

**COUNTY OF YATES,
NEW YORK**

*Basic Financial Statements, Required
Supplementary Information, Supplementary
Information and Federal Awards Information
for the Year Ended December 31, 2020 and
Independent Auditors' Reports*

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable County Legislature
County of Yates, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Yates, New York (the "County"), as of and for the year ended December 31, 2020, 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

The County's 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Yates County Capital Resource Corporation ("YCCRC"), which represents 1.80% and 0.40% of the assets and operating revenue, respectively, of the business-type activities. We also did not audit the financial statements of the Yates County Industrial Development Agency ("YCIDA"), which is shown as a discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the YCCRC and YCIDA, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated April 12, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the County's 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 the County's internal control over financial reporting and compliance.

Drescher & Malecki LLP

April 12, 2021

COUNTY OF YATES, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2020

As management of the County of Yates (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the County's financial activities of the County for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the County's primary government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$83,789,979 (*net position*). This consists of \$57,059,623 net investment in capital assets, \$11,461,010 restricted for specific purposes, and an unrestricted net position of \$15,269,346.
- The County's total primary government net position increased by \$6,848,621 during the year ended December 31, 2020. Governmental activities increased the County's net position by \$6,391,365, while net position of the business-type activities increased by \$457,256.
- At the close of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$36,420,006, an increase of \$5,748,019 from the prior year's ending fund balance of \$30,671,987.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$15,041,943, or 39.3 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the County's discretion and constitutes approximately 53.2 percent of the General Fund's total fund balance of \$28,280,146 at December 31, 2020.
- The County's primary government serial bonds payable decreased by \$1,285,000 as a result of scheduled principal payments.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the County's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to remove all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government support, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services. The business-type activities of the County are the Yates County Capital Resource Corporation ("YCCRC"), a blended component unit, and the County's Workers' Compensation cooperative program.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also two legally separate component units, (Yates County Soil and Water Conservation District and Yates County Industrial Development Agency) for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15-16 of this report.

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

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

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

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Projects Fund, Special Grant Fund and County Road Fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor funds is provided in the form of the combining schedules in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

Proprietary funds—The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the operation of YCCRC, which was formed for the purpose of encouraging economic growth in the County, and the workers' compensation program, whereby the County charges fees to other funds and other entities to cover most of the costs of workers' compensation services it provides. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for the operation of self-insurance for health insurance. Because this service predominately benefits governmental rather than business-type functions, it has been included with *governmental activities* on the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for YCCRC and the Workers' Compensation Fund, which are each presented as major funds of the County.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the County's own programs. The County maintains one fiduciary fund, the Custodial Fund.

The Custodial Fund reports resources held by the County in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statements can be found on pages 24-25 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-60 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's net pension liability, the changes in the County's total other postemployment benefits ("OPEB") obligation, and the County's budgetary comparison schedules for the General Fund and County Road Fund. Required Supplementary Information and the related notes to the Required Supplementary Information can be found on pages 61-66 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 67-68.

The Federal Awards Information presents the County's Schedule of Expenditures of Federal Awards. This section can be found on pages 69-78 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County's primary government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$83,789,979 at the close of the most recent fiscal year, as compared to \$76,941,358 at the close of the fiscal year ended December 31, 2019.

Table 1, as presented below, shows the net position as of December 31, 2020 and December 31, 2019.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities		Business-type Activities		Total	
	December 31,		December 31,		December 31,	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 42,097,500	\$ 36,111,432	\$ 4,024,383	\$ 3,707,257	\$ 46,121,883	\$ 39,818,689
Noncurrent assets	61,830,648	59,935,369	41,551	51,372	61,872,199	59,986,741
Total assets	<u>103,928,148</u>	<u>96,046,801</u>	<u>4,065,934</u>	<u>3,758,629</u>	<u>107,994,082</u>	<u>99,805,430</u>
Deferred outflows of resources	<u>10,567,470</u>	<u>3,651,982</u>	-	-	<u>10,567,470</u>	<u>3,651,982</u>
Current liabilities	4,944,278	4,819,149	2,062	10,887	4,946,340	4,830,036
Noncurrent liabilities	24,734,914	15,155,177	2,122,642	2,263,768	26,857,556	17,418,945
Total liabilities	<u>29,679,192</u>	<u>19,974,326</u>	<u>2,124,704</u>	<u>2,274,655</u>	<u>31,803,896</u>	<u>22,248,981</u>
Deferred inflows of resources	<u>2,967,677</u>	<u>4,267,073</u>	-	-	<u>2,967,677</u>	<u>4,267,073</u>
Net position:						
Net investment in capital assets	57,059,623	53,799,344	-	-	57,059,623	53,799,344
Restricted	9,593,134	5,015,994	1,867,876	1,408,829	11,461,010	6,424,823
Unrestricted	<u>15,195,992</u>	<u>16,642,046</u>	<u>73,354</u>	<u>75,145</u>	<u>15,269,346</u>	<u>16,717,191</u>
Total net position	<u>\$ 81,848,749</u>	<u>\$ 75,457,384</u>	<u>\$ 1,941,230</u>	<u>\$ 1,483,974</u>	<u>\$ 83,789,979</u>	<u>\$ 76,941,358</u>

The largest portion of the County's primary government net position, \$57,059,623, reflects its net investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position of the primary government, \$11,461,010, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining balance of the County's primary government net position, \$15,269,346, is considered to be unrestricted net position and may be used to meet the County's ongoing operations.

Table 2, as presented on the following page, shows the changes in net position for the years ended December 31, 2020 and December 31, 2019.

Table 2—Condensed Statements of Changes in Net Position—Primary Government

	Governmental Activities		Business-type Activities		Total	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues	\$ 17,832,273	\$ 13,760,762	\$ 344,553	\$ 349,946	\$ 18,176,826	\$ 14,110,708
General revenues	33,466,843	32,613,585	5,130	6,380	33,471,973	32,619,965
Total revenues	51,299,116	46,374,347	349,683	356,326	51,648,799	46,730,673
Total program expenses	44,560,235	41,635,926	239,943	254,211	44,800,178	41,890,137
Transfers	(347,516)	(343,065)	347,516	343,065	-	-
Change in net position	6,391,365	4,395,356	457,256	445,180	6,848,621	4,840,536
Net position—beginning	75,457,384	71,062,028	1,483,974	1,038,794	76,941,358	72,100,822
Net position—ending	\$ 81,848,749	\$ 75,457,384	\$ 1,941,230	\$ 1,483,974	\$ 83,789,979	\$ 76,941,358

Governmental activities—Governmental activities increased the County’s net position by \$6,391,365. A summary of revenues for governmental activities for the years ended December 31, 2020 and 2019 is presented below in Table 3.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
Charges for services	\$ 4,220,907	\$ 2,215,143	\$ 2,005,764	90.5
Operating and capital grants and contributions	13,611,366	11,545,619	2,065,747	17.9
Real property taxes and tax items	17,244,206	17,095,512	148,694	0.9
Nonproperty tax items	15,369,699	14,697,161	672,538	4.6
Use of money and property	208,766	183,927	24,839	13.5
Sale of property and compensation for loss	309,508	322,437	(12,929)	(4.0)
Other	334,664	314,548	20,116	6.4
Total revenues	\$ 51,299,116	\$ 46,374,347	\$ 4,924,769	10.6

For the year ended December 31, 2020, the most significant source of revenues for governmental activities is real property taxes and tax items which account for \$17,244,206, or 33.6 percent of total revenues. The other significant sources of revenue include nonproperty tax items, which comprise \$15,369,699, or 30.0 percent of total revenues, and operating and capital grants and contributions of \$13,611,366, or 26.5 percent of total revenues. Similarly, for the year ended December 31, 2019, the most significant source of revenues for governmental activities is real property taxes and tax items which account for \$17,095,512, or 36.9 percent of total revenues. The other significant sources of revenue include nonproperty tax items, which comprise \$14,697,161, or 31.7 percent of total revenues, and operating and capital grants and contributions of \$11,545,619, or 24.9 percent of total revenues.

During the year ended December 31, 2020, total revenues increased 10.6 percent, primarily as a result of an increase in charges for services related to revenue generated by the internal services fund for self-insured health insurance combined with an increase in operating and capital grants for highway and infrastructure projects.

A summary of program expenses of governmental activities for the years ended December 31, 2020 and 2019 is presented below in Table 4.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
General government support	\$ 7,041,839	\$ 6,265,315	\$ 776,524	12.4
Education	2,014,089	1,834,330	179,759	9.8
Public safety	12,052,691	11,436,673	616,018	5.4
Health	2,787,993	3,074,470	(286,477)	(9.3)
Transportation	5,866,516	5,651,731	214,785	3.8
Economic assistance and opportunity	12,860,213	11,268,292	1,591,921	14.1
Culture and recreation	151,525	137,659	13,866	10.1
Home and community services	1,286,533	1,421,368	(134,835)	(9.5)
Interest and fiscal charges	498,836	546,088	(47,252)	(8.7)
Total program expenses	<u>\$ 44,560,235</u>	<u>\$ 41,635,926</u>	<u>\$ 2,924,309</u>	7.0

For the year ended December 31, 2020, the County’s most significant expense category for governmental activities is economic assistance and opportunity of \$12,860,213, or 28.9 of program expenses. The other significant expenses include public safety of \$12,052,691, or 27.0 percent of program expenses, and general government support of \$7,041,839, or 15.8 percent of program expenses. For the year ended December 31, 2019, the County’s most significant expense category for governmental activities is public safety of \$11,436,673, or 27.5 percent of program expenses. The other significant expenses include economic assistance and opportunity of \$11,268,292, or 27.1 percent of program expenses, and general government support of \$6,265,315, or 15.0 percent of program expenses.

During the year ended December 31, 2020, total program expenses increased 7.0 percent, primarily as a result of an increase in allocable expense related the internal service fund for self-insured health insurance.

Business-type activities—The County’s business-type activities increased net position by \$457,256 to \$1,941,230, as compared to \$1,483,974 at the close of December 31, 2019. Operating revenues of the County’s business-type activities decreased \$5,393 compared to the prior year while business-type operating expenses decreased \$14,268 over the same period.

A summary of operating revenues and operating expenses for the County’s business-type activities for the years ended December 31, 2020 and 2019 is presented in Table 5 on the following page.

Table 5—Summary of Operating Revenues and Expenses—Business-Type Activities

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
Operating revenues:				
Assessments	\$ 343,192	\$ 347,643	\$ (4,451)	(1.3)
Charges for services	<u>1,361</u>	<u>2,303</u>	<u>(942)</u>	(40.9)
Total operating revenues	<u>\$ 344,553</u>	<u>\$ 349,946</u>	<u>\$ (5,393)</u>	(1.5)
Operating expenses:				
Benefits and awards	\$ 236,791	\$ 250,274	\$ (13,483)	(5.4)
Administrative expenses	<u>3,152</u>	<u>3,937</u>	<u>(785)</u>	(19.9)
Total operating expenses	<u>\$ 239,943</u>	<u>\$ 254,211</u>	<u>\$ (14,268)</u>	(5.6)

Financial Analysis of the Governmental Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the County’s *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the County’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the County Legislature.

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$36,420,006, an increase of \$5,748,019 in comparison with the prior year. Approximately 41.3 percent of this amount, \$15,041,943, constitutes *unassigned fund balance*, which is available for spending at the County’s discretion. The remainder of fund balance is either *nonspendable*, *restricted* or *assigned* to indicate that it is: (1) not in spendable form, \$500,633, (2) restricted for particular purposes, \$9,593,134, or (3) assigned for particular purposes, \$11,284,296.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,041,943, while total fund balance was \$28,280,146. The General Fund fund balance increased \$1,457,685 from the prior year. The fund balance increase was primarily due to less than anticipated public safety, general government support, and health expenditures. These savings were partially offset by a transfer out to support capital projects. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures and transfers out. Unassigned fund balance represents 34.6 percent of General Fund expenditures and transfers out, while total fund balance represents 65.0 percent of that same amount.

The Capital Projects Fund fund balance did not change from the prior year.

The Special Grant Fund fund balance increased \$3,371,009 to a fund balance of \$3,497,241. The increase occurred as a result of a transfer from the General Fund for future capital projects.

The County Road Fund fund balance increased \$904,735 from the prior year. The fund balance increase was primarily due to decreased transportation expenditures.

Proprietary funds—The County’s proprietary fund provides the same type of information presented as business-type activities in the government-wide financial statements, but in more detail.

The Yates County Capital Resource Corporation reports funding received for economic growth within the County. The fund’s net position decreased by \$1,791 to \$73,354 as of December 31, 2020.

The County’s Workers’ Compensation Fund reports the County’s operation of the workers’ compensation program. The fund’s net position increased by \$459,047 to \$1,867,876 as of December 31, 2020.

General Fund Budgetary Highlights

The County adopts an annual appropriated budget for all governmental funds, except the Capital Projects Fund, which is budgeted on a project basis, the Yates Tobacco Asset Securitization Corporation, which adopts its own internal budget, and the Special Grant Fund, which does not adopt a formal budget. Budgetary comparison schedules for the General Fund and County Road Fund have been provided in the Required Supplementary Information section of this report to demonstrate compliance with their budgets.

A summary of the General Fund results of operations for the year ended December 31, 2020 is presented in Table 6 below.

Table 6—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 36,962,218	\$ 38,991,527	\$ 39,683,819	\$ 692,292
Expenditures and other financing uses	38,033,132	43,745,445	38,226,134	5,519,311
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (1,070,914)	\$ (4,753,918)	\$ 1,457,685	\$ 6,211,603

Original budget compared to final budget—During the year the final budgeted appropriations increased by \$5,712,313 primarily as a result of an increase in budgeted transfers of \$3,488,645 for a transfer to the Special Grant Fund for future capital projects and within public safety of \$1,283,255 for expenses funded through various unanticipated grants.

Final budget compared to actual results—The General Fund had a favorable variance from final budgetary appropriations of \$5,519,311. Several positive variances were realized, most notably in public safety, general government support, and health related to less than anticipated expenses.

Capital Assets and Debt Administration

Capital assets—The County’s investment in capital assets for its governmental activities as of December 31, 2020 amounts to \$61,830,648 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment and infrastructure.

All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the County’s capital asset policy.

Capital assets net of depreciation for the governmental activities at the years ended December 31, 2020 and December 31, 2019 are presented in Table 7 below:

Table 7—Summary of Capital Assets (Net of Depreciation)

	Governmental Activities	
	December 31,	
	2020	2019
Land	\$ 6,514,006	\$ 6,514,006
Construction in progress	1,608,729	374,693
Land improvements	5,270,610	5,225,533
Buildings and improvements	18,314,814	18,830,837
Machinery and equipment	2,765,007	2,190,118
Infrastructure	<u>27,357,482</u>	<u>26,800,182</u>
Total	<u>\$ 61,830,648</u>	<u>\$ 59,935,369</u>

The County’s infrastructure assets are recorded at historical cost in the government-wide financials statements. The County has elected to depreciate its infrastructure assets. Additional information on the County’s capital assets can be found in Note 4 to the financial statements.

Long-term liabilities—At December 31, 2020, the County’s primary government had long-term liabilities outstanding of \$26,855,556, which was an increase of \$9,436,611 from the prior year, primarily because of an increase in the County’s net pension liability.

The County currently has net Tobacco Settlement Bonds and Subordinate Turbo CABs outstanding of \$6,914,946 which were issued by the Yates Tobacco Asset Securitization Corporation (“YTASC”). As of December 31, 2020, the County’s serial bonds have matured.

YTASC is considered a blended component unit of the County and its long-term debt is included within the noncurrent liabilities of the County. The net long-term debt of YTASC at December 31, 2020 is \$6,914,946. YTASC was created by the County in 2000 for the purpose of issuing bonds backed by the County’s interests in the national tobacco Master Settlement Agreement (“MSA”) in exchange for the County’s future rights to a portion of this revenue stream. The County was entitled to the proceeds of this sale as compensation.

A summary of the County’s long-term liabilities at December 31, 2020 and December 31, 2019 is presented in Table 8 below:

Table 8—Summary of Long-Term Liabilities

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2019	2019	2019	2019	2020	2019
Serial bonds	\$ -	\$ 1,285,000	\$ -	\$ -	\$ -	\$ 1,285,000
YTASC bonds and accreted interest, net	6,914,946	6,762,189	-	-	6,914,946	6,762,189
Compensated absences	764,069	831,731	-	-	764,069	831,731
Landfill post-closure liability	520,000	585,000	-	-	520,000	585,000
Horizon Park liability	51,110	77,776	-	-	51,110	77,776
OPEB obligation	1,710,667	1,551,826	-	-	1,710,667	1,551,826
Net pension liability	14,772,122	4,061,655	-	-	14,772,122	4,061,655
Workers' compensation	-	-	2,122,642	2,263,768	2,122,642	2,263,768
Total	\$ 24,732,914	\$ 15,155,177	\$ 2,122,642	\$ 2,263,768	\$ 26,855,556	\$ 17,418,945

Additional information on the County’s long-term liabilities can be found in Note 9 to the financial statements.

Economic Factors and Next Year’s Budgets

- **Property Tax Cap**—In 2011, the Governor signed Chapter 97 of the Laws of 2011, Part A-Property Tax Cap, affecting all local governments and establishing a property tax cap. Under this law, the growth in the property tax levy, the total amount to be raised through property taxes charged on the County’s taxable assessed value of property, is capped at two percent or the rate of inflation, whichever is less. This cap may be overridden by the Legislature. The County was able to stay with the allowable levy growth factor for the 2021 budget without reducing the levels of service traditionally provided.
- **Impact of the Coronavirus**—The 2020 coronavirus outbreak added additional expenditures throughout Public Health, Public Safety and Social Services. The recent American Rescue Plan aid that is anticipated to be coming to the County will help alleviate the added burden seen at the County.
- **Impact of State Mandates**—New York State sets the guidelines for a number of state mandated programs, however, Yates County pays all or a large percentage of the costs. Expansions of these programs imposed by State or Federal law without a corresponding revenue, correlates to increases in County expenditures. The net mandate spending of the nine largest mandated expenditures budgeted for 2021 amounted to 64 percent of the total tax levy.
- **Employee Benefits**—The County’s health insurance costs continue to be one of the biggest challenges, as the County contributed almost \$2.0 million in 2020 toward employees’ health insurance. The County also contributed almost \$2.0 million in 2020 toward employees’ pension. The County’s pension contribution rate for the Employees’ Retirement System ranges from 9.6 percent to 25.5 percent for 2021. Health insurance and retirement costs are anticipated to continue to increase.

Requests for Information

This financial report is designed to provide the County's citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Office of the County Treasurer, 417 Liberty Street, Suite 1081, Penn Yan, New York 14527.

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BASIC FINANCIAL STATEMENTS

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COUNTY OF YATES, NEW YORK
Statement of Net Position
December 31, 2020

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Soil & Water Conservation District</u>	<u>Industrial Development Agency</u>
ASSETS					
Cash and cash equivalents	\$ 23,257,889	\$ 31,803	\$ 23,289,692	\$ 593,133	\$ 4,562,138
Restricted cash and cash equivalents	10,139,303	3,992,580	14,131,883	238,581	-
Taxes receivable, net	1,900,271	-	1,900,271	-	-
Receivables	76,551	-	76,551	29,253	8,076
Intergovernmental receivables	6,222,853	-	6,222,853	-	-
Prepaid items	500,633	-	500,633	10,842	13,110
Notes receivable	-	41,551	41,551	-	2,336,223
Mortgage receivable	-	-	-	-	66,956
Grants receivable	-	-	-	-	53,500
Capital assets not being depreciated	8,122,735	-	8,122,735	-	104,477
Capital assets, net of accumulated depreciation	53,707,913	-	53,707,913	145,490	1,114,540
Total assets	<u>103,928,148</u>	<u>4,065,934</u>	<u>107,994,082</u>	<u>1,017,299</u>	<u>8,259,020</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows—relating to pensions	10,290,269	-	10,290,269	218,849	220,877
Deferred outflows—relating to OPEB	205,172	-	205,172	-	-
Deferred charge on refunding	72,029	-	72,029	-	-
Total deferred outflows of resources	<u>10,567,470</u>	<u>-</u>	<u>10,567,470</u>	<u>218,849</u>	<u>220,877</u>
LIABILITIES					
Accounts payable	1,541,523	2,062	1,543,585	4	18,409
Accrued liabilities	790,697	-	790,697	1,491	-
Intergovernmental payables	2,072,700	-	2,072,700	-	-
Unearned revenue	541,358	-	541,358	238,581	-
Noncurrent liabilities:					
Due within one year	2,329,144	106,132	2,435,276	1,989	9,329
Due in more than one year	22,403,770	2,016,510	24,420,280	336,379	290,923
Total liabilities	<u>29,679,192</u>	<u>2,124,704</u>	<u>31,803,896</u>	<u>578,444</u>	<u>318,661</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows—relating to pensions	810,149	-	810,149	17,470	23,176
Deferred inflows—relating to OPEB	2,157,528	-	2,157,528	-	-
Deferred loss on refunding	-	-	-	-	50
Total deferred inflows of resources	<u>2,967,677</u>	<u>-</u>	<u>2,967,677</u>	<u>17,470</u>	<u>23,226</u>
NET POSITION					
Net investment in capital assets	57,059,623	-	57,059,623	145,490	1,114,540
Restricted for:					
Capital	8,332,058	-	8,332,058	-	-
Insurance reserve	170,216	-	170,216	-	-
Unemployment	170,054	-	170,054	-	-
YTASC debt service	401,693	-	401,693	-	-
Other	519,113	-	519,113	-	2,180,446
Workers' compensation	-	1,867,876	1,867,876	-	-
Unrestricted	15,195,992	73,354	15,269,346	494,744	4,843,024
Total net position	<u>\$ 81,848,749</u>	<u>\$ 1,941,230</u>	<u>\$ 83,789,979</u>	<u>\$ 640,234</u>	<u>\$ 8,138,010</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF YATES, NEW YORK
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Primary Government			Component Units	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Soil & Water Conservation District	Industrial Development Agency		
Primary government:										
Governmental activities:										
General government support	\$ 7,041,839	\$ 1,470,396	\$ 818,148	\$ (4,753,295)	\$ -	\$ (4,753,295)	\$ -	\$ -		
Education	2,014,089	102,443	194,097	(1,717,549)	-	(1,717,549)	-	-		
Public safety	12,052,691	824,860	1,708,074	(9,519,757)	-	(9,519,757)	-	-		
Health	2,787,993	296,990	2,409,087	(81,916)	-	(81,916)	-	-		
Transportation	5,866,516	416,083	-	(2,007,216)	-	(2,007,216)	-	-		
Economic assistance and opportunity	12,860,213	1,035,174	4,604,870	(7,220,169)	-	(7,220,169)	-	-		
Culture and recreation	151,525	7,640	70,099	(73,786)	-	(73,786)	-	-		
Home and community services	1,286,533	67,321	363,774	(855,438)	-	(855,438)	-	-		
Interest and fiscal charges	498,836	-	-	(498,836)	-	(498,836)	-	-		
Total governmental activities	44,560,235	4,220,907	10,168,149	(26,727,962)	-	(26,727,962)	-	-		
Business-type activities										
Capital Resource Corporation	3,152	1,361	-	-	(1,791)	(1,791)	-	-		
Workers' Compensation	236,791	343,192	-	-	106,401	106,401	-	-		
Total business-type activities	239,943	344,553	-	-	104,610	104,610	-	-		
Total primary government	\$ 44,800,178	\$ 4,565,460	\$ 10,168,149	\$ (26,727,962)	\$ 3,443,217	\$ (26,623,352)	-	-		
Component units:										
Soil and Water Conservation District	\$ 765,950	\$ 166,986	\$ 617,174	\$ -	\$ -	\$ -	18,210	-	278,988	
Industrial Development Agency	1,089,184	1,368,172	-	-	-	-	-	-	-	
Total component units	\$ 1,855,134	\$ 1,535,158	\$ 617,174	\$ -	\$ -	\$ -	18,210	-	278,988	
General revenues:										
Real property taxes and tax items				17,244,206	-	17,244,206	-	-	-	
Nonproperty tax items				15,369,699	-	15,369,699	-	-	-	
Use of money and property				208,766	5,130	213,896	1,239	1,239	9,383	
Sale of property and compensation for loss				309,508	-	309,508	54,875	54,875	-	
Miscellaneous				22,511	-	22,511	-	-	-	
Tobacco settlement revenue				312,153	-	312,153	-	-	-	
Transfers				(347,516)	347,516	-	-	-	-	
Total general revenues and transfers				33,119,327	352,646	33,471,973	56,114	56,114	9,383	
Change in net position				6,391,365	457,256	6,848,621	74,324	74,324	288,371	
Net position—beginning				75,457,384	1,483,974	76,941,358	565,910	565,910	7,849,639	
Net position—ending				\$ 81,848,749	\$ 1,941,230	\$ 83,789,979	\$ 640,234	\$ 640,234	\$ 8,138,010	

The notes to the financial statements are an integral part of this statement.

COUNTY OF YATES, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2020

	General	Capital Projects	Special Revenue		Total Nonmajor Funds	Total Governmental Funds
			Special Grant	County Road		
ASSETS						
Cash and cash equivalents	\$ 18,496,310	\$ -	\$ 66,926	\$ 3,060,416	\$ 1,539,050	\$ 23,162,702
Restricted cash and cash equivalents	6,242,599	6,366	3,488,645	-	401,693	10,139,303
Taxes receivable, net	1,900,271	-	-	-	-	1,900,271
Receivables	63,845	-	-	-	12,706	76,551
Intergovernmental receivables	5,658,974	79,449	34,043	159,123	17,681	5,949,270
Due from other funds	394,412	11,049	-	11,300	5,571	422,332
Prepaid items	454,553	-	-	46,080	-	500,633
Total assets	<u>\$ 33,210,964</u>	<u>\$ 96,864</u>	<u>\$ 3,589,614</u>	<u>\$ 3,276,919</u>	<u>\$ 1,976,701</u>	<u>\$ 42,151,062</u>
LIABILITIES						
Accounts payable	\$ 1,270,579	\$ 31,726	\$ 59,844	\$ 156,809	\$ 22,565	\$ 1,541,523
Accrued liabilities	668,319	-	1,583	102,399	3,160	775,461
Due to other funds	300	63,583	30,946	258,259	69,364	422,452
Intergovernmental payables	2,072,700	-	-	-	-	2,072,700
Unearned revenue	541,358	-	-	-	-	541,358
Total liabilities	<u>4,553,256</u>	<u>95,309</u>	<u>92,373</u>	<u>517,467</u>	<u>95,089</u>	<u>5,353,494</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue—property taxes	377,562	-	-	-	-	377,562
Total deferred inflows of resources	<u>377,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>377,562</u>
FUND BALANCES						
Nonspendable	454,553	-	-	46,080	-	500,633
Restricted	5,701,241	1,555	3,488,645	-	401,693	9,593,134
Assigned	7,082,409	-	8,596	2,713,372	1,479,919	11,284,296
Unassigned	15,041,943	-	-	-	-	15,041,943
Total fund balances	<u>28,280,146</u>	<u>1,555</u>	<u>3,497,241</u>	<u>2,759,452</u>	<u>1,881,612</u>	<u>36,420,006</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,210,964</u>	<u>\$ 96,864</u>	<u>\$ 3,589,614</u>	<u>\$ 3,276,919</u>	<u>\$ 1,976,701</u>	<u>\$ 42,151,062</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF YATES, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2020

Amounts reported for governmental activities in the statement of net position (page 15) are different because:

Total fund balances—governmental funds (page 17)	\$	36,420,006	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$149,792,516 and the accumulated depreciation is \$87,961,868.			61,830,648
Uncollected property taxes are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.			377,562
A long-term asset owed to YTASC by New York State is not available to pay for current period expenditures and, therefore, is not reported in the funds.			273,583
Deferred charges associated with refunding of YTASC bonds are not reported in the governmental funds. The charge is reported as a deferred outflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt.			72,029
Deferred outflows and inflows of resources related to pensions and other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the funds:			
Deferred outflows related to employer contributions	\$	1,501,899	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion		8,788,370	
Deferred inflows of resources related to pensions		(810,149)	
Deferred outflows related to OPEB liability		205,172	
Deferred inflows related to OPEB liability		<u>(2,157,528)</u>	7,527,764
The internal service fund is used by management to charge the cost of insurance, claims and related administrative expenses to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.			95,307
Net accrued interest expense for on YTASC bonds of \$15,236 is not reported in the funds.			(15,236)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:			
YTASC Tobacco Settlement Bonds and Subordinate Turbo CABs accreted interest	\$	(6,931,366)	
YTASC Tobacco Settlement Bonds discount		16,420	
Compensated absences		(764,069)	
Landfill post-closure liability		(520,000)	
Horizon Park liability		(51,110)	
Other postemployment benefits obligation		(1,710,667)	
Net pension liability		<u>(14,772,122)</u>	<u>(24,732,914)</u>
Net position of governmental activities	\$		<u>81,848,749</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF YATES, NEW YORK
Statement of Revenues, Expenditures, and
Changes in Fund Balances—Governmental Funds
For the Year Ended December 31, 2020

	General	Capital Projects	Special Revenue		Total Nonmajor Funds	Total Governmental Funds
			Special Grant	County Road		
REVENUES						
Real property taxes and tax items	\$ 12,421,915	\$ -	\$ -	\$ 3,546,257	\$ 1,266,995	\$ 17,235,167
Nonproperty tax items	15,369,699	-	-	-	-	15,369,699
Departmental income	1,391,876	-	-	7,135	16,106	1,415,117
Intergