who are appointed by the Chair of the Schuyler County Legislature. At this time, two directors are members of the County Legislature, one of whom is a member of the management team of the County and one who has no affiliation with the County. STASC is deemed to be a component unit of the County and is presented in the annual financial statements of the County as a blended component unit, reported as a Non-Major Debt Service Fund. A separate audit report dated February 29, 2016 has been issued for the STASC for the year ended December 31, 2015. Complete financial statements for Schuyler Tobacco Asset Securitization Corporation may be obtained from Schuyler County, 105 9<sup>th</sup> Street, Watkins Glen, New York 14891.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 1 Summary of Significant Accounting Policies - Continued**

- **The Schuyler County Human Services Development Corporation**

The Schuyler County Human Services Development Corporation (HSDC) was created in 2006 by the Schuyler County Legislature under the provisions of Section 1411 of the Not-For-Profit Corporation Law of the State of New York for the purpose of encouraging economic growth in Schuyler County. HSDC is exempt from federal, state, and local income taxes. HSDC, although established by the Schuyler County Board of Legislators, is a separate entity and operates independently of the County. HSDC is considered a component unit of the County and is presented in the annual financial statements of the County as an internal service fund. A separate audit report dated March 8, 2016 has been issued for the HSDC for the year ended December 31, 2015. Complete financial statements for Human Services Development Corporation may be obtained from Schuyler County, 105 9<sup>th</sup> Street, Watkins Glen, New York 14891.

#### **Excluded from the Reporting Entity**

The Counties of Steuben, Chemung, and Schuyler are participants in the joint Southern Tier Central Regional Planning and Development Board. The municipal agreement provides that each county's share of the cost shall be prorated as agreed upon by the member counties. In 2015, the County's share aggregated \$35,000. As none of the member counties have sole control over the Board's operation, the activity of the Board is excluded from the reporting entity of all member counties. Complete financial statements for the Southern Tier Central Regional Planning and Development Board may be obtained by writing their administrative office at 8 Denison Parkway East, Suite 310, Corning, New York 14830.

#### **Basic Financial Statements**

The County's basic financial statements include both Government-wide (reporting the County as a whole) and Governmental Fund financial statements (reporting the County's Major Funds.) Both the Government-wide and Governmental Fund financial statements categorize primary activities as either governmental or business type. The County's general governmental support, education, public safety, public health, transportation, highways and streets, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities. The County currently has no funds classified as Business-type Activities.

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

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

# *COUNTY OF SCHUYLER*

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 1 Summary of Significant Accounting Policies - Continued**

Government-wide financial statements do not include the activities reported in the Fiduciary Funds or fiduciary component units. This government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

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

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

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

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

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

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 1 Summary of Significant Accounting Policies - Continued**

The County records its transactions in the fund types described below.

#### **Governmental Funds**

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

#### **Major Funds**

- **General Fund** - Principal operating fund which includes all operations not required to be recorded in other funds.
  
- **Special Revenue Fund**
  - County Road Fund - Accounts for expenditures for highway purposes authorized by Section 114 of the Highway Law.
  
- **Debt Service Fund**
  - STASC Debt Service Fund - Accounts for accumulation of resources from tobacco settlement payments and payment of principal and interest on the tobacco settlement pass-through bonds.

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

- **Special Revenue Funds**
  - Road Machinery Fund - Accounts for the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment pursuant to Section 133 of the Highway Law.
  
  - Special Grant Fund - Accounts for activities under the Housing and Community Development Act of 1974.
  
- **Capital Projects Fund** - Accounts for financial resources to be used for the acquisition, construction or renovation of major capital assets.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 1 Summary of Significant Accounting Policies - Continued**

#### **Proprietary Fund**

- **Internal Service Fund:**

- HSDC Internal Service Fund - Accounts for accumulation of rent and interest revenue and payment of principal and interest on Human Services Development Corporation bonds.

**Fiduciary Funds** - Fiduciary Funds are used to account for assets held by the County in a trustee or custodial capacity, which therefore are not available to support the County's programs.

**Agency Funds** - Account for money received and held by the County in the capacity of trustee, custodian, or agent. The Agency Funds are custodial in nature and do not involve measurement of results of operations. The most significant of the County's Agency Funds are mortgage tax and social service trust funds.

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

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

#### **Accrual Basis**

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

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 1 Summary of Significant Accounting Policies - Continued**

#### **Modified Accrual Basis**

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The County considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

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

#### **Property Taxes**

The authority of levying taxes for the support of County and town governments, inclusive of special districts, and for re-levying unpaid school taxes, has been delegated by the State Legislature to the governing board of the County through various provisions of the Real Property Tax Law. For purposes of both county and town taxes, the value of real property is listed and established by the towns for each parcel of real property therein. Amounts to be raised by tax are determined from balanced budgets of towns and the County and levied on or before December 31, each year. Unpaid school taxes are purchased from each school district and added to tax levies and, until paid, are counted among the assets of the County; the County thus acquires all rights, title, and interest in any unpaid school taxes. Any such taxes remaining unpaid at the time of the tax sale are sold along with any other unpaid taxes subject to County enforcement.

Property taxes are levied each December 31, on the assessed value of all real property located within the County and become a lien on January 1. Taxes are payable during January without penalty. Beginning in February a 1% penalty is added. Property tax payments may be made in installments, which carry a 1% fee, payable on January 30, and on or before July 1. The initial responsibility of collecting County property taxes rests with the towns located within the County. The tax rolls are delivered to the Treasurer on or before the 15th of April at which time a 5% fee plus 12% per annum from February 1, to date of payment are added. The towns retain the full amount of their related town levy and remit the balance of collected taxes to the County. Responsibility for collection of delinquent taxes is then transferred to the County.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### Note 1 Summary of Significant Accounting Policies - Continued

Property taxes are recorded as receivables and revenues at the time the tax levy is billed. Uncollected amounts estimated to be collected subsequent to the first 60 days after year end are recorded as deferred inflows of resources.

Non-city school district taxes are turned over to the County for enforcement on November 15. The County collects the second installment of school taxes on or before November 30. Payment to school districts for second installments is required to be remitted within ten days of collection. On December 1, any such taxes remaining unpaid are relieved as County taxes in the subsequent year. The balance of uncollected school taxes is required to be remitted by April 1.

Corning City school taxes are turned over to the County for enforcement on April 15, and are enforced as a separate tax until the time of tax sale at which time they become part of the County's lien. The balance of uncollected city school taxes is remitted by December 31.

#### Constitutional Tax Limit

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

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

Five-Year Average Full Valuation of Taxable	
Real Estate (2011-2015)	\$ <u>1,264,980,866</u>
Tax limit @ 1.5%	\$ 18,974,713
Less :	
Tax levy	10,982,333
Less exclusions	-
Tax levy subject to tax limit	<u>10,982,333</u>
<b>Tax Margin</b>	<b>\$ <u>7,992,380</u></b>

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 1 Summary of Significant Accounting Policies - Continued**

#### **Receivables**

Amounts due from state and federal governments represent amounts owed to the County to reimburse it for expenditures incurred pursuant to state and federally funded programs. Other receivables represent amounts owed to the County for billed services, health insurance, and medical loans. No provision has been made for uncollectible accounts for amounts reported as Other Receivables, as it is believed such amounts would be immaterial.

#### **Vacation and Sick Leave and Compensatory Absences**

Pursuant to contractual agreements, County employees are entitled to accrue a maximum of 216 days of sick leave and 30 days of vacation leave. An individual who leaves the employ of the County is entitled to be paid for unused vacation leave credits.

Estimated vacation accumulated by Governmental Fund type employees has been recorded in the Government-wide financial statements.

Payment of vacation recorded in the Government-wide financial statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation when such payment becomes due.

#### **Cash and Cash Equivalents**

For financial statement purposes, the County considers all highly liquid investments of three months or less as cash equivalents.

#### **Investments**

Investments are valued at fair value.

#### **Inventory**

Inventory is recorded at cost on a first-in, first-out basis.

#### **Capital Assets**

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 1 Summary of Significant Accounting Policies - Continued**

Governmental capital assets purchased or acquired with minimum value of \$1,000 for equipment; \$5,000 for land, buildings and building improvements; and \$10,000 for infrastructure and having a useful life of greater than one year are capitalized. The estimated useful lives for governmental capital assets are as follows:

Real Property (Buildings)	50 years
Machinery and equipment	10 years
Infrastructure	10 years
Vehicles	5 years
Police Vehicles	3 years
Computers	5 years

#### **Postemployment Benefits**

In addition to providing pension benefits, the County provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The County offers the benefit, with related premiums funded 50% by participating retirees. The retiree also pays 65% of the premium covering the retiree's spouse. See more detailed information related to GASB Statement No. 45 information in Note 2.

#### **Sales Tax**

Pursuant to local law, the County levies a 4% tax in accordance with the Tax Law, Section 1210. The County retains 80% of such taxes for County purposes and distributes the remainder to the towns and villages in the County.

#### **Unearned Revenues**

The County reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the County before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the County has legal claim to resources, the liability for is removed and revenue is recognized.

#### **Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows related to pensions in the Statements of Net Position. The types of deferred outflows related to pensions are described in Note 3.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 1 Summary of Significant Accounting Policies - Continued**

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County reports deferred inflows related to pensions which are further described in Note 3.

#### **Restricted Resources**

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

#### **Interfund Activity**

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

#### **Insurance**

The County assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

#### **Equity Classifications**

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

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

- Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 1 Summary of Significant Accounting Policies - Continued**

- Restricted - Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

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

The County follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Terminology and classification of fund balance reflect spending constraints on resources, rather than availability for appropriation, which provides users more consistent and understandable information about a fund's net resources.

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

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, which requires the same level of formal action to remove said constraint.
- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 1 Summary of Significant Accounting Policies - Continued**

- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Currently, the County does not have a policy stating the highest level of authority able to assign fund balance. The Legislature, by resolution, approves fund balance appropriations for next year's budget. Expenditures which affect more than one fund balance type are applied against fund balance in the following order: non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, then unassigned fund balance, respectively.

#### **Legally Adopted Reserves**

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. With the exception of the encumbrance reserve, reserve funds are established through Legislative action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. Reserves currently in use by the County include the following:

- Miscellaneous Special Reserve - Accounts for funds restricted for miscellaneous projects, as authorized by County Resolution.
- Mandatory Reserve for Debt Service - Used to establish a reserve for the purpose of retiring outstanding obligations upon the sale of County property or capital improvement financed by obligations which remain outstanding at the time of sale (GMC§ 6-1). The funding of the reserve is from the proceeds of the sale of County property or capital improvement. This reserve is accounted for in the HSDC Fund and STASC Debt Service Fund.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### ***Note 2* Assets**

#### **Cash and Investments**

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. While the County does not have a specific policy for custodial credit risk, New York State statutes govern the County's investment policies. The County has its own written investment policy. The County's monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Collateral (security) is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts, obligations of Puerto Rico, obligations of municipalities of other states, obligations of domestic corporations, mortgage related securities, commercial paper and bankers acceptances, and zero coupon obligations of the United States.

GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits were either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

The County's aggregate bank balances of \$5,595,300 are either insured or collateralized with securities held by the pledging financial institution in the County's name.

Total financial institution (bank) balances of the HSDC and STASC at December 31, 2015, per the bank, were \$433,669 and \$317,579, respectively, and were fully collateralized.

Total bank balances of the IDA, including long-term certificates of deposit, totaled \$1,296,456 at December 31, 2015 and were entirely insured or collateralized with securities held by SCIDA's agent in the Agency's name.

The Soil and Water Conservation District's aggregate bank balances of \$1,557,696 were either insured or collateralized with securities held by the pledging financial institution in the District's name.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### Note 2 Assets - Continued

Restricted cash and cash equivalents of the primary government at December 31, 2015 consisted of the following:

Purpose	Amount
Public safety funds	\$ 459,519
Lamoka-Waneta Lakes District Funds	7,614
Community Development Fund	3,539
Unspent debt proceeds	122,287
STASC Debt Service Fund	274,805
HSDC funds	413,000
<b>Total Restricted Cash</b>	<b>\$ <u>1,280,764</u></b>

### Property Taxes

Property taxes levied for 2015 are recorded as revenue and receivables, net of estimated uncollectible amounts. In the fund financial statements, the net receivables collected during 2015 and expected to be collected within the first 60 days of 2016 are recognized as revenues in 2015.

Net receivables estimated to be collectible subsequent to the first 60 days of 2016 are reflected as deferred revenue. At December 31, 2015, the County recognized \$902,910 of unavailable tax revenue.

Taxes receivable at December 31, 2015 are summarized as follows:

Returned school taxes receivable	\$ 1,603,686
Taxes receivable - Overdue	1,309,279
Other	57,112
Allowance for uncollectible taxes	<u>(89,836)</u>
<b>Taxes Receivable</b>	<b>\$ <u>2,880,241</u></b>

Uncollected school taxes assumed by the County as a result of settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings. The portion of the receivable that represents taxes re-levied for schools in the amount of \$1,603,686 is reflected as part of a liability, due to other governments, in the accompanying basic financial statements.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### *Note 2* **Assets - Continued**

#### **Other Receivables**

Other receivables at December 31, 2015 consisted of the following, which are stated at net realizable value. The County has deemed the amounts to be fully collectible.

	Description	Amount
General Fund	Mental health fees	\$ 134,482
	Social services fees	48,621
	Due from Agency Fund	1,556,936
	Other	172,950
Total General Fund		1,912,449
County Road Fund	Billed services	6,656
Road Machinery Fund	Billed services	21,730
Capital Projects Funds	Miscellaneous	757
HSDC Fund	Rent receivable	10,855
STASC Fund	TSR receivable	474,000
<b>Total Other Receivables</b>		<b>\$ 2,426,447</b>

#### **Capital Assets**

Capital asset activity for the year ended December 31, 2015, was as follows:

	Balance at 12/31/14 (Restated)	Additions	Disposals/Re- classifications	Balance at 12/31/15
<u>Governmental Activities</u>				
Land	\$ 334,200	\$	\$	\$ 334,200
Construction in progress	1,855,133	1,779,715		3,634,848
Total Non-depreciable Capital Assets	2,189,333	1,779,715	-	3,969,048
Buildings	12,180,646			12,180,646
Machinery and equipment	9,046,633	914,472	(270,170)	9,690,935
Land improvements	3,418,083			3,418,083
Infrastructure	35,179,105	1,030,354		36,209,459
Total Depreciable Capital Assets	59,824,467	1,944,826	(270,170)	61,499,123
Total Historical Cost	62,013,800	3,724,541	(270,170)	65,468,171

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### Note 2 Assets - Continued

	Balance at 12/31/14 <u>(Restated)</u>	<u>Additions</u>	<u>Disposals/Re- classifications</u>	<u>Balance at 12/31/15</u>
Less Accumulated Depreciation:				
Buildings	\$ (6,235,137)	\$ (435,644)		\$ (6,670,781)
Machinery and equipment	(7,095,332)	(654,019)	268,796	(7,480,555)
Land improvements	(1,007,936)	(61,281)		(1,069,217)
Infrastructure	<u>(18,405,117)</u>	<u>(1,076,431)</u>		<u>(19,481,548)</u>
Total Accumulated Depreciation	(32,743,522)	(2,227,375)	268,796	(34,702,101)
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<b><u>\$ 29,270,278</u></b>	<b><u>\$ 1,497,166</u></b>	<b><u>\$ (1,374)</u></b>	<b><u>\$ 30,766,070</u></b>

Depreciation expense was charged to functions as follows:

Governmental Activities:

General government support	\$ 587,801
Public safety	193,380
Public health	30,885
Transportation	1,323,875
Economic assistance and opportunity	28,994
Culture and recreation	<u>62,440</u>

**Total Governmental Activities Depreciation Expense \$ 2,227,375**

	Balance at 12/31/14	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/15</u>
<u>HSDC Fund</u>				
Land	\$ 40,639	\$ -	\$ -	\$ 40,639
Total Non-depreciable Capital Assets	<u>40,639</u>	<u>-</u>	<u>-</u>	<u>40,639</u>
Buildings	4,775,409			4,775,409
Land improvements	209,851			209,851
Total Depreciable Capital Assets	<u>4,985,260</u>	<u>-</u>	<u>-</u>	<u>4,985,260</u>
Total Historical Cost	<u>5,025,899</u>	<u>-</u>	<u>-</u>	<u>5,025,899</u>
Less Accumulated Depreciation:				
Buildings	(865,542)	(119,385)		(984,927)
Land improvements	<u>(76,072)</u>	<u>(10,493)</u>		<u>(86,565)</u>
Total Accumulated Depreciation	<u>(941,614)</u>	<u>(129,878)</u>	<u>-</u>	<u>(1,071,492)</u>
<b>HSDC Fund Capital Assets, Net</b>	<b><u>\$ 4,084,285</u></b>	<b><u>\$ (129,878)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,954,407</u></b>

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### ***Note 2* Assets - Continued**

Depreciation expense for the year ended December 31, 2015 for HSDC totaled \$129,878, and was charged to economic assistance and opportunity in the Statement of Activities.

### ***Note 3* Pension Obligations - New York State and Local Employees' Retirement System (ERS)**

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

#### **Plan Descriptions and Benefits Provided**

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

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

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### Note 3 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

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

#### Summary of Significant Accounting Policies

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

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

#### Contributions

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

	2015,	2014	2013
ERS	\$ 1,921,917	\$ 1,880,372	\$ 1,829,389

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

At December 31, 2015, the County reported the following liability for its proportionate share of the net pension (asset) liability for the System. The net pension (asset) liability was measured as of March 31, 2015. The total pension (asset) liability used to calculate the net pension liability was determined by an actuarial valuation. The County's proportionate share of the net pension (asset) liability was based on a projection of the County's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from report provided to the County by the ERS System.

	ERS
Actuarial valuation date	04/01/2014
Net pension (asset) liability	\$ 3,378,245,000
County's proportionate share of the Plan's total net pension (asset) liability	1,550,413

# *COUNTY OF SCHUYLER*

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

**Note 3 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued**

For the year ended December 31, 2015, the County recognized pension expense of \$1,338,416 for ERS in the financial statements. At December 31, 2015 the County's reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	ERS
Deferred Outflows of Resources:	
Differences between expected and actual experience	\$ 49,630
Net differences between projected and actual earnings on pension plan investments	269,287
County's contributions subsequent to the measurement date	1,315,864
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,634,781</b>
Deferred Inflows of Resources:	
Changes in proportion and differences between the County's contributions and proportionate share of contributions	\$ (258,891)
<b>Total Inflows of Resources</b>	<b>\$ (258,891)</b>

County contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS
Year ended:	
2016	\$ 15,007
2017	15,007
2018	15,007
2019	15,007
2020	
Thereafter	

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### **Note 3 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued**

#### **Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

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

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

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

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### **Note 3 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued**

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

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

#### **Discount Rate**

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

**Note 3 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued**

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

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

ERS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension (asset) liability	\$ 10,334,176	\$ 1,550,413	\$ (5,865,260)

**Pension Plan Fiduciary Net Position**

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

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

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of December 31, 2015 represent the projected employer contribution for the period of April 1, 2015 through December 31, 2015 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2015 amounted to \$-0-.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 3 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued**

**Effect on Net Position**

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

	Beginning Balance	Change	Ending Balance
Net pension liability	\$ (2,073,888)	\$ 523,475	\$ (1,550,413)
Deferred outflows of resources	1,419,278	215,503	1,634,781
Deferred inflows of resources	-	(258,891)	(258,891)
 Total	 <u>\$ (654,610)</u>	 <u>\$ 480,087</u>	 <u>\$ (174,523)</u>

**Note 4 Other Postemployment Benefits**

In 2008, the County adopted GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." In the past, the County reported the cost of retiree health care on a "pay-as-you-go" basis.

An actuarial valuation of the Schuyler County Postretirement Medical Plan (Plan) was performed as of January 1, 2015 for the fiscal year ending December 31, 2015. The Plan is a single-employer defined benefit Other Postemployment Benefit Plan administered by the County. The Plan provides for the continuation of medical insurance benefits for certain retirees and their spouses. The County assigns the authority to establish and amend benefit provisions to the County Legislature. The Plan does not issue a stand-alone financial report.

The contribution requirements of Plan members and the County are established and may be amended by the County Legislature. The County Legislature has negotiated several collective bargaining agreements, which include obligations of Plan members and the County. The required contribution is based on projected pay-as-you-go financing requirements. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 4 Other Postemployment Benefits - Continued**

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

Normal cost	\$ 1,584,223
Amortization of UAAL	1,495,633
Interest	63,369
Total Annual Required Contribution	3,143,225
Interest on net OPEB obligation	558,992
Adjustment to annual required contribution	(808,164)
Annual OPEB Cost (Expense)	2,894,053
Estimated contributions made on behalf retirees	(570,023)
Increase in Net OPEB Obligation	2,324,030
 Net OPEB Obligation - January 1, 2015	 13,974,804
 Net OPEB Obligation - December 31, 2015	 \$ 16,298,834

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 2,894,053	19.7%	\$ 16,298,834
12/31/2014	2,619,218	23.0%	13,974,804
12/31/2013	2,500,215	23.8%	11,957,586

As of December 31, 2015, the Plan was not funded. The actuarial accrued liability for benefits was \$25,862,547; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$11,025,699 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 234.6%.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### ***Note 4* Other Postemployment Benefits - Continued**

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding funded status of the Plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques 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 January 1, 2015 actuarial valuation, the most recently completed full valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 7.75% initially reduced by decrements to an ultimate rate of 3.89% in 2075. The rate included a 2.25% inflation assumption.

### ***Note 5* Constitutional Debt Limit**

At December 31, 2015, the total outstanding indebtedness of the County aggregated \$2,890,708. Of this amount, \$2,890,708 was subject to the constitutional limitations on indebtedness and represented 3.26% of the County's statutory debt limit.

### ***Note 6* Short-term Debt**

The County may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. During the year ended December 31, 2015 the County did not issue or redeem any RANs or TANs.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### ***Note 6* Short-term Debt - Continued**

#### **Serial Bonds**

The County borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Statement of Net Position.

#### **Bond Anticipation Notes**

BANs are reflected as current or long-term liabilities depending on the refinancing status. For Governmental Funds, if all legal steps have been taken to refinance the BANs, the intent is supported by an ability to consummate refinancing the short-term note on a long-term basis in the operating statement of the recipient fund. Such notes are recorded as liabilities in the Government-wide financial statements.

State law requires BANs issued for capital purposes be converted to long-term obligations or paid off 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 stipulated annual reductions of principal are made.

### ***Note 7* Noncurrent Liabilities**

In addition to the above debt, the County had the following noncurrent liabilities:

- Compensated Absences - Represents the unfunded value of the liability for accumulated vacation. This liability is liquidated from the General, County Road and Road Machinery Funds.
- Capital Leases - Represents principal balance of equipment leases. This liability is liquidated from the General Fund.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 7 Noncurrent Liabilities - Continued**

#### **Summary of Debt**

The following is a summary of serial bonds, bond anticipation notes and capital leases payable:

Description	Original Date of Issue	Original Amount	Interest Rate	Date of Final Maturity	Balance December 31,
Serial Bonds:					
Shared Services Construction	01/10	1,500,000	3.50-5.00%	1/2034	\$ 1,325,000
Bond Anticipation Notes	05/15	1,510,000	1.00%	5/2016	1,510,000
STASC Pass-through Bonds:					
Tobacco Settlement Bonds (2000)	12/00	3,280,000	5.25-6.30%	6/2023	2,115,000
Less: Unamortized bond discount					<u>(50,834)</u>
Carrying Value of Series 2000 Bonds					<u>2,064,166</u>
Tobacco Settlement Bonds (2005)	11/05	1,573,852	6.00-7.85%	6/2037	1,497,013
Less: Unamortized bond discount					<u>(27,676)</u>
Add: Interest accretion					1,495,751
Carrying Value of Series 2005 Bonds					<u>2,965,088</u>
HSDC 2007 Tax-exempt Revenue Bonds	04/07	5,725,000	3.50-5.00%	5/2032	4,630,000
Add: Unamortized bond premium					<u>138,562</u>
Carrying Value of HSDC Bonds					<u>4,768,562</u>
Capital Lease	04/15	58,220	6.00%	4/2017	37,672
Capital Lease	08/14	54,170	6.00%	8/2016	<u>18,036</u>
<b>Total</b>					<b>\$ <u>12,688,524</u></b>

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### Note 7 Noncurrent Liabilities - Continued

#### Change in Indebtedness

The following represents changes in the County's indebtedness during the year ended December 31, 2015:

	Balance January 1,	Additions	Deletions	Balance December 31,	Amount Due Within One Year
Serial Bonds	\$ 1,370,000	\$	\$ (45,000)	\$ 1,325,000	\$ 45,000
Bond Anticipation Notes	1,690,000	1,510,000	(1,690,000)	1,510,000	1,510,000
STASC Bonds	3,672,013		(60,000)	3,612,013	550,000
Add: Accreted interest payable	1,297,364	198,387		1,495,751	
Less: Unamortized bond discount	(85,255)	6,745		(78,510)	(6,745)
HSDC Bonds	4,805,000		(175,000)	4,630,000	180,000
Add: Unamortized bond premium	147,046		(8,484)	138,562	
Capital lease	52,043	58,220	(54,555)	55,708	36,324
Compensated absences	658,962	15,454		674,416	67,442
	<u>\$ 13,607,173</u>	<u>\$ 1,788,806</u>	<u>\$ (2,033,039)</u>	<u>\$ 13,362,940</u>	<u>\$ 2,382,021</u>
<b>Totals</b>					

Additions and deletions to compensated absences are shown net, as it is impractical to determine these amounts separately. The County paid \$73,766 in interest on bond anticipation notes, bonds and capital leases during the year ended December 31, 2015. STASC paid \$140,070 in interest on bonds during the year. HSDC paid \$232,983 in interest on bonds during the year. Interest paid on the Serial Bonds varies from year to year, in accordance with the interest rates specified in the bond agreements.

Cash paid	\$ 446,819
Less interest accrued in prior year	(86,074)
Add interest accrued in current year	87,825
Less prior year accreted interest	(1,297,364)
Add current year accreted interest	1,495,751
Less amortization of bond discount/(premium)	(1,739)
<b>Total</b>	<b>\$ 645,218</b>

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### Note 7 Noncurrent Liabilities - Continued

#### Debt Service Requirements

The following tables summarize the County's future debt service requirements as of December 31, 2015:

Year	Governmental Funds							
	County Serial Bonds		HSDC Fund		STASC Bonds		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 45,000	\$ 58,975	\$ 180,000	\$ 226,100	\$ 659,039	\$ 196,433	\$ 884,039	\$ 481,508
2017	50,000	57,075	190,000	217,750	222,203	158,066	462,203	432,891
2018	50,000	55,075	200,000	208,000	278,058	160,033	528,058	423,108
2019	50,000	52,950	205,000	197,875	291,594	152,907	546,594	403,732
2020	55,000	50,587	220,000	187,250	304,398	143,728	579,398	381,565
2021-2025	310,000	213,450	1,265,000	756,875	1,180,624	983,728	2,755,624	1,954,053
2026-2030	390,000	134,701	1,610,000	399,500	369,281	1,591,873	2,369,281	2,126,074
2031-2035	375,000	37,475	760,000	38,500	248,160	1,806,258	1,383,160	1,882,233
2036-2039					58,656	570,921	58,656	570,921
<b>Total</b>	<b>\$ 1,325,000</b>	<b>\$ 660,288</b>	<b>\$ 4,630,000</b>	<b>\$ 2,231,850</b>	<b>\$ 3,612,013</b>	<b>\$ 5,763,947</b>	<b>\$ 9,567,013</b>	<b>\$ 8,656,085</b>

Year	Capital Leases		
	Principal	Interest	Total
2016	\$ 36,323	\$ 3,342	\$ 39,665
2017	19,385	1,163	20,548
<b>Total</b>	<b>\$ 55,708</b>	<b>\$ 4,505</b>	<b>\$ 60,213</b>

#### STASC Bonds

The County's future right, title, and interest in the Tobacco Settlement Revenues were financed through the issuance of bonds in the amount of \$3,280,000 and bearing interest rates ranging from 5.25% to 6.3% in December 2000. STASC elected the 25 year flexible amortization option.

STASC Series 2005 bonds are capital appreciation bonds, upon which the investment return on the initial principal amount is reinvested at a compounded rate until maturity. There are no scheduled principal and interest payments on the Series 2005 bonds other than on their respective maturity dates, at which time a single payment is made representing both the initial principal amount and the total investment return.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 7 Noncurrent Liabilities - Continued**

The Series 2005 bonds are subject to redemption prior to maturity through turbo redemption payments which are to be made from surplus collections on deposit, as provided in the Bond Indenture. The amounts and timing of the turbo redemption payments are based on projections of future tobacco settlement receipts less amounts needed to satisfy debt service on the Series 2000 bonds and to satisfy operating requirements. Failure to make such turbo redemption payments will not, however, constitute an event of default.

**Note 8 Interfund Receivables and Payables**

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources primarily to subsidize other funds. The Governmental Funds financial statements generally reflect such transactions as transfers. Interfund receivables and payables and interfund transfer revenues and expenditures at December 31, 2015 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 804,037	\$ 320,883
County Road Fund	1,606,632	1,810,484
Non-Major Funds	<u>1,701,586</u>	<u>1,980,888</u>
<b>Total</b>	<b><u>\$ 4,112,255</u></b>	<b><u>\$ 4,112,255</u></b>

	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 1,933,529	\$ 2,301,706
County Road Fund	1,418,003	180,000
Non-Major Funds	<u>599,826</u>	<u>599,826</u>
<b>Total</b>	<b><u>\$ 3,081,532</u></b>	<b><u>\$ 3,081,532</u></b>

**Note 9 Summary of Significant Commitments and Contingencies**

**State and Federally Assisted Programs**

The County receives many different state and federal grants to be used for specific purposes. These grants are generally conditioned on compliance with certain statutory, regulatory, and/or contractual requirements. The County makes every effort to comply with all applicable requirements. However, because these grants are audited from time to time, it is possible that the County will be required, upon audit, to repay portions of the grant monies received and recorded as revenue in a prior year. County officials do not anticipate material grant-in-aid disallowances, and no provision, therefore, is reflected in the financial statements.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Note 9 Summary of Significant Commitments and Contingencies - Continued**

#### **Other Litigation**

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

### **Note 10 Other Disclosures**

#### **Schuyler County Community Services Board**

The Schuyler County Community Services Board was formed under Mental Hygiene Law, Section 41, to enable and encourage the County to develop preventive, rehabilitative and treatment services for the mentally ill, the mentally retarded and the developmentally disabled, and those suffering from the diseases of alcoholism and substance abuse in the community.

The Board was formed to be a policy-making body with regards to the services provided to the community. During 1996, the Board applied for and received funding to build a new building. Bonding was obtained through the Local Government Services Corporation (LGSC) and various other state grants were received to supplement the funding stream. Because the bonding was obtained through the LGSC, the LGSC will retain title to the building for the life of the bonds. Therefore, no asset has been recorded on the County's fixed asset records.

### **Note 11 Transactions with Component Units**

#### **Schuyler County Soil and Water Conservation District**

The County contributed \$145,000 for operating assistance and \$20,000 for stream stabilization services to the Soil and Water Conservation District during the year ended December 31, 2015.

#### **Schuyler County Human Services Development Corporation**

The HSDC leases office space to Schuyler County. During the year ended December 31, 2015, the County paid \$300,159 and owed \$10,855 on their lease rental commitment. In addition, the Corporation's records are maintained by County employees at no charge to the Corporation for these services. In addition, the County maintains the records for the HSDC at no charge. In-kind contributions total \$9,622 for the year ended December 31, 2015.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### Note 12 Fund Balance Detail

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

	General Fund	County Road Fund	STASC Debt Service Fund	Non-Major Funds
<u>Nonspendable</u>				
Prepaid expenses	\$ 492,402	\$	\$	\$
Inventory	6,931		2,533	
Total Nonspendable Fund Balance	\$ 499,333	\$ -	\$ 2,533	\$ -
<u>Restricted</u>				
E-911 Reserve	\$ 347,195	\$	\$	\$
Sheriff seized assets	13,337			
DA seized assets	66,654			
Stop-DWI Reserve	32,333			
Lamoka/Wanetta Lakes Reserve	7,614			
Debt service			838,184	
Community development				3,539
Capital projects (unspent debt proceeds)				122,287
Total Restricted Fund Balance	\$ 467,133	\$ -	\$ 838,184	\$ 125,826
<u>Committed</u>				
Community Services Board Reserve	\$ 31,461	\$	\$	\$
Facilities & Grounds Capital Reserve	579,578			
Voice & Data Reserve	339,782			
Economic Development Reserve	100,000			
Total Committed Fund Balance	\$ 1,050,821	\$ -	\$ -	\$ -
<u>Assigned</u>				
Capital projects	\$ 481,879	\$	\$	\$
Encumbered for:				
General support	14,808			
Public safety	1,254			
Public health				
Economic assistance and opportunity	16,428			
Culture and recreation	562			
Transportation		749,384		379,311
Total Assigned Fund Balance	\$ 514,931	\$ 749,384	\$ -	\$ 379,311
<u>Unassigned</u>	\$ 3,107,790	\$ -	\$ -	\$ (481,879)
Total Fund Balances	\$ 5,640,008	\$ 749,384	\$ 840,717	\$ 23,258

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### **Note 13 Stewardship**

At December 31, 2015, the Capital Projects Fund had a deficit unassigned fund balance of \$(481,879). This deficit will be eliminated when additional insurance proceeds related to the Shared Services Facility are transferred to the Capital Fund during 2015.

### **Note 14 Restatement of Net Position**

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

During the year ended December 31, 2015, the County reevaluated capital assets and performed certain reclassifications of balances resulting in an adjustment to beginning net position.

The County's net position has been restated as follows:

Net Position Beginning of Year, as Previously Stated	\$ 12,080,308
GASB Statement No. 68 implementation:	
Beginning system liability - Employees' retirement system	(2,073,888)
Beginning deferred outflow of resources for contributions subsequent to the measurement date	1,419,278
Capital assets adjustment	<u>596,635</u>
<b>Net Position Beginning of Year, as Restated</b>	<b><u>\$ 12,022,333</u></b>

# COUNTY OF SCHUYLER

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

	Original Budget	Final Budget
<b>REVENUES</b>		
Real property taxes	\$ 11,052,990	\$ 11,055,936
Real property tax items	661,782	661,782
Nonproperty tax items	10,793,000	10,883,694
Departmental income	5,329,200	5,938,378
Intergovernmental charges	318,307	340,307
Use of money and property	638,062	638,062
Fines and forfeitures	79,147	79,147
Sale of property and compensation for loss	15,100	15,100
Miscellaneous local sources	72,400	77,884
State sources	6,032,370	8,785,855
Federal sources	4,153,283	4,634,955
<b>Total Revenues</b>	39,145,641	43,111,100
<b>EXPENDITURES</b>		
General governmental support	7,125,371	7,181,624
Education	1,855,000	1,855,000
Public safety	3,477,375	6,534,249
Public health	3,726,923	4,214,072
Transportation	300,000	501,581
Economic assistance and opportunity	13,267,110	13,374,547
Culture and recreation	162,595	221,360
Home and community services	521,161	648,722
Employee benefits	6,288,400	6,299,400
Debt service - Principal and interest	120,000	178,397
<b>Total Expenditures</b>	36,843,935	41,008,952
Excess of Revenues	2,301,706	2,102,148
<b>OTHER FINANCING (USES)</b>		
Interfund transfers (out)	(2,301,706)	(2,301,706)
<b>Total Other Financing (Uses)</b>	(2,301,706)	(2,301,706)
Excess of (Expenditures) Revenues and Other Financing (Uses) Sources	-	(199,558)
Appropriated reserves		78,638
Encumbrances carried forward from prior year		120,920
<b>Net Increase</b>	\$ -	\$ -
<b>Fund Balance, Beginning</b>		
<b>Fund Balance, Ending</b>		

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

Actual	Encumbrances	Variance Favorable- (Unfavorable)
\$ 11,055,936	\$	\$ -
1,020,138		358,356
10,939,341		55,647
5,243,261		(695,117)
300,318		(39,989)
641,985		3,923
38,439		(40,708)
27,327		12,227
88,543		10,659
7,409,588		(1,376,267)
4,311,621		(323,334)
41,076,497	-	(2,034,603)
6,948,525	14,808	218,291
1,706,758		148,242
5,721,993	1,254	811,002
3,677,833		536,239
501,581		-
11,954,015	16,428	1,404,104
152,118	562	68,680
637,855		10,867
5,342,544		956,856
173,321		5,076
36,816,543	33,052	4,159,357
4,259,954	(33,052)	2,124,754
(2,301,706)		-
(2,301,706)	-	-
1,958,248	\$ <u>(33,052)</u>	\$ <u>2,124,754</u>
-		
3,681,760		
\$ <u>5,640,008</u>		

# ***COUNTY OF SCHUYLER***

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

	<u>Original Budget</u>	<u>Final Budget</u>
<b>REVENUES</b>		
Departmental income	\$ 26,900	\$ 26,900
Use of money and property	1,500	1,500
Fines and forfeitures	200	200
Sale of property and compensation for loss	3,000	3,000
Miscellaneous local sources	200	200
State sources	875,879	895,879
Federal sources	79,200	79,200
<b>Total Revenues</b>	<u>986,879</u>	<u>1,006,879</u>
<b>EXPENDITURES</b>		
Transportation	1,920,329	1,930,529
Employee benefits	404,900	414,700
Debt service - Principal and interest		60,000
<b>Total Expenditures</b>	<u>2,325,229</u>	<u>2,405,229</u>
Excess of (Expenditures)	<u>(1,338,350)</u>	<u>(1,398,350)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund transfers in	1,518,350	1,518,350
Interfund transfers (out)	(180,000)	(180,000)
<b>Total Other Financing Sources (Uses)</b>	<u>1,338,350</u>	<u>1,338,350</u>
Excess of (Expenditures) Revenues and Other Financing (Uses) Sources	<u>-</u>	<u>(60,000)</u>
Appropriated fund balances		<u>60,000</u>
<b>Net Increase</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance, Beginning</b>		
<b>Fund Balance, Ending</b>		

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

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable- (Unfavorable)</u>
\$ 31,753	\$	\$ 4,853
448		(1,052)
800		600
2,856		(144)
		(200)
407,704		(488,175)
116,469		37,269
560,030	-	(446,849)
1,693,744		236,785
414,700		-
60,000		-
2,168,444	-	236,785
(1,608,414)	-	(210,064)
1,933,529		415,179
(180,000)		-
1,753,529	-	415,179
145,115	\$ -	\$ <b>205,115</b>
604,269		
\$ <b>749,384</b>		

# **COUNTY OF SCHUYLER**

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

Actuarial Valuation Date	Fiscal Year End	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2015	12/31/2015	\$ -	\$ 25,862,547	\$ 25,862,547	0.0%	\$ 11,025,699	234.6%
1/1/2012	12/31/2014	-	23,809,557	23,809,557	0.0%	9,963,996	239.0%
1/1/2012	12/31/2013	-	22,132,637	22,132,637	0.0%	9,825,282	225.3%
1/1/2011	12/31/2012	-	22,199,170	22,199,170	0.0%	9,650,709	230.0%
1/1/2011	12/31/2011	-	20,557,001	20,557,001	0.0%	9,773,685	210.3%
1/1/2008	12/31/2009	-	20,290,478	20,290,478	0.0%	9,776,623	207.5%

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

# ***COUNTY OF SCHUYLER***

## **SCHEDULE OF COUNTY CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 2 FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ <b>1,921,917</b>	\$ 1,880,372
Contributions in relation to the contractually required contribution	<b>(1,920,720)</b>	(1,880,372)
Contribution deficiency (excess)	-	-
County's covered - employee payroll	<b>9,624,281</b>	9,323,231
Contributions as a percentage of covered - employee payroll	<b>20.0%</b>	20.2%

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

# ***COUNTY OF SCHUYLER***

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

	<u>2015</u>
County's proportion of the net pension (asset) liability	0.0458941%
County's proportionate share of the net pension (asset) liability	\$ 1,550,413
County's covered-employee payroll during the measurement period	9,463,189
County's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	16.38%
Plan fiduciary net position as a percentage of the total pension (asset) liability	97.9%

# ***COUNTY OF SCHUYLER***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015**

### ***Note 1* Budgetary Data**

#### **Budget Policies**

The budget policies are as follows:

1. No later than November 15, the budget officer submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for the following funds:
  - General Fund
  - County Road Fund
  - Road Machinery Fund
2. After public hearings are conducted to obtain taxpayer comments, no later than December 20, the governing board adopts the budget.
3. All modifications of the budget must be approved by the County Legislature. During 2015, the budget was modified for unanticipated grants and revenues, use of reserve funds and carryover encumbrances.
4. Appropriations are adopted at the functional level by department.
5. Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects, which remain in effect for the life of the project.
6. An annual legal budget is not adopted for the STASC, which is a debt service fund and Special Grant Fund, which is a Special Revenue Fund. Budgetary controls for the STASC and Special Grant Fund are established in accordance with the applicable debt service schedules and grant agreements.
7. Appropriations lapse at year end.

#### **Encumbrances**

Encumbrances are recorded to reserve a portion of fund balance for outstanding commitments to be financed from current appropriations. Encumbrance accounting, under which 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 Special Revenue Funds. Encumbrances are reported as assignments of fund balances, as they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

# ***COUNTY OF SCHUYLER***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015**

### **Budget Basis of Accounting**

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America for the General, County Road, and Road Machinery Funds. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered disbursements in the financial plan or expenditures in GAAP based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuring that appropriations are not exceeded. The accompanying Budgetary Comparison Schedules for the budgeted major Governmental Funds, General and County Road Fund, present comparisons of the legally adopted budget with actual data.

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

No adjustment is necessary to convert excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis as there were no encumbrances added to the actual expenditures recorded in the budgetary comparison schedules.

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

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

# COUNTY OF SCHUYLER

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

	<b>Special Revenue Funds</b>			<b>Total</b>
	<b>Special</b>	<b>Road</b>	<b>Capital Projects</b>	<b>Non-Major</b>
	<b>Grant</b>	<b>Machinery</b>	<b>Funds</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>ASSETS</b>				
Assets:				
Cash and cash equivalents - Unrestricted	\$	\$ 333,458	\$	\$ 333,458
- Restricted		3,506		47,574
Due from other funds		33	1,081,403	1,701,586
Other receivables, net		21,730	757	22,487
<b>Total Assets</b>	<b>\$</b>	<b>3,539</b>	<b>\$</b>	<b>975,338</b>
			<b>\$</b>	<b>1,126,228</b>
				<b>\$</b>
				<b>2,105,105</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$	\$ 40,959	\$ 57,135	\$ 98,094
Accrued liabilities		2,865		2,865
Due to other funds		552,203	1,428,685	1,980,888
<b>Total Liabilities</b>		<b>-</b>	<b>596,027</b>	<b>1,485,820</b>
				<b>2,081,847</b>
<b>Fund Balances:</b>				
Restricted		3,539	122,287	125,826
Assigned			379,311	379,311
Unassigned			(481,879)	(481,879)
<b>Total Fund Balances</b>		<b>3,539</b>	<b>379,311</b>	<b>(359,592)</b>
				<b>23,258</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$</b>	<b>3,539</b>	<b>\$</b>	<b>975,338</b>
			<b>\$</b>	<b>1,126,228</b>
				<b>\$</b>
				<b>2,105,105</b>

*See Independent Auditor's Report*

# COUNTY OF SCHUYLER

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2015

	Special Revenue Funds			Total Non-Major Governmental Funds
	Special Grant Fund	Road Machinery Fund	Capital Projects Fund	
<b>REVENUES</b>				
Intergovernmental charges	\$	\$ 210,202	\$	\$ 210,202
Use of money and property		379	11	390
Sale of property and compensation for loss		9,260		9,260
Miscellaneous local sources		(877)		(877)
State sources	23,040		564,210	587,250
<b>Total Revenues</b>	<u>23,040</u>	<u>218,964</u>	<u>564,221</u>	<u>806,225</u>
<b>EXPENDITURES</b>				
Transportation		1,130,143		1,130,143
Home and community services	37,269			37,269
Employee benefits		85,973		85,973
Capital outlay		120,000	740,946	860,946
<b>Total Expenditures</b>	<u>37,269</u>	<u>1,336,116</u>	<u>740,946</u>	<u>2,114,331</u>
<b>Excess of (Expenditures)</b>	<u>(14,229)</u>	<u>(1,117,152)</u>	<u>(176,725)</u>	<u>(1,308,106)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in		1,148,003		1,148,003
Interfund transfers (out)			(599,826)	(599,826)
Proceeds of obligations			58,220	58,220
<b>Total Other Financing Sources</b>	<u>-</u>	<u>1,148,003</u>	<u>(541,606)</u>	<u>606,397</u>
<b>Excess of (Expenditures) Revenues and Other Financing (Uses) Sources</b>	<u>(14,229)</u>	<u>30,851</u>	<u>(718,331)</u>	<u>(701,709)</u>
<b>Fund Balances, Beginning</b>	<u>17,768</u>	<u>348,460</u>	<u>358,739</u>	<u>724,967</u>
<b>Fund Balances, Ending</b>	<u>\$ 3,539</u>	<u>\$ 379,311</u>	<u>\$ (359,592)</u>	<u>\$ 23,258</u>

See Independent Auditor's Report

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

To the County of Schuyler Legislature  
Watkins Glen, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Schuyler, New York (the County), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated June 8, 2016.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
June 8, 2016

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

County Legislature  
County of Schuyler  
Watkins Glen, New York

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

We have audited the County of Schuyler, New York’s (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended December 31, 2015. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

***Management’s Responsibility***

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

***Auditor’s Responsibility***

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

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

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

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

## **Report on Internal Control Over Compliance**

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

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

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

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

Respectfully Submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
June 8, 2016

**COUNTY OF SCHUYLER**

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

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal Catalog #	Pass - Through Grantor #	Expenditures
<u>Department of Agriculture</u>			
Passed Through NYS Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	(1)	\$ <u>466,414</u>
Total Department of Agriculture			<u>466,414</u>
<u>Department of Housing and Urban Development</u>			
Passed Through NYS Homes and Community Renewal:			
Community Development Block Grant - State's Program	14.228	1046HR2-13	<u>37,269</u>
Total Department of Housing and Urban Development			<u>37,269</u>
<u>Department of Justice</u>			
Passed Through NYS Division of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	T652062	<u>35,600</u>
Total Department of Justice			<u>35,600</u>
<u>Department of Transportation</u>			
Passed Through NYS Department of Transportation:			
Highway Planning and Construction	20.205	D032588	116,469
Formula Grants for Other Than Urbanized Areas.	20.509	C005572	272,824
Passed Through Division of Criminal Justice Services:			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	T523693	<u>3,105</u>
Total Department of Transportation			<u>392,398</u>
<u>Department of Education</u>			
Passed Through NYS Department of Health:			
Special Education - Grants for Infants and Families	84.181	C027508	<u>16,298</u>
Total Department of Education			<u>16,298</u>
<u>Department of Health and Human Services</u>			
Passed Through NYS Office for the Aging:			
Aging Cluster:			
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(1)	48,187
Title III, Part C - Nutrition Services	93.045	(1)	85,000
Nutrition Services Incentive	93.053	(1)	<u>28,280</u>
Total Aging Cluster			<u>161,467</u>
Subtotal			<u>1,109,446</u>

(1) Denotes - Unable to Obtain from Pass - Through Entity

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

**COUNTY OF SCHUYLER**

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

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal Catalog #	Pass - Through Grantor #	Expenditures
Subtotal Carried Forward			\$ <u>1,109,446</u>
<b><u>Department of Health and Human Services (Continued)</u></b>			
Passed Through National Association of County and City Health Officials:			
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	(1)	4,610
National Family Caregiver Support	93.052	(1)	36,232
Medicare Enrollment Assistance Program	93.071	(1)	10,165
CMS Research, Demonstrations, and Evaluations	93.779	(1)	34,392
Passed Through NYS Department of Health:			
Immunization Grants	93.268	C028318	24,464
Drug Free Communities Support Program	93.276	C96R655	119,826
Maternal and Child Health Services Block Grant to the States:			
Maternal and Child Health Services Block Grant to the States	93.994	C026536	3,955
Maternal and Child Health Services Block Grant to the States	93.994	T029740	15,726
Total Maternal and Child Health Services Block Grant to the States			<u>19,681</u>
Passed Through Health Research, Inc.:			
Public Health Emergency Preparedness	93.069	001609-10	44,048
Public Health Emergency Preparedness Total			<u>44,048</u>
Passed Through NYS Department of Social Services:			
Temporary Assistance for Needy Families	93.558	(1)	1,407,992
Child Support Enforcement	93.563	(1)	251,676
Low-Income Home Energy Assistance	93.568	(1)	1,328,602
Child Care and Development Block Grant	93.575	(1)	380,816
Foster Care - Title IV-E	93.658	(1)	390,633
Adoption Assistance	93.659	(1)	102,325
Social Services Block Grant	93.667	(1)	192,143
Chafee Foster Care Independent Living	93.674	(1)	1,847
Medical Assistance Program	93.778	(1)	<u>358,795</u>
Total Department of Health and Human Services			<u>4,869,714</u>
<b><u>Department of Homeland Security</u></b>			
Passed Through NYS Office of Homeland Security:			
Emergency Management Performance Grants	97.042	T150755	3,135
Emergency Management Performance Grants	97.042	T150745	8,849
Homeland Security Grant Program:			
Homeland Security Grant Program	97.067	C150739	45,842
Homeland Security Grant Program	97.067	C150749	18,506
Homeland Security Grant Program	97.067	T973332	511
Homeland Security Grant Program	97.067	T973342	10,956
Homeland Security Grant Program	97.067	T973330	10,489
Homeland Security Grant Program	97.067	T973340	41,250
Homeland Security Grant Program	97.067	T973350	9,000
Homeland Security Grant Program	97.067	T101084	12,500
Total Homeland Security Grant Program			<u>149,054</u>
Total Department of Homeland Security			<u>161,038</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>5,978,731</u></b>

(1) Denotes - Unable to Obtain from Pass - Through Entity

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

***COUNTY OF SCHUYLER***

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

SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

Department of Transportation

Passed Through NYS Department of Transportation:

Formula Grants for Other Than Urbanized Areas.

The ARC of Schuyler County 20.509 \$ 272,824

**Total Federal Awards to Subrecipients** \$ 272,824

# ***COUNTY OF SCHUYLER***

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

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

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

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

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

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

***Note 3*** **Indirect Costs**

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

***Note 4*** **Matching Costs**

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

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

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

# COUNTY OF SCHUYLER

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

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

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

Noncompliance material to financial statements noted? yes no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

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

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance §200.516 yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance

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

Auditee qualified as low-risk auditee:  yes  no

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

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