

GREENE COUNTY, NEW YORK

**Financial Statements and Required Reports
Under OMB Circular A-133 as of
December 31, 2014
with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

September 25, 2015

To the County Legislature of
Greene County, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, budgetary comparison, and each major fund of Greene County, New York (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Greene County Soil and Water Conservation District, Greene Industrial Development Agency, or Greene Tobacco Asset Securitization Corporation, which represent 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Greene County Soil and Water Conservation District, Greene Industrial Development Agency, and Greene Tobacco Asset Securitization Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, and each major fund of Greene County, New York, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures of federal awards 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is 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 September 25, 2015, on our consideration of the Greene County, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greene County, New York's internal control over financial reporting and compliance.

GREENE COUNTY, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2014

This Management Discussion and Analysis (MD&A) of Greene County, New York (County) provides a financial performance overview of the County's financial activities for the year ended December 31, 2014. This document should be read in conjunction with the County's financial statements which begin on page 11.

Following this MD&A are the basic financial statements of the County together with the notes thereto which are essential to a full understanding of the data contained in the financial statements.

The County has a land area of 653 square miles, a population of approximately 49,000, and is located in eastern New York State. Its northern and southern boundaries are the Counties of Albany and Ulster respectively. Its western and eastern boundaries are the County of Delaware and the Hudson River, respectively. The County includes 14 towns and 5 villages including the Village of Catskill. The County is part of the Albany-Schenectady-Troy Metropolitan Statistical Area and is primarily agricultural and residential with some industrial and commercial properties.

GOVERNMENTAL ORGANIZATION

The County was founded in 1800 and the County seat is located in the Village of Catskill. The legislative body is the County Legislature which consists of fourteen Legislators. The presiding officer is the Chairman of the Legislature appointed for a one year term by the County Legislature.

Additional County offices are the County Clerk, District Attorney, Treasurer and Sheriff. The County Legislature appoints the Commissioner of Social Services, Public Works Commissioner, County Attorney, Budget Officer, Compliance Officer and the Clerk of the Board.

FINANCIAL HIGHLIGHTS

- The County's governmental net position increased approximately \$3,014,000 as a result of this year's activity, which is illustrated in the Statement of Activities.
- The County's \$99 million in governmental expenses was partially funded with program revenue of \$44 million and \$58 million funded with general revenue, which is illustrated in the Statement of Activities.
- The 2014 final budget planned for a reduction in the General Fund balance of \$1.447 million; however, the County's actual revenues exceeded actual expenditures by \$2,637,204 resulting in not using the appropriated amount, which is illustrated in the Combined Statement of Revenue, Expenditures, Encumbrances, and Changes in Fund Equity - Budget and Actual - General Fund.
- The Net Other Post Employment Benefit Plan (OPEB) obligation for the County as of December 31, 2014 increased \$4.9 million which is detailed in the notes to the financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a set of financial statements and notes. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements begin thereafter. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the County's operations in more 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 of the government.

REPORTING THE COUNTY AS A WHOLE

Our analysis of the County as a whole begins with the Statement of Net Position. One of the most important questions asked about the County's finances is, "Is the County, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a manner that helps answer this question. 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 revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes in them. You can think of the County's net position – the difference between assets/deferred outflows of resources, and liabilities/deferred inflows of resources – as 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. You will need 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, we divide the County into two kinds of activities:

- Governmental activities – Most of the County's basic services are reported here, including public safety, public works, economic assistance, health, parks, and general support. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- Component units – The County includes three separate legal entities in its report – the Greene County Soil and Water Conservation District, the Greene Industrial Development Corporation, and the Greene Tobacco Asset Securitization Corporation. Although legally separate, these "component units" are important because the County is financially accountable for them. Information included in the accompanying financial statements regarding the component units has been derived from separately issued audited financial statements which can be obtained from the Greene County Treasurer's Office.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Our analysis of the County's major funds provides detailed information about the most significant funds – not the County as a whole. Some funds are required to be established by State law or by bond covenants. Additionally, the County Legislature may establish other funds to help it control and manage resources for particular purposes. The County has three types of funds – Governmental, Fiduciary, and Proprietary.

- Governmental funds – Most of the County's basic services are reported in 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 expenditure. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash, as well as liabilities that will be paid using these resources. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be expended in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Positions and the Statement of Activities) and governmental funds in reconciliations to the fund financial statements.
- Fiduciary funds - Used to account for assets held by the County as an agent for individuals, private organizations, other governmental units, and/or other funds.
- Proprietary funds – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

THE COUNTY AS A WHOLE

The County's combined net position increased from \$97.7 million to \$100.7 million. Net position may serve over time as one useful indicator of a government's financial condition. This reflects a modest increase over the 2013 net position amount. The County recorded \$4.9 million in net Other Post Employment Benefit liability in 2014. A significant portion of the County's net position is capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related outstanding debt used to acquire those assets. The County uses these assets to provide services to citizens; consequently these assets are not available for future spending. Program expenses in 2014 for the County's Governmental Activities were \$98.7 million.

THE COUNTY AS A WHOLE (Continued)

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental and business-type activities.

Table 1 Net Position (In Millions)

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 53.7	\$ 55.4
Capital assets	<u>133.8</u>	<u>128.9</u>
Total assets	<u>\$ 187.5</u>	<u>\$ 184.3</u>
Long-term debt outstanding	\$ 57.3	\$ 50.1
Other liabilities	<u>25.1</u>	<u>33.2</u>
Total liabilities	<u>\$ 82.4</u>	<u>\$ 83.3</u>
Community development loan repayments	<u>\$ 2.9</u>	<u>\$ 3.3</u>
Total deferred inflows of resources	<u>\$ 2.9</u>	<u>\$ 3.3</u>
Net position:		
Investment in capital assets	\$ 115.0	\$ 108.1
Restricted	0.8	1.4
Unrestricted	<u>(13.6)</u>	<u>(11.8)</u>
Total net position	<u>\$ 102.2</u>	<u>\$ 97.7</u>

THE COUNTY AS A WHOLE (Continued)

Table 2 Changes in Net Position (In Millions)

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Program revenue:		
Charges for services	\$ 15.7	\$ 16.6
Operating grants	24.4	24.3
Capital grants	4.0	11.3
General revenue:		
Property taxes	28.0	23.8
Other taxes	29.3	28.9
Other general revenue	<u>1.9</u>	<u>2.0</u>
 Total revenue	 <u>103.3</u>	 <u>106.9</u>
 Program expenses:		
General governmental support	13.9	14.0
Education	6.8	7.1
Public safety	12.9	13.3
Health	5.9	5.2
Transportation	17.2	24.4
Economic Assistance and Opportunity	33.9	33.1
Culture and recreation	0.3	0.2
Home and community services	7.0	7.5
Debt service	<u>0.8</u>	<u>0.9</u>
 Total expenses	 <u>98.7</u>	 <u>105.7</u>
 Excess (deficiency)	 <u>4.6</u>	 <u>1.2</u>
 Change in net position	 <u>\$ 4.6</u>	 <u>\$ 1.2</u>

Table 3 presents the cost of each of the County's five largest governmental programs: economic assistance and opportunity, public safety, general support, transportation, and health – as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

**Table 3
Governmental Activities (In Millions)**

	2014		2013	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Economic Assistance and Opportunity	\$ 33.9	\$ 17.0	\$ 33.1	\$ 16.1
Public safety	12.9	7.3	13.3	8.0
General support	13.9	9.8	14.0	9.8
Transportation	17.2	11.4	24.4	11.5
Health	5.9	1.8	5.2	0.9
All others	<u>14.9</u>	<u>7.3</u>	<u>15.7</u>	<u>7.4</u>
 Totals	 <u>\$ 98.7</u>	 <u>\$ 54.6</u>	 <u>\$ 105.7</u>	 <u>\$ 53.7</u>

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet) reported a combined fund balance of \$20,890,116, which was \$3,562,881 greater than last year's total of \$17,327,236. Included in this year's total change in fund balance are current surpluses of \$2,637,204 and \$519,599 in the County's General Fund and County Road Fund, respectively. The County budgeted for a \$1.447 million deficit in the General Fund for 2014.

An overview of the Governmental Funds results for 2014 follows. This includes more detailed information about sources and uses of funds.

**Table 4 - Governmental Funds
Summary of Revenue and Expenditures (In Millions)**

	2014		2013	
	Revenue	% of Total	Revenue	% of Total
Real property taxes	\$ 22.6	22.6%	\$ 21.1	19.8%
Real property tax items	3.2	3.2%	3.0	2.8%
Sales and use taxes	29.4	29.4%	28.9	27.2%
Departmental income	13.3	13.2%	14.2	13.3%
Intergovernmental charges	1.3	1.3%	1.5	1.4%
Use of money and property	0.1	0.0%	0.1	0.1%
Licenses and permits	0.0	0.0%	-	0.0%
Fines and forfeitures	0.3	0.3%	0.3	0.3%
Sale of property and comp. for loss	0.8	0.8%	0.7	0.7%
Miscellaneous local sources	0.9	0.9%	1.1	1.0%
State aid	14.5	14.5%	16.0	15.0%
Federal aid	13.9	13.8%	19.6	18.4%
Total revenue	\$ 100.0	100.0%	\$ 106.5	100.0%
	2014	2014	2013	2013
	Expenditures	% of Total	Expenditures	% of Total
General governmental support	\$ 6.8	7.0%	\$ 6.9	6.5%
Education	6.67	6.9%	7.0	6.6%
Public safety	9.60	9.9%	9.1	8.5%
Health	6.91	7.2%	7.1	6.6%
Transportation	11.99	12.4%	20.5	19.3%
Economic Assistance and Opportunity	28.79	29.8%	28.4	26.8%
Culture and recreation	0.26	0.3%	0.2	0.2%
Home and community services	6.01	6.2%	6.9	6.5%
Employee benefits	17.03	17.4%	17.5	16.6%
Debt service - principal	1.70	1.8%	1.7	1.6%
Debt service - interest	0.8	0.9%	0.9	0.8%
Total expenditures	\$ 96.6	100.0%	\$ 106.1	100.0%

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual charges to appropriations (expenditures) were \$3.7 million less than the final budget amounts. The most significant favorable variances occurred in economic assistance and opportunity and home and community services, where their budgets exceeded actual expenditures by amounts by \$1.0 million and \$930 thousand, respectively.

Resources available for appropriation were \$1.4 million greater than the final budgeted amount. The most significant favorable variance occurred in the County's sales and use tax items which exceeded budgeted amounts by \$2.5 million. This is the result of the county budgeting conservatively for sales tax. Because the County calculated the town and village distribution amounts based upon the conservative County portion, there was a doubling effect on the variance. The most significant unfavorable variances for revenue occurred in State Aid, which was \$1.9 million lower than the amended budgeted amount and in Federal Aid which was \$.3 million lower than expected. This variance was primarily a result of the change in state budgetary cut backs in aid for social services programs. There were no other significant unfavorable variances to discuss.

The final 2014 budget planned on a reduction in the General Fund balance of \$1.447 million; however, the actual operating surplus of \$2.6 million, resulted in a budget surplus of \$4.9 million, which is explained in the above analysis.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2014, the County had \$133,775,373 invested in a broad range of capital assets including equipment, buildings, roads, and bridges (see Table 5 below).

Table 5 Capital Assets at Year End (In Millions)

	Governmental <u>Activities</u>	
	<u>2014</u>	<u>2013</u>
Land and land improvements	\$ 1.9	\$ 1.9
Buildings and improvements	53.0	48.9
Machinery and equipment	16.3	16.2
Infrastructure	188.4	171.3
Construction work in progress	12.3	24.0
Accumulated depreciation	<u>(138.1)</u>	<u>(133.4)</u>
Totals	<u>\$ 133.8</u>	<u>\$ 128.9</u>

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Debt

At year-end, the County had \$18,740,000 in bonds outstanding versus \$20,435,000 last year.

The County's other long-term liabilities consist of \$3,487,756 compensated absences, which represents vacation and sick pay due to eligible employees upon termination and \$31,823,363 of other post-employment benefits which represents the accrual for benefits other than pensions due employees upon termination.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County, like many other counties in New York State, is continually challenged on a fiscal level by the increases of unpredictable and extraordinary mandated expenses such as retirement costs, fuel and energy costs, snow removal, storm sewer management and health and liability insurance premium increases. These factors combined with the economic downturn that continues throughout the State have adversely affected our County, and it is because of these increasing costs and factors that the preparation of the 2014 budget was very difficult.

In late June of 2011 the New York State Legislature approved to limit the annual growth of local property taxes to 2 percent or the rate of inflation. Several counties will be considering future budgets that call for property-tax increases several times the 2 percent limit due to the cost of providing services mandated by the state, like Medicaid and welfare programs, that are rising faster than the 2 percent cap. The cap also limits municipalities in improving its infrastructure such as roads and bridges, and capital improvements to water, sewer and public safety departments. The State Legislature must pass meaningful mandate relief and redefine the provisions of the tax cap in order to implement actual property tax reductions to our residents.

On August 31, 2011 many communities in the county were devastated by Hurricane Irene. The full impact economically on the County has yet to be determined. Pending state and federal disaster relief, the County may be affected by delays in payment. Aid forecasts have been promising.

As in previous years, the County is required to pay the five villages and ten local school districts the unpaid 2013-14 taxes by April 1, 2015. The combined amount due is \$9.1 million which could further strain our cash reserves, depending on the status of property tax collection returns from the town tax collectors at that time.

Our overall goal for fiscal year 2014 is to maintain continuous service to the residents of the County and where possible enhance services and keep any cost increase at a minimum. The County remains optimistic to maintain its level of services, minimize property tax increases and prevent reduction in County personnel.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the:

Greene County
County Administrators Office
411 Main Street
Catskill, NY 12414
(518) 719-3270

GREENE COUNTY, NEW YORK

**STATEMENT OF NET POSITION
DECEMBER 31, 2014**

	Governmental <u>Activities</u>	Component <u>Units</u>
ASSETS:		
CURRENT ASSETS:		
Cash	\$ 17,345,618	\$ 11,561,060
Restricted cash	829,431	-
Investments - Restricted	-	668,670
Inventory	-	2,147
Taxes receivable, net of allowance for doubtful accounts	14,729,624	-
Accounts receivable	2,555,946	366,617
Tobacco settlement receivable	-	613,750
State and federal receivables, net of allowance for uncollectible amounts	14,500,481	-
Due from other governments	473,836	3,773
Due from fiduciary funds	9,178	-
Prepaid expenses	405,805	23,248
Real property held for resale or development	-	7,171,845
Notes receivable	<u>2,889,363</u>	<u>-</u>
Total current assets	<u>53,739,282</u>	<u>20,411,110</u>
NONCURRENT ASSETS:		
Capital assets, net	<u>133,775,373</u>	<u>40,094</u>
Total noncurrent assets	<u>133,775,373</u>	<u>40,094</u>
	<u>\$ 187,514,655</u>	<u>\$ 20,451,204</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,664,975	\$ 238,157
Accrued expenses	190,059	119,368
Due to fiduciary funds	21,986	-
Bond anticipation notes	7,000,000	-
Bonds payable, current portion	1,715,000	171,244
Leases payable, current portion	117,720	-
Due to other governments	10,300,215	4,774
Due to Employee Retirement System	3,080,907	-
Unearned revenue	<u>-</u>	<u>1,504,513</u>
Total current liabilities	<u>25,090,862</u>	<u>2,038,056</u>
LONG-TERM LIABILITIES:		
Bonds and notes payable	17,025,000	14,049,260
Leases payable	119,708	-
Compensated absences	3,487,756	-
Judgments and claims	756,466	-
Workers' compensation liability	4,067,058	-
Other post employment benefits	<u>31,823,363</u>	<u>-</u>
Total long-term liabilities	<u>57,279,351</u>	<u>14,049,260</u>
DEFERRED INFLOWS OF RESOURCES:		
Community development loan repayments	<u>2,889,363</u>	<u>-</u>
Total deferred inflows of resources	<u>2,889,363</u>	<u>-</u>
Total liabilities, deferred inflows of resources	<u>\$ 85,259,576</u>	<u>\$ 16,087,316</u>
NET POSITION:		
Investment in capital assets	\$ 115,035,373	\$ -
Restricted	829,431	-
Unrestricted	<u>(13,609,725)</u>	<u>4,363,888</u>
TOTAL NET POSITION	<u>\$ 102,255,079</u>	<u>\$ 4,363,888</u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY, NEW YORK

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program Revenue				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Component Units
PRIMARY GOVERNMENT:						
Governmental activities:						
General governmental support	\$ 13,850,894	\$ 1,643,368	\$ 2,367,049	\$ -	\$ (9,840,477)	
Education	6,832,733	1,616,745	2,328,699	-	(2,887,289)	
Public safety	12,895,899	2,278,324	3,339,607	-	(7,277,968)	
Health	5,887,549	1,673,877	2,410,991	-	(1,802,681)	
Transportation	17,169,205	4,233	1,801,042	3,956,135	(11,407,795)	
Economic Assistance and Opportunity	33,932,440	6,939,428	9,995,297	-	(16,997,715)	
Culture and recreation	299,575	52,118	75,068	-	(172,389)	
Home and community services	6,986,229	1,457,779	2,099,730	-	(3,428,720)	
Interest	<u>832,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(832,556)</u>	
Total governmental activities	98,687,080	15,665,872	24,417,483	3,956,135	(54,647,590)	
COMPONENT UNITS:						
Soil and Water Conservation District	3,373,115	3,567,860.00	141,644.00	-		336,389.00
Industrial Development Agency	1,061,658	944,073	7,070	-		(110,515)
Tobacco Asset Securitization Corporation	<u>780,980</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>(780,980)</u>
Total component units	<u>\$ 5,215,753</u>	<u>\$ 4,511,933</u>	<u>\$ 148,714</u>	<u>\$ -</u>		<u>\$ (555,106)</u>
GENERAL REVENUE:						
Real property taxes					23,250,055	\$ -
Real property tax items					4,755,098	-
Sales and use taxes					29,349,968	-
Tobacco settlement revenue					-	679,544
Sale of property and compensation for loss					755,262	5,556,871
Use of money and property					49,950	39,469
Premium on obligations					50,680	-
Other sources					<u>996,238</u>	<u>68,497</u>
Total general revenue					59,207,251	6,344,381
Change in net position					4,559,661	5,789,275
Net position - beginning of year					<u>97,695,418</u>	<u>(1,425,387)</u>
Net position - end of year					<u>\$ 102,255,079</u>	<u>\$ 4,363,888</u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	County Road	County Machinery	Community Development	Economic Development	Capital Projects	Total
ASSETS:							
Cash	\$ 14,360,977	\$ 149,485	\$ 81,695	\$ 1,266,937	32,557	\$ 1,391,748	\$ 17,283,399
Restricted cash	807,788	507	21,136	-	-	-	829,431
Taxes receivable, net of an allowance for uncollectible taxes	14,615,831	-	-	-	-	-	14,615,831
Accounts receivable	2,477,648	12,687	65,611	-	-	-	2,555,946
Due from other funds	4,761,215	3,723,559	830,211	-	-	-	9,314,985
State and federal receivables	8,931,363	-	-	-	-	5,569,118	14,500,481
Due from other governments	473,836	-	-	-	-	-	473,836
Prepaid expenditures	345,242	52,414	8,149	-	-	-	405,805
Notes receivable	-	-	-	2,889,363	-	-	2,889,363
Total assets	\$ 46,773,900	\$ 3,938,652	\$ 1,006,802	\$ 4,156,300	\$ 32,557	\$ 6,960,866	\$ 62,869,077
LIABILITIES:							
Accounts payable	\$ 2,167,527	\$ 160,279	\$ 114,708	\$ -	\$ -	\$ 221,461	\$ 2,663,975
Due to ERS	2,618,771	400,518	61,618	-	-	-	3,080,907
BAN payable	7,000,000	-	-	-	-	-	7,000,000
Due to other funds	399,424	1,816,515	-	-	-	5,663,546	7,879,485
Due to other governments	10,293,414	-	-	961	-	5,840	10,300,215
Accrued liabilities	103,393	-	-	-	-	-	103,393
Total liabilities	22,582,529	2,377,312	176,326	961	-	5,890,847	31,027,975
DEFERRED INFLOWS OF RESOURCES:							
Community development loan repayments	-	-	-	2,889,363	-	-	2,889,363
Unearned revenue - PILOT	1,545,296	-	-	-	-	-	1,545,296
Unearned revenue - delinquent property taxes	6,516,327	-	-	-	-	-	6,516,327
Total deferred inflows of resources	8,061,623	-	-	2,889,363	-	-	10,950,986
FUND BALANCE:							
Nonspendable							
Prepaid expenditures	345,242	52,414	8,149	-	-	-	405,805
Total nonspendable fund balance	345,242	52,414	8,149	-	-	-	405,805
Restricted							
Restricted for liability	376,944	-	-	-	-	-	376,944
Restricted for repairs	-	-	18,582	-	-	-	18,582
Restricted for debt service	430,844	507	2,554	-	-	-	433,905
Total restricted fund balance	807,788	507	21,136	-	-	-	829,431
Assigned							
Appropriated for subsequent years expenditures	1,919,522	150,000	250,000	-	-	-	2,319,522
Unappropriated	48,744	-	-	-	-	-	48,744
Other assigned	4,311,331	1,358,419	551,191	1,265,976	32,557	1,070,019	8,589,493
Total assigned fund balance	6,279,597	1,508,419	801,191	1,265,976	32,557	1,070,019	10,957,759
Unassigned							
	8,697,121	-	-	-	-	-	8,697,121
Total fund balance	16,129,748	1,561,340	830,476	1,265,976	32,557	1,070,019	20,890,116
Total liabilities, deferred inflows of resources, and fund balance	\$ 46,773,900	\$ 3,938,652	\$ 1,006,802	\$ 4,156,300	\$ 32,557	\$ 6,960,866	\$ 62,869,077

The accompanying notes are an integral part of these statements.

GREENE COUNTY, NEW YORK

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>County Road</u>	<u>County Machinery</u>	<u>Community Development</u>	<u>Economic Development</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUE:							
Real property taxes	\$ 22,570,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,570,174
Real property tax items	3,209,802	-	-	-	-	-	3,209,802
Sales and use taxes	29,349,968	-	-	-	-	-	29,349,968
Departmental income	12,762,293	9,893	-	478,255	-	-	13,250,441
Intergovernmental charges	300,998	-	990,820	-	-	-	1,291,818
Use of money and property	47,902	1,947	98	-	3	-	49,950
Licenses and permits	42,656	-	-	-	-	-	42,656
Fines and forfeitures	285,492	-	-	-	-	-	285,492
Sale of property and compensation for loss	205,043	7,021	543,198	-	-	-	755,262
Miscellaneous local sources	712,732	14,550	108,070	-	-	82,133	917,485
State aid	11,555,790	1,852,938	-	-	-	1,074,278	14,483,006
Federal aid	<u>11,008,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,881,857</u>	<u>13,890,612</u>
Total revenue	<u>92,051,605</u>	<u>1,886,349</u>	<u>1,642,186</u>	<u>478,255</u>	<u>3</u>	<u>4,038,268</u>	<u>100,096,666</u>
EXPENDITURES:							
General governmental support	6,780,380	-	-	-	-	-	6,780,380
Education	6,670,529	-	-	-	-	-	6,670,529
Public safety	9,400,140	204,388	-	-	-	-	9,604,528
Health	6,906,253	-	-	-	-	-	6,906,253
Transportation	17,465	6,325,983	1,971,857	-	-	3,674,747	11,990,052
Economic Assistance and Opportunity	28,631,399	-	-	162,207	-	-	28,793,606
Culture and recreation	215,032	-	-	-	-	45,350	260,382
Home and community services	6,014,651	-	-	-	-	-	6,014,651
Employee benefits	14,554,957	2,139,512	337,879	-	-	-	17,032,348
Debt service - principal	1,210,700	392,450	91,850	-	-	-	1,695,000
Debt service - interest	<u>642,632</u>	<u>157,291</u>	<u>36,813</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>836,736</u>
Total expenditures	<u>81,044,138</u>	<u>9,219,624</u>	<u>2,438,399</u>	<u>162,207</u>	<u>-</u>	<u>3,720,097</u>	<u>96,584,465</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>11,007,467</u>	<u>(7,333,275)</u>	<u>(796,213)</u>	<u>316,048</u>	<u>3</u>	<u>318,171</u>	<u>3,512,201</u>
OTHER SOURCES (USES):							
Premium on issuance of debt	50,680	-	-	-	-	-	50,680
Interfund transfers in	128,383	8,007,013	886,202	20,249	-	298,016	9,339,863
Interfund transfers (out)	<u>(8,549,326)</u>	<u>(154,139)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(636,398)</u>	<u>(9,339,863)</u>
Total other sources (uses)	<u>(8,370,263)</u>	<u>7,852,874</u>	<u>886,202</u>	<u>20,249</u>	<u>-</u>	<u>(338,382)</u>	<u>50,680</u>
CHANGE IN FUND BALANCE	2,637,204	519,599	89,989	336,297	3	(20,211)	3,562,881
FUND BALANCE - beginning of year	<u>13,492,544</u>	<u>1,041,741</u>	<u>740,487</u>	<u>929,679</u>	<u>32,554</u>	<u>1,090,230</u>	<u>17,327,235</u>
FUND BALANCE - end of year	<u>\$ 16,129,748</u>	<u>\$ 1,561,340</u>	<u>\$ 830,476</u>	<u>\$ 1,265,976</u>	<u>\$ 32,557</u>	<u>\$ 1,070,019</u>	<u>\$ 20,890,116</u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY, NEW YORK

**COMBINED STATEMENT OF REVENUE, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE:				
Real property taxes	\$ 22,426,028	\$ 22,426,030	\$ 22,570,174	\$ 144,144
Real property tax items	2,950,979	3,106,308	3,209,802	103,494
Sales and use tax	26,800,000	26,800,000	29,349,968	2,549,968
Departmental income	11,902,377	12,287,109	12,762,293	475,184
Intergovernmental charges	304,800	330,306	300,998	(29,308)
Use of money and property	49,472	55,836	47,902	(7,934)
Licenses and permits	47,000	47,000	42,656	(4,344)
Fines and forfeitures	329,706	329,706	285,492	(44,214)
Sale of property and compensation for loss	160,000	215,658	205,043	(10,615)
Miscellaneous local sources	213,540	270,237	712,732	442,495
State aid	12,389,997	13,519,919	11,555,790	(1,964,129)
Federal aid	<u>9,946,753</u>	<u>11,276,769</u>	<u>11,008,755</u>	<u>(268,014)</u>
Total revenue	<u>87,520,652</u>	<u>90,664,878</u>	<u>92,051,605</u>	<u>1,386,727</u>
EXPENDITURES:				
General government support	5,462,158	7,077,591	6,780,380	297,211
Education	6,792,029	6,913,072	6,670,529	242,543
Public safety	8,882,822	10,022,813	9,400,140	622,673
Health	7,214,475	7,388,554	6,906,253	482,301
Transportation	-	17,466	17,465	1
Economic assistance and opportunity	29,781,594	29,637,129	28,631,399	1,005,730
Culture and recreation	222,944	343,813	215,032	128,781
Home and community services	6,256,079	6,944,699	6,014,651	930,048
Employee benefits	14,608,639	14,587,678	14,554,957	32,721
Debt service - principal	1,210,700	1,210,700	1,210,700	-
Debt service - interest	<u>629,941</u>	<u>642,633</u>	<u>642,632</u>	<u>1</u>
Total expenditures	<u>81,061,381</u>	<u>84,786,148</u>	<u>81,044,138</u>	<u>3,742,010</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>6,459,271</u>	<u>5,878,730</u>	<u>11,007,467</u>	<u>5,128,737</u>
OTHER SOURCES (USES):				
Premium on issuance of debt	-	-	50,680	50,680
Interfund transfers in	-	-	128,383	128,383
Interfund transfers (out)	<u>(7,906,817)</u>	<u>(8,155,543)</u>	<u>(8,549,326)</u>	<u>(393,783)</u>
Total other sources (uses)	<u>(7,906,817)</u>	<u>(8,155,543)</u>	<u>(8,370,263)</u>	<u>(214,720)</u>
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES, ENCUMBRANCES, AND OTHER USES	<u>(1,447,546)</u>	<u>(2,276,813)</u>	<u>2,637,204</u>	<u>\$ 4,914,017</u>
FUND BALANCE - beginning of year	<u>13,492,544</u>	<u>13,492,544</u>	<u>13,492,544</u>	
FUND BALANCE - end of year	<u>\$ 12,044,998</u>	<u>\$ 11,215,731</u>	<u>\$ 16,129,748</u>	

The accompanying notes are an integral part of these statements.

GREENE COUNTY, NEW YORK

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

Fund balance - All governmental funds	\$ 20,890,116
Amounts reported for governmental activities in the statement of net position are different due to the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	133,775,373
Long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds.	
Bonds and notes payable	(18,740,000)
Leases payable	(237,428)
Judgment and claims	(756,466)
Compensated absences	(3,487,756)
Other postemployment benefits	(31,823,363)
Deferral of income earned in the current year is recognized as revenue under the accrual basis of accounting.	8,061,623
Internal Service Fund consolidated in governmental activities in the government wide financial statements.	(5,340,354)
Debt interest expenditures are recorded on cash basis in the funds but on the accrual basis of accounting for governmental activities.	<u>(86,666)</u>
Net position of governmental activities	<u>\$ 102,255,079</u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN NET POSITION - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

Net changes in fund balance - Total governmental funds	\$ 3,562,881
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position, net of deletions	9,538,610
Depreciation is not recorded as a expenditure in the governmental funds, but is recorded in the statement of activities	(4,661,979)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	1,825,817
Property tax revenue is recorded to the extent it is received within 60 days of year-end for governmental funds, but in the statement of activities, this revenue is recorded as earned upon levy	518,345
Net activity of the internal service fund within the government-wide financials	(1,266,183)
Accrual of long term liabilities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	
Judgment and claims	91,292
Compensated absences	(151,802)
Other post employment benefits	(4,901,500)
Interest is accrued on the outstanding bonds on the statement of net position but is not recorded as an expenditure in the government funds	<u>4,180</u>
Change in net position - Governmental activities	<u>\$ 4,559,661</u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY, NEW YORK

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2014**

	Internal <u>Service Fund</u>
ASSETS:	
Current assets:	
Cash	\$ 62,219
Accounts receivable	<u>113,793</u>
Total assets	<u>\$ 176,012</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 1,000
Due to other funds	<u>1,448,308</u>
	<u>1,449,308</u>
Long-term liabilities:	
Workers' compensation liability	<u>4,067,058</u>
Total liabilities	<u>5,516,366</u>
NET POSITION:	
Unrestricted	<u>(5,340,354)</u>
Total liabilities and net position	<u>\$ 176,012</u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY, NEW YORK

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2014

	Internal Service Fund
Operating revenue:	
Charges for services	\$ 1,573,936
Other operating revenue	<u>78,753</u>
Total operating revenue	<u>1,652,689</u>
Operating expenses:	
Workers Compensation benefits	<u>1,733,793</u>
Total operating expenses	<u>1,733,793</u>
Income (Loss) from operations	<u>(81,104)</u>
Non-operating revenue (expense):	
Interest income	<u>11</u>
Total non-operating revenue	<u>11</u>
Deficiency of revenue over expenses before transfers	(81,093)
Change in net position	<u>(81,093)</u>
Net position - beginning of year	<u>(5,259,261)</u>
Net position - end of year	<u><u>\$ (5,340,354)</u></u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY, NEW YORK

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Internal Service Fund
CASH FLOW FROM OPERATING ACTIVITIES:	
Cash received from providing services	\$ 1,578,754
Cash payments for claims and administration	<u>(1,538,895)</u>
Net cash flow from (to) operating activities	<u>39,859</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Investment and other income	<u>11</u>
Net cash flow from investing activities	<u>11</u>
CHANGE IN CASH	39,870
CASH - beginning of year	<u>22,349</u>
CASH - end of year	<u>\$ 62,219</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Loss from operations	\$ (81,104)
Adjustments to reconcile loss from operations to net cash flow from operating activities:	
Change in:	
Accounts receivable	(73,935)
Accounts payable	1,000
Due to other funds	98,308
Workers' compensation liability	<u>95,590</u>
Net cash flow from (to) operating activities	<u>\$ 39,859</u>

GREENE COUNTY, NEW YORK

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2014**

	<i>Private Purpose Trusts</i>	<i>Agency</i>
	<u> </u>	<u> </u>
ASSETS:		
Cash	\$ 27,409	\$ 2,713,185
Due from other funds	<u> -</u>	<u> 21,986</u>
Total assets	<u> 27,409</u>	<u> 2,735,171</u>
 LIABILITIES:		
Due to other funds	-	9,178
Other liabilities	<u> -</u>	<u> 2,725,993</u>
Total liabilities	<u> -</u>	<u> 2,735,171</u>
 NET POSITION:		
Unassigned	<u> 27,409</u>	

GREENE COUNTY, NEW YORK

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<i>Private Purpose Trusts</i>
	<u> </u>
ADDITIONS:	
Gifts and contributions	\$ 11,666
Use of money and property	<u> 1</u>
Total additions	11,667
 DEDUCTIONS:	
Expenditures	<u> 11,619</u>
 NET INCREASE	48
 NET POSITION - beginning of year	<u> 27,361</u>
 NET POSITION - end of year	<u> 27,409</u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY, NEW YORK

**STATEMENT OF NET POSITION - COMPONENT UNITS
DECEMBER 31, 2014**

	Greene County Soil and Water Conservation District	Greene Industrial Development Agency	Greene Tobacco Asset Securitization Corporation	Total
ASSETS:				
Cash	\$ 2,328,577	\$ 9,176,679	\$ 55,804	\$ 11,561,060
Investments - Restricted	-	-	668,670	668,670
Inventory	2,147	-	-	2,147
Accounts receivable, net of allowance for doubtful accounts	226,607	140,010	-	366,617
Tobacco settlement receivable	-	-	613,750	613,750
Due from other governments	-	3,773	-	3,773
Prepaid expenses	-	18,748	4,500	23,248
Real property held for resale or development	-	7,171,845	-	7,171,845
Capital assets, net	-	40,094	-	40,094
Total assets	<u>2,557,331</u>	<u>16,551,149</u>	<u>1,342,724</u>	<u>20,451,204</u>
LIABILITIES:				
Current liabilities:				
Accounts Payable	209,064	25,093	4,000	238,157
Accrued expenses	20,585	58,644	40,139	119,368
Bonds and notes payable, current portion	-	56,244	115,000	171,244
Due to other governments	-	4,774	-	4,774
Unearned revenue	1,492,077	12,436	-	1,504,513
	<u>1,721,726</u>	<u>157,191</u>	<u>159,139</u>	<u>2,038,056</u>
Long-term liabilities:				
Bonds and notes payable	-	514,423	13,534,837	14,049,260
Total liabilities	<u>1,721,726</u>	<u>671,614</u>	<u>13,693,976</u>	<u>16,087,316</u>
NET POSITION	<u>\$ 835,605</u>	<u>\$ 15,879,535</u>	<u>\$ (12,351,252)</u>	<u>\$ 4,363,888</u>

The accompanying notes are an integral part of these statements

GREENE COUNTY, NEW YORK

**STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION - COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Greene County Soil and Water Conservation <u>District</u>	Industrial Development <u>Agency</u>	Greene Tobacco Asset Securitization <u>Corporation</u>	<u>Total</u>
Revenue:				
Departmental income	\$ 2,057,714	\$ 668,770	\$ -	\$ 2,726,484
Intergovernmental charges	1,510,146	275,303	-	1,785,449
Use of money and property	7,978	24,909	6,582	39,469
Miscellaneous local sources	18,549	-	-	18,549
Tobacco settlement revenue	-	-	679,544	679,544
State aid	141,644	7,070	-	148,714
Federal aid	-	-	-	-
Other income	-	49,948	-	49,948
Gain on sale of property held for development	-	<u>5,556,871</u>	-	<u>5,556,871</u>
 Total revenue	 <u>3,736,031</u>	 <u>6,582,871</u>	 <u>686,126</u>	 <u>11,005,028</u>
Expenses:				
General governmental support	3,373,115	314,341	28,973	3,716,429
Other expenses	-	535,331	-	535,331
Depreciation	-	5,249	-	5,249
Loss on sale of capital assets	-	181,598	-	181,598
Debt service - interest	-	<u>25,139</u>	<u>752,007</u>	<u>777,146</u>
 Total expenses	 <u>3,373,115</u>	 <u>1,061,658</u>	 <u>780,980</u>	 <u>5,215,753</u>
 Change in net position	 362,916	 5,521,213	 (94,854)	 5,789,275
 NET POSITION - beginning of year	 <u>472,689</u>	 <u>10,358,322</u>	 <u>(12,256,398)</u>	 <u>(1,425,387)</u>
 NET POSITION - end of year	 <u>\$ 835,605</u>	 <u>\$ 15,879,535</u>	 <u>\$ (12,351,252)</u>	 <u>\$ 4,363,888</u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY, NEW YORK

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Greene County, New York (the County) was established in 1800, and is governed by County law and other general laws of the State of New York. The Board of Legislators, which is the legislative body responsible for the overall operation of the County, consists of fourteen members representing nine legislative districts with each member's vote weighted on the basis of population. The Chairman of the County Legislature, elected by the board each year, is the Chief Executive Officer of the County, the County Treasurer, elected for a four-year term, is the Chief Fiscal Officer of the County, the County Clerk, Sheriff, and District Attorney are constitutional officials and are elected in accordance with constitutional provisions.

The County provides the following principal services: police and law enforcement, educational assistance for County residents attending community colleges, economic assistance and maintenance of County roads.

The accounting policies of the County conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the acceptable standards setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

The reporting entity consists of (a) the primary government which is Greene 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 financial statements to be misleading or incomplete.

The decision to include a potential component unit in the County's reporting entity is based upon several criteria set forth in GAAP, including legal standing, fiscal dependency, financial accountability, selection of governing authority, ability to significantly influence operations, and the primary government's economic benefit from resources of the affiliated entity.

Based on the application of these criteria, the County has determined that Greene County Soil and Water Conservation District (District), the Greene County Industrial Development Agency (IDA), and the Greene Tobacco Asset Securitization Corp. (GTASC) are component units and their activities have been included in the financial reporting entity.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Reporting Entity (Continued)

Component units of the County include the following:

Greene County Soil and Water Conservation District (District) – This component unit is a political subdivision established by the County Legislature for the purpose of improving and advancing conservation, wise use and orderly development of the soil, water and related natural resources of the County of Greene, New York.

Greene Industrial Development Agency (IDA) – The IDA is a Public Benefit Corporation created by State legislation to promote the economic welfare, recreational opportunities and prosperity of the County's inhabitants.

Greene Tobacco Asset Securitization Corp. (GTASC) - This component unit is a non-profit corporation created for the purpose of issuing bonds securitized solely from County Tobacco Settlement Revenues under the Purchase and Sale Agreement dated October 15, 2000, and to forward to the County net proceeds from the bond issuance.

Various joint ventures entered into between the County and other state and local governmental entities are excluded from the reporting entity.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities present financial information about the County's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Fund Financial Statements

The fund statements provide information about the County's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The accounts of the County are organized into funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types and account groups used by the County are as follows:

Governmental Fund Types

Governmental funds are those in which most governmental functions of the County are reported. The acquisition, use, and balances of the County's expendable financial resources and the related liabilities (except those accounted for in the proprietary and fiduciary funds) are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position rather than upon determination of net income. The following are the County's governmental fund types:

The County utilizes the following major funds:

- General Fund - The general fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in other funds.
- County Road Fund - Established to account for revenue and expenditures related to the construction and maintenance of County roads in accordance with New York State laws.
- Capital Projects - The capital projects fund is used to account for financial resources used for the acquisition or construction of major capital projects (other than those reported in the proprietary fund type).
- Community Development Fund - Established to account for the expenditures relating to the promotion of economic development and prosperity of the County's inhabitants through the use of Community Development Block Grants.
- Economic Development – Established to account for the expenditures relating to the promotion of certain economic development and prosperity of the County's inhabitants.
- County Machinery Fund - Established to account for revenue and expenditures related to the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment in accordance with New York State laws.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types

Proprietary funds are used to account for the County's on-going activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income. The County maintains the following proprietary funds:

Internal Service Fund - Used to account for special activities or services provided by one department to other departments or to other governments on a cost reimbursement basis. The Workers Compensation Fund is used to account for the County's self-insured Workers' Compensation Plan.

The County established a plan of self-insurance under the Workers' Compensation Law whereby other Towns and Villages can participate in the plan. Each participant is billed by the plan for its share of the estimated premium costs for the ensuing year. Any deficiencies in the amounts billed are added to the next year's bill.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governmental units, and/or other funds because their resources do not belong to the County and are not available to be used.

There are two classes of fiduciary funds:

- Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards established criteria govern the use of the funds and members of the County or representatives of the donors may serve on committees to determine who benefits.
- Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the County as agent for various groups and for payroll or employee withholding.

Basis of Accounting and Measurement Focus

The modified accrual basis of accounting is followed by the governmental while fiduciary funds and the component units utilize full accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recorded when it is susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter (within 60 days of year-end) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, pension contributions, and compensated absences, are recorded when the liability is incurred, if measurable.

In applying the susceptible-to-accrual concept to state and federal aid, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of this revenue. In one, monies must be expended on the specific purpose or project before any amounts are recorded as revenue by the County; therefore, revenue is recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are generally reflected as revenue at the time of receipt.

Sales taxes collected and held by the state at year-end on behalf of the County are also recognized as revenue. Other revenue, except for property taxes (see Note 4), is recorded when received in cash because they are generally not measurable until actually received.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Basis of Accounting and Measurement Focus (Continued)

The accrual basis of accounting is used by the proprietary funds. Under the accrual basis of accounting, revenue is recorded when earned and expenses are recorded when incurred.

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

Budgetary Data

General Budget Process

No later than November 1, the Budget Officer submits to the County Legislature a proposed tentative operating budget for the fiscal year commencing the following January 1. The operating budget includes expenditures and the means of financing them for all funds except the Capital Projects and the Soil and Water Conservation District. Public hearings are conducted to obtain taxpayers' comments. Prior to December 20, the budget is adopted by the County Legislature. The County Administrator is authorized to approve certain budget transfer requests within departments, within a fund; however, any revisions that alter total expenditures of any department or fund must be approved by the County Legislature. For year-end financial reporting, adjustments are made to actual results to conform with modified budget classifications and reflect year-end encumbrances.

Budgetary Basis of Accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The County Legislature has amended the 2014 budget, as follows:

	General Fund
Original adopted budget	\$ 88,968,198
Encumbrances carried forward	72,196
Appropriation adjustments	<u>3,901,297</u>
Amended budget	<u>\$ 92,941,691</u>

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year-end are reported as assigned reservations of fund balances since the commitments do not constitute expenditures or liabilities.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

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

The County does not typically purchase investments for a long enough duration to cause it to be believed that it is exposed to any material interest rate risk.

For purposes of reporting the statement of cash flows, the County includes all cash accounts and certificates of deposit that are not subject to withdrawal restrictions or penalties as cash on the accompanying balance sheet.

Accounts Receivable

The County establishes an allowance for doubtful accounts based on a review of outstanding amounts and the past history of collections. All trade accounts and property taxes receivable are shown net of an allowance for doubtful accounts.

Due To/From Other Funds

The amounts reported on the Government Funds Balance Sheet for due to and due from other funds represents amounts due between different fund types (general, county road, county machinery, community development, economic development, and capital projects funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

Capital Assets, Net

Capital assets are reported at actual cost for acquisitions subsequent to January 1, 2011. For assets acquired prior to January 1, 2011, estimated historical costs were used. Donated assets are reported at estimated fair value at the time received. In accordance with GAAP, the County has retroactively capitalized pre-2011 infrastructure and related depreciation effective for the year ended December 31, 2014.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Capital Assets, Net (Continued)

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the County-wide statements are as follows:

<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>	
Land	\$5,000	N/A	N/A
Buildings and improvements	10,000	Straight-line	30
Vehicles and equipment	5,000	Straight-line	3-10
Land improvements	5,000	Straight-line	20
Infrastructure	(*)	Straight-line	10-50

(*) – Infrastructure utilized multiple capitalization thresholds based upon the type of infrastructure. They included; Roads \$100,000, bridges \$700,000, \$15,000-\$400,000 for culverts and \$100 for signage.

Compensated Absences

Pursuant to contractual agreements, County employees are entitled to accrue sick leave, vacation leave and personal leave. An individual who leaves the employment of the County is entitled to be paid for 100% unused vacation leave as follows:

All employees except Deputy Sheriffs, Solid Waste and the Highway Department are paid 100% of a maximum of 30 vacation days for a total of 240 hours for employees working a 40 hour work week and 210 hours for employees working a 35 hour work week.

All Deputy Sheriffs, Solid Waste and Highway Department employees are paid 100% of a maximum of 40 days for a total of 320 hours for a 40 hour work week.

Upon death or retirement, unused sick leave shall be paid accordingly as follows:

All employees except Nurses, Solid Waste and the Highway Department employees are paid 75% of a maximum of 160 sick days, for a total of 1,280 hours paid at 75% for employees working a 40 hour work week and 1,120 hours paid at 75% for employees working a 35 hour work week.

Nurses are paid 50% of a maximum of 240 days, for a total of 1,680 hours paid at 50% for a 35 hour work week.

Solid waste employees are paid 100% of 105 days, for a total of 840 hours paid at 100% for a 40 hour work week.

The Highway Department employees are reimbursed at different rates. Employees hired before February 13, 1996 that had accrued at least 50 sick hours are reimbursed for a maximum of 120 days or 960 hours for a 40 hour work week. They are reimbursed for the hours accrued by February 13, 1996 at 100% and the balance of unused sick time up to the maximum hours are paid at 50%.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Compensated Absences (Continued)

Employees not grandfathered or hired after February 13, 1996 are paid 50% of a maximum of 240 days, for a total of 1,920 hours paid at 50% for a 40 hour work week.

The estimated value of earned and unused leave credits in the amount of \$3,487,756 has been recorded as non-current government liability.

Pension Plan

The County participates in the New York State and Local Employees' Retirement System (ERS). ERS is a cost sharing multiple employer system that provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the system. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The system issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12236.

Other Post-Employment Benefits

In addition to providing retirement benefits, the County provides certain health benefits for retired employees. Substantially all of the County's employees have the option of receiving these benefits that are provided by an insurance company upon retirement. At the fund level, the County recognizes the cost of providing these benefits as the premiums are paid. The costs recognized in 2014 approximated \$5.9 million for approximately 300 employees and survivors and approximately \$2.7 million for retirees. In accordance with the provisions of Governmental Accounting Standards Board Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the County has recorded in the government-wide statement of net position the required other post-employment benefits liability totaling \$31,823,363 as of December 31, 2014.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Net Position/Fund Balance Classifications

Net Position – Government Wide Statements

Net Position is displayed in three components:

- a) Net Investment in Capital Assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted Net Position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations for other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted Net Position - all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

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

Fund Balance – Fund Financial Statements

In the fund financial statements there are five classifications of fund balance:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form legally or they are contractually required to be maintained intact. Non-spendable fund balance includes the prepaid items and inventory recorded in the component units.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The County has the following restricted fund balances.

Repair

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The County Legislature, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund under restricted fund balance.

Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of County property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of County property or capital improvement. The reserve is accounted for in the general fund under restricted fund balance.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Fund Balance – Fund Financial Statements (Continued)

Committed fund balance – Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the County’s highest level of decision making authority, i.e., the County Legislature. The County has no committed fund balances as of December 31, 2014.

Assigned fund balance – Includes amounts that are constrained by the County’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance. Encumbrances reported in the general fund amounted to \$48,744 as of December 31, 2014.

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

Order of Fund Balance Spending Policy

The County’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Property Taxes

County property taxes are levied annually no later than December 31st and become a lien on January 1. Accordingly, property tax is recognized as revenue in the year for which the levy is made, and to the extent that such taxes are received within the reporting period of sixty days thereafter. Delinquent property taxes not collected at year-end (excluding collections in the 60-day subsequent period) are included in deferred inflows of resources.

Interfund Transfers

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

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

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

Insurance

The County assumes the risk for general liability. The County is involved in many pending tort claims against them, the ultimate outcomes of which cannot be reasonably determined. Therefore, 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.

The County maintains a risk retention reserve which is included in the General Fund. The County also maintains a workers' compensation risk pool in which it predominately participates. In compliance with Government Accounting Standards Board (GASB) pronouncement Number 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, the County, based upon available data has estimated and recorded in the Internal Service Fund a workers' compensation premium liability. The County has also recorded an unbilled receivable for the same amount, less cash reserves at year-end. The estimate includes incurred but not reported claims as is required by accounting principles generally accepted in the United States of America.

Newly Adopted Accounting Standards

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. There was no material impact for the County in regards to this implementation.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. This Statement establishes accounting and financial reporting standards for financial guarantees that are non-exchange transactions (non-exchange financial guarantees) extended or received by a state or local government. As issued in this Statement, a non-exchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. The implementation had no material effect on the County's reporting.

Explanation of certain differences between governmental fund statements and government-wide statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the County-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the statement of activities, compared with the current financial resources focus of the governmental funds.

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the County's governmental funds differ from "net position" of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Explanation of certain differences between governmental fund statements and government-wide statements (Continued)

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown below represent:

Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered “available”, whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

2. STEWARDSHIP

The Internal Service Fund deficit is primarily the result of unfunded estimated future liabilities of the self-insured workers compensation fund. The County estimates current costs and charges its participants on a pay-as-you-go method.

The County annually assesses, with the assistance of an actuary, the current and estimated future claims of the fund and adjusts its reserves in accordance with that analysis. The County will continue to assess this estimate. These estimated future costs are not funded.

3. CASH AND INVESTMENTS

Governmental Activities

As of December 31, 2014, all of the County's cash and investment balances were either insured or collateralized with securities held by the pledging financial institution's trust department in the County's name:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash, including trust funds	<u>\$ 21,367,414</u>	<u>\$ 20,915,643</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name	\$ 18,703,611	
Covered by FDIC insurance	1,050,067	
Uninsured and uncollateralized	<u>1,613,736</u>	
Total	<u>\$ 21,367,414</u>	

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

Restricted cash consists of the following:

General fund:

Cash on deposit for reserves	
Restricted for liability	\$ 376,944
Restricted for debt service	430,844
Total general fund restricted cash	<u>\$ 807,788</u>

County road fund:

Cash on deposit for reserves	
Restricted for debt service	<u>\$ 507</u>

Road machinery fund:

Cash on deposit for reserves	
Restricted for repairs	\$ 18,582
Restricted capital improvement fund	2,554
Total road machinery restricted cash	<u>\$ 21,136</u>

Fiduciary funds:

Cash on deposit for scholarships, private purpose trust funds,	<u>\$ 2,740,594</u>
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3. CASH AND INVESTMENTS (Continued)

Component Units - GTASC

Investments held by the fiscal agent consist of a Liquidity Reserve, Issuance Fund, Collection and Debt Service accounts.

The Liquidity Reserve account, administered by a trustee, was established and initially funded from bond proceeds. This account serves as collateral for the GTASC's bonds and is used to pay interest and required amortization payments made from the Turbo and Debt Service accounts.

The Collection Account, administered by a trustee, serves to receive proceeds from tobacco companies under the Master Settlement Agreement. Funds are transferred to the Debt Service and Turbo Accounts to cover principal and interest payments, respectively. The Collection Accounts is also used to pay certain Trustee fees.

The Debt Service Account, administered by a trustee, serves to remit interest payments to bond service expenses.

The Turbo Account, administered by a trustee, serves to remit principal payments to bond holders

Investments held by fiscal agents at year-end related to the August 2005 Series bonds consisted of money market funds as follows:

Liquidity Reserve	\$ 648,556
Issuance Fund	13,716
Turbo	2,546
Debt Service	<u>3,852</u>
Total Restricted Investments Held by Fiscal Agent	<u>\$ 668,670</u>

4. PROPERTY TAXES

County real property taxes are levied annually no later than December 31 and become a lien on January 1. Taxes are collected during the period January 1 to July 31 by the town tax collectors, thereafter by the County Treasurer's tax department. On March 1 interest is accrued on all unpaid taxes in accordance with real property law. Taxes for County purposes are levied together with taxes for town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the towns.

Unpaid village taxes levied on properties are turned over to the County for enforcement. Any such taxes remaining unpaid at year end are re-levied as County taxes in the subsequent year.

At December 31, 2014, real property taxes receivable totaled \$14,615,831 which includes an allowance for uncollectible taxes at year-end of \$498,148. Current year returned school district and village taxes receivable are also included as liabilities to the school districts and village which will be paid no later than February 28, 2015. \$6,516,327 of the remaining portion of taxes receivable has been classified as unearned tax revenue and represents an estimate of the outstanding taxes which will not be collected within the first sixty (60) days of the subsequent year.

5. STATE AND FEDERAL RECEIVABLES

State and federal receivables are comprised of the following:

<u>Fund</u>	<u>Balance</u>	<u>Description</u>
General	<u>\$ 8,931,363</u>	Claims for reimbursement of expenditures in administering various health and social service programs net of related advances.
Capital projects	<u>\$ 5,569,118</u>	Claims for reimbursement of expenditures for various capital projects.

Community Development Block Grants:

The County is the recipient of Community Development Block Grants to operate revolving loan funds. These funds are to be loaned to industry, not-for-profit organizations and individuals for the purpose of creating and retaining permanent jobs within the County. The balance of loans receivable and unearned revenue at December 31, 2014 of \$2,889,363 consists of loans that require periodic payments of principal and interest or interest only for loans that have not been fully drawn down, and have a rate of interest at one-half of prime plus one percent.

6. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance at January 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance at December 31, <u>2014</u>
Primary Government:				
Land	\$ 1,924,400	\$ -	\$ -	\$ 1,924,400
Buildings and improvements	48,915,469	4,063,533	-	52,979,002
Vehicles and equipment	16,194,825	346,248	256,483	16,284,590
Infrastructure	171,273,415	17,107,065	-	188,380,480
Construction work in progress	<u>23,983,284</u>	<u>3,170,103</u>	<u>14,891,856</u>	<u>12,261,531</u>
	262,291,393	24,686,949	15,148,339	271,830,003
Less: Accumulated depreciation	<u>(133,392,651)</u>	<u>(5,071,491)</u>	<u>(409,512)</u>	<u>(138,054,630)</u>
Total capital assets, net	<u>\$128,898,742</u>	<u>\$ 19,615,458</u>	<u>\$ 14,738,827</u>	<u>\$133,775,373</u>

6. CAPITAL ASSETS (Continued)

Depreciation expense is allocated to specific functions as follows:

General government support	\$ 638,502
Public safety	426,653
Health	161,903
Transportation	3,138,868
Economic Assistance and Opportunity	60,547
Culture and recreation	6,544
Home and community	<u>228,962</u>

Depreciation expense \$ 4,661,979

Component Units:	<u>IDA</u>	<u>Soil & Water</u>	<u>Total</u>
Land and land improvements	\$ 7,190,018	\$ -	\$ 7,190,018
Buildings and improvements	315,000	-	315,000
Vehicle and equipment	23,053	859,910	882,963
Infrastructure	54,646	-	54,646
Construction work in progress	-	-	-
	<u>7,582,717</u>	<u>859,910</u>	<u>8,442,627</u>
Less: Accumulated depreciation	<u>(56,731)</u>	<u>-</u>	<u>(56,731)</u>
Total capital assets, net	<u>\$ 7,525,986</u>	<u>\$ 859,910</u>	<u>\$ 8,385,896</u>

7. SHORT TERM DEBT

The County may issue bond anticipation notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The County had the following BAN activity during the year:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN maturing 03/27/14 at 1.00%	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -
BAN maturing 03/27/15 at 1.00%	<u>-</u>	<u>7,000,000</u>	<u>-</u>	<u>7,000,000</u>
Total	<u>\$ 10,000,000</u>	<u>\$ 7,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 7,000,000</u>

8. LONG TERM DEBT

A summary of changes in long-term debt is as follows:

	Balance at January 1, <u>2014</u>	<u>Increase</u>	<u>Decrease</u>	Balance at December 31, <u>2014</u>	<u>Current</u>
Governmental activities:					
Serial Bonds	\$ 20,435,000	\$ -	\$ 1,695,000	\$ 18,740,000	\$ 1,715,000
Other post employment benefits	26,921,863	4,901,500	-	31,823,363	-
Compensated absences	3,335,954	151,802	-	3,487,756	-
Leases payable	357,395	-	119,967	237,428	117,720
Installment purchase agreements	10,850	-	10,850	-	-
Judgments and claims	<u>847,758</u>	<u>-</u>	<u>91,292</u>	<u>756,466</u>	<u>-</u>
Total	<u>\$ 51,908,820</u>	<u>\$ 5,053,302</u>	<u>\$ 1,917,109</u>	<u>\$ 55,045,013</u>	<u>\$ 1,832,720</u>

Interest on long term debt for the year was composed of:

Interest paid	\$ 836,736
Accrued interest 12/31/2013	(90,846)
Accrued interest 12/31/2014	<u>86,666</u>
Total expense	<u>\$ 832,556</u>

The County's bonds are comprised of the following:

<u>Description</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Balance at 12/31/14</u>
Governmental Activities:					
Refunding - Court House	2010	12,205,000	3%-4%	2028	\$ 10,310,000
Refunding - Solid Waste	2011	368,000	1.5%-5%	2022	85,000
Refunding - Community College	2011	1,020,000	1.5%-5%	2022	490,000
Refunding - County Building	2011	<u>9,597,000</u>	1.5%-5%	2022	<u>7,855,000</u>
Total general long-term debt		<u>\$ 23,190,000</u>			<u>\$ 18,740,000</u>

8. LONG TERM DEBT (Continued)

The County's future bond debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2015	1,715,000	683,394	2,398,394
2016	1,670,000	637,594	2,307,594
2017	1,710,000	584,494	2,294,494
2018	1,600,000	525,794	2,125,794
2019	1,660,000	464,294	2,124,294
2020	6,990,000	1,141,650	8,131,650
2025-2028	<u>3,395,000</u>	<u>498,744</u>	<u>3,893,744</u>
 Total	 <u><u>\$ 18,740,000</u></u>	 <u><u>\$ 4,535,964</u></u>	 <u><u>\$ 23,275,964</u></u>

On December 7, 2000, the GTASC issued \$8,115,000 variable rate bonds. These bonds were part of the \$227,130,000 New York Counties Tobacco Trust I, Tobacco Settlement Pass-Through Bonds, Series 2000. The GTASC's bonds consist of serial bonds maturing in the years 2002 through and including 2015, fixed term bonds maturing in the years 2016 through and including 2019 and flexible term bonds maturing in the years 2020 through and including 2042. The GTASC bonds are secured by the Tobacco Settlement Revenues acquired from the County by investment earnings on the Liquid Reserve Account and on other accounts established under the bond agreement. The 2000 Bond Series was paid off in 2005.

On August 25, 2005 the GTASC issued \$11,672,040 variable rate bonds. These bonds were part of the \$414,798,208 New York County Tobacco Trust IV, Tobacco Settlement Pass-Through Bonds, Series 2005 N-151. The GTASC's bonds consist of \$10,805,000 of current interest turbo bonds maturing in the years 2006 through and including 2045 and capital appreciation bonds of \$867,040. There is no scheduled payment of principal or interest on the capital appreciation bonds in the required schedule. Interest accrues on the capital appreciation bonds and is not payable until GTASC's bonds are paid in full. The GTASC's bonds are secured by the Tobacco Settlement Revenues acquired from the County and by investment earnings on the Liquidity Reserve Account and on other accounts established under the bond agreement. The payment of interest and principal on these bonds started in 2006. The optional schedule shown below assumes that \$1,145,000 in additional principal payments will be made in 2015. It is more likely than not that the full amount will not be paid in 2015 and as a result, the interest presented could be significantly higher.

8. LONG TERM DEBT (Continued)

On November 29, 2005, the GTASC issued \$1,204,040 in variable rate bonds. These bonds were part of the \$199,375,348 New York Counties Tobacco trust V, Tobacco Settlement Pass-Through Bonds, Series 2005 N-184. The GTASC's bonds consist of turbo bonds maturing in the years 2026 through and including 2060. The GTASC's bonds are collateralized by the Tobacco Settlement Revenues acquired from the County and by investment earnings on the Liquidity Reserve Account and on other accounts established under the bond agreement. The projected start date for the payment of these bonds and interest is anticipated to start in the year 2026, when a portion of the August 2005 has been paid off.

The GTASC bonds are comprised of the following:

<u>Description</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Balance at 01/00/00</u>
Governmental activity:					
Tobacco Settlement Bonds - 2005 Series	8/25/2005	\$ 11,672,040	variable	2045	\$ 11,251,541
Tobacco Settlement Bonds - 2005 Series	11/25/2005	<u>1,204,040</u>	variable	2060	<u>2,313,542</u>
Total general long-term debt account group		<u>\$ 12,876,080</u>			<u>\$ 13,565,083</u>

* Net of bond discount

GTASC's future debt services requirements are as follows:

August 2005 Series - Required Schedule

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
Year ending December 31,			
2015	-	473,900	473,900
2016	-	473,900	473,900
2017	-	473,900	473,900
2018	55,000	472,731	527,731
2019	175,000	467,843	642,843
2020-2024	1,015,000	2,211,944	3,226,944
2025-2029	1,280,000	1,940,044	3,220,044
2030-2034	1,650,000	1,577,000	3,227,000
2035-2039	2,110,000	1,109,250	3,219,250
2040-2044	<u>3,340,000</u>	<u>661,000</u>	<u>4,001,000</u>
	9,625,000	9,861,512	19,486,512
Capital appreciation bonds' interest	1,526,117	-	1,526,117
November 2005 Series	<u>2,498,270</u>	<u>-</u>	<u>2,498,270</u>
Total	<u>\$ 13,649,387</u>	<u>\$ 9,861,512</u>	<u>\$ 23,510,899</u>

8. LONG TERM DEBT (Continued)

August 2005 Series - Flexible Option Schedule

Year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2015	1,735,000	404,138	2,139,138
2016	430,000	383,750	813,750
2017	465,000	361,375	826,375
2018	595,000	334,875	929,875
2019	640,000	304,000	944,000
2020-2024	3,865,000	981,625	4,846,625
2025-2029	1,895,000	95,625	1,990,625
2030-2034	-	-	-
2035-2039	-	-	-
2040-2044	-	-	-
2045-2055	1,526,117	-	1,526,117
	<u>11,151,117</u>	<u>2,865,388</u>	<u>14,016,505</u>
November 2005 Series	<u>2,498,270</u>	<u>-</u>	<u>2,498,270</u>
Total	<u>\$ 13,649,387</u>	<u>\$ 2,865,388</u>	<u>\$ 16,514,775</u>

9. RETIREMENT BENEFITS

Plan Description

The County participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12207.

Funding Policy

The Systems are non-contributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of service. For employees who joined on or after January 1, 2010, employees in NYSERS contribute 3% of their salary throughout their active membership. For employees who joined after April 1, 2012, employees in NYSERS contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership.

Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

9. RETIREMENT BENEFITS (Continued)

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

	<u>ERS</u>
2014	\$4,107,876
2013	\$3,888,036
2012	\$3,547,676

The County's contribution made to the Systems was equal to 100 percent of the contributions required for each year.

10. OTHER POST EMPLOYMENT BENEFITS

Plan Description

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

In general, the County provides health insurance and vision coverage for retired employees and their survivors. Substantially all the County's employees may become eligible for this benefit.

Sheriffs and Deputies are assumed to be covered under 552, a 20 year plan with the New York State Employees' Retirement System. It is assumed these employees will not retire before age 62 before attaining 20 years of service.

Corrections employees are assumed to be covered under 890, a 25 year plan with the New York State Employees' Retirement System. It is assumed these employees will not retire before age 62 before attaining 25 years of service.

All other employees are assumed covered under Tier 4 of the New York State Employees' Retirement System, with early retirement available at age 55 with 5 years of service, and unreduced benefits at age 62 with 5 years or age 55 with 30 years of service. It is assumed these employees will not retire before age 65 before attaining 10 years of service.

The Retirement Plan can be amended by action of the County subject to applicable collective bargaining and employment agreements. The number of retired employees currently eligible to receive benefits at December 31, 2014, was approximately 300. The Retirement Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Funding Policy

The obligations of the Retirement Plan are established by action of the County pursuant to applicable collectible bargaining and employment agreements. The County pays 50-100% of the premium for medical and vision benefits based on the participants hire date and specific collective bargaining agreements and employment agreements. Surviving spouses may elect coverage through the County by paying 100% of the premium.

10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Policy (Continued)

The costs of administering the Retirement Plan are paid by the County. The County currently contributes enough money to the Retirement Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. The amount paid during 2014 by the County was approximately \$3,400,000.

Annual OPEB Cost and Net OPEB Obligation

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

	<u>Governmental Activities</u>
Annual required contribution	\$ 8,651,700
Interest	1,076,900
Adjustment	<u>(1,049,300)</u>
Annual OPEB cost (expense)	8,679,300
Contributions made	<u>(3,777,800)</u>
Increase in net OPEB obligation	4,901,500
Net OPEB obligation - beginning of year	<u>26,921,863</u>
Net OPEB obligation - end of year	<u>\$ 31,823,363</u>
Percentage of annual OPEB cost contributed	43.5%

Funded Status and Funding Progress

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Retirement Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Retirement Plan is currently not funded.

The schedule of funding progress presents information on the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits. In the future, the schedule will provide multi-year trend information about the value of plan assets relative to the AAL.

10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Schedule of Funding Progress for the County's Plan

Governmental Activities:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2013	\$ -	\$108,707,100	\$108,707,100	0.0%	N/A	N/A
6/1/2010	\$ -	\$161,472,500	\$161,472,500	0.0%	N/A	N/A

Actuarial Methods and Assumptions

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

In the January 1, 2013 actuarial valuation, the following methods and assumptions were used:

Actuarial cost method	Projected unit credit
Discount rate*	4.0%
Unfunded actuarial accrued liability:	
Amortization period	30 years
Amortization method	Level dollar
Amortization basis	Open

* As the plan is unfunded, the assumed discount rate considers that the County's investment assets are low risk in nature, such as money market funds or certificates of deposit.

11. JOINTLY GOVERNED ORGANIZATIONS

Columbia-Greene Community College

The operation of Columbia-Greene Community College is undertaken jointly with Columbia County, under the provisions of Article 126 of the Education Law, and is excluded from the County's financial statements. The College is administered by a Board of Trustees. The majority of the trustees are County Board appointees, apportioned between the two Counties. The Counties are responsible for College costs not funded through state aid or tuition and have individually issued bonds for capital costs. The Counties also assume liability of any College operating fund deficit, should any operating fund deficit be incurred.

The counties' governing boards also retain certain budgetary approval powers. The counties' share of the College's operating budgets is based on enrollment. For the 2014-2015 fiscal year Greene County's share of the unfunded portion of the operating budget was 45% and Columbia County's was 55%.

11. JOINTLY GOVERNED ORGANIZATIONS (Continued)

Columbia-Greene Community College (Continued)

The County's share of the operating costs for the year ended December 31, 2014 was \$6,670,529. Separate financial statements are issued for the college and can be found at:

Columbia-Greene Community College
4400 Route 23B
Hudson, NY 12534

Capital District Regional Off-Track Betting Corporation

Capital District Regional Off-Track Betting Corporation is a public benefit corporation occupying a seventeen county region, established in 1973 under the provisions of Chapters 346 and 347 of the Laws of the State of New York. The Board consists of one representative from each of the seventeen participating municipalities.

Separate financial statements are issued for the OTB and can be found at:

Capital District Regional Off-Track Betting Corporation
510 Smith Street
Schenectady, NY 12305

12. INTERFUND ACTIVITY

During the course of normal operations, the County records numerous transactions between funds including expenditures for the provision of services, as well as transfers between funds to finance various projects or debt payments. Individual interfund receivable and payable balances arising from these transactions as of December 31, 2014, were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 4,761,215	\$ 399,424
County road	3,723,559	1,816,515
County machinery	830,211	-
Workers compensation	-	1,448,308
Capital projects	-	5,663,546
Agency fund	<u>21,986</u>	<u>9,178</u>
Total	<u>\$ 9,336,971</u>	<u>\$ 9,336,971</u>

12. INTERFUND ACTIVITY (Continued)

Interfund transfers throughout the year ended December 31, 2014, were as follows:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General fund	\$ 128,383	\$ 8,549,326
County road fund	8,007,013	154,139
County machinery	886,202	-
Capital projects	298,016	636,398
Community development	<u>20,249</u>	<u>-</u>
Total	<u>\$ 9,339,863</u>	<u>\$ 9,339,863</u>

13. COMMITMENTS AND CONTINGENCIES

Pending Litigation

The County has been named, in the normal course of operations, as a defendant in numerous claims of an indeterminate amount. In the opinion of the County, after considering all relevant facts, the ultimate losses not covered by insurance resulting from such litigation would be immaterial in relation to the financial position of the County.

Self-Insurance

The County sponsors and participates in a self-insurance plan for workers' compensation under Local Law No. 1 and 2, 1956, pursuant to Article 5 of the Workers' Compensation Law. The plan is open to any eligible municipality, school district, or public entity for participation. At December 31, 2014, there were 42 participants, including the County.

The County is responsible for administration of the plan and its reserves. Participant contributions which are financed on a pay-as-you-go basis are financed on an estimated claim basis with excess contributions transferred to the reserve at the end of the fiscal year. Liabilities are recorded when it is probable that a loss has been incurred and the amount of loss can be reasonably estimated. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment yield assumptions of 3%. These liabilities are recorded at their present value of \$4,067,058 in the County-wide statement of net position which represents the portion to be liquidated with expendable and available financial resources as of December 31, 2014. Benefits and awards expenditures for the year ended December 31, 2014, were \$1,733,793.

Grant Programs

The County participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The County believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the County's financial position or results of operations.

13. COMMITMENTS AND CONTINGENCIES (Continued)

Public Health Reimbursement

The County Public Health Department recognizes revenue when earned based upon tentative rates that are subject to audit and retroactive adjustment by third-party payers. There has been no provision made in these financial statements for future audit settlements or rate adjustments.

Tobacco Settlement

The State of New York is estimated to receive approximately \$25 billion over the next 25 years as a result of a comprehensive settlement among 46 states and U.S. territories and all the major tobacco companies. The settlement represents reimbursement to the State for medical costs incurred, primarily paid by Medicaid, from treating smoking-related illnesses. Since the counties of the State and New York City pay a share of Medicaid costs, the State has apportioned approximately half the settlement funds to these localities.

Construction Commitments

The County has various commitments with contractors for the completion of capital projects.

14. ACCOUNTING PRONOUNCEMENT ISSUED NOT YET IMPLEMENTED

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68, as well as for non-employer governments that have a legal obligation to contribute to those plans. The County is required to adopt the provisions of these Statements for the year ending December 31, 2015, with early adoption encouraged.

In November 2013, the GASB issued Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Transition Date – an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The County is required to adopt the provisions of this Statement in conjunction with GASB Statement No. 68, for the year ending December 31, 2015, with early adoption encouraged.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The County is required to adopt the provisions of this Statement for the year ending December 31, 2016.

REQUIRED REPORTS UNDER OMB CIRCULAR A-133

GREENE COUNTY, NEW YORK

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture/ Passed through New York State Office of Temporary and Disability Assistance/ State Administrative Matching Grant for Supplemental Nutrition Assistance Program	10.561	NA	773,013
Passed through USDA Rural Development/ Emergency Watershed Protection Program	10.923	NA	<u>90,408</u>
Total U.S. Department of Agriculture			<u>863,421</u>
Department of Housing and Urban Development/ Community Development Block Grants - Program Income	14.228	N/A	132,627
Passed through State Department of Housing and Community Renewal/ Community Development Block Grants	14.228	477ED2186-11	9,230
Community Development Block Grants	14.228	477ME2750-11	<u>14,976</u>
Total U.S. Department of Housing and Urban Development			<u>156,833</u>
U.S. Department of Justice/ Equitable Sharing Program	16.922	NY019013A	9,825
Equitable Sharing Program	16.922	NY0190000	<u>12,064</u>
Total U.S. Department of Justice			<u>21,889</u>
U.S. Department of Transportation/ Passed through New York State Department of Transportation/ Highway Planning and Construction	20.205	various	315,372
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	D033830	1,276,683
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	D033831	129,018
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	D034004	<u>169,300</u>
Total U.S. Department of Transportation			<u>1,890,373</u>
U.S. Department of Education/ Passed through State Department of Education/ Special Education- Grants for Infants and Families	84.181	C-027482	<u>37,026</u>
Total U.S. Department of Education			<u>37,026</u>
U.S. Department of Health and Human Services/ Passed through Health Research Incorporated/ Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	15-0687-01	<u>53,712</u>
Passed through New York State Department of Health/ Family Planning Service	93.217	C-027023	35,050
Immunization Grant	93.268	C-028294	15,830
Maternal and Child Health Services Block Grant to the States	93.994	C-024619	<u>55,150</u>
			<u>106,030</u>

Continued
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The accompanying notes are an integral part of this schedule

GREENE COUNTY, NEW YORK

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Passed through New York State Office of Temporary and Disability Assistance/ Family Planning Service	93.217	NA	424,620
Temporary Assistance For Needy Families	93.558	NA	3,651,528
Child Support Enforcement (Title IV-D)	93.563	NA	277,786
Low Income Home Energy Assistance	93.568	NA	2,731,485
Child Care and Development Block Grant (A)	93.575	NA	537,730
Foster Care - Title IV E	93.658	NA	1,967,911
Adoption Assistance	93.659	NA	377,066
Social Services Block Grant	93.667	NA	650,044
Medical Assistance Program	93.778	NA	847,963
			<u>11,466,133</u>
Passed through New York State Office for the Aging/ <i>Aging Cluster</i>			
Special Programs for Aging, Title III, Part B - Grants for Supportive Services for Senior Centers	93.044	NA	63,033
Special Programs for Aging, Title III, Part C - Nutrition service	93.045	NA	112,282
Nutrition Services Incentive Program	93.053	NA	47,656
			<u>222,971</u>
Special Programs for Aging, Title VII, Part E - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.042	NA	10,692
Special Programs for Aging, Title III, Part D - Disease Prevention and Health Promotion	93.043	NA	3,598
Special Programs for Aging, Title III, Part E - Older Americans Act	93.052	NA	26,127
Medical Assistance Program	93.778	NA	32,270
			<u>72,687</u>
Passed through New York State Office of Mental Health/ Medical Assistance Program	93.778	NA	241,570
Passed through State Office of Alcoholism and Substance Abuse Services/ Prevention and Treatment of Substance Abuse Block Grant	93.959	NA	252,567
Total U.S. Department of Health and Human Services			<u>12,415,670</u>
Corporation for National and Community Service/ Retired and Senior and Volunteer Program	94.002	NA	25,055
Total Corporation for National and Community Service			<u>25,055</u>
U.S. Department of Homeland Security/ Passed through New York State Division of Homeland Security and Emergency Services/ Disaster Grants - Public Assistance	97.036	PW7684	3,569
Emergency Management Performance Grants	97.042	WM12838525	22,980
Emergency Management Performance Grants	97.042	WM13838535	21,483
Emergency Management Performance Grants	97.042	WM14838545	23,575
Homeland Security Grant Program	97.067	WM11970810	435
Homeland Security Grant Program	97.067	WM13970840	69,925
Homeland Security Grant Program	97.067	SH-1100-D00	3,448
Homeland Security Grant Program	97.067	LE11-1031-E00	49,000
Homeland Security Grant Program	97.067	LE12-1017-D02	21,245
Total U.S. Department of Homeland Security			<u>215,660</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 15,625,927</u>

Continued
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The accompanying notes are an integral part of this
schedule

GREENE COUNTY, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2014

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Greene County, New York (County), under programs of the federal government for the year ended December 31, 2014. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows for the County.

2. BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting, as described in the County's basic financial statements. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass through entity identifying numbers are presented where available.

3. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent that such costs are included in the federal financial reports used as the source document for the data presented.

4. MATCHING COSTS

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

5. SUB-RECIPIENTS

No amounts were provided to sub-recipients.

6. NONCASH AWARDS

A significant portion of federal award programs do not involve cash awards to the County. The value of these noncash awards has been recorded as expenditures on the Statement of Expenditures of Federal Awards. Those relating to the County are as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
U.S. Department of Health and Human Services:		
Family Planning Services	93.217	\$ 381,102
Low Income Home Energy Assistance		
Value of NYS Comptroller expenditures	93.568	\$ 2,627,059

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

September 25, 2015

To the County Legislature of Greene County:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Greene County, New York (County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 25, 2015. Our report includes a reference to other auditors who audited the financial statements of the Greene County Soil and Water Conservation District, Greene Industrial Development Agency, and Greene Tobacco Asset Securitization Corporation, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

(Continued)

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 (Continued)

Internal Control Over Financial Reporting (Continued)

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

September 25, 2015

To the County Legislature of Greene County:

Report on Compliance for Each Major Federal Program

We have audited Greene County, New York's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Greene County, New York 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, 2014.

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(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

(Continued)

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

GREENE COUNTY, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

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? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

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

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

Identification of major programs:

CFDA Number(s)

20.505
93.568
93.575
93.778

Name of Federal Program or Cluster

Metropolitan Transportation Planning
Low Income Home Energy Assistance Program
Child Care Development Block Grant
Medical Assistance Program

GREENE COUNTY, NEW YORK

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

Section I—Summary of Auditor’s Results (Continued)

Dollar threshold used to distinguish between type A and type B programs:

\$468,778

Auditee qualified as low-risk auditee?

 X yes no

Section II—Financial Statement Findings

No findings were noted.

Section III—Federal Award Findings and Questioned Costs

We noted no instances of significant deficiencies, material weaknesses, or noncompliance, including questioned costs that are required to be reported under OMB Circular A-133.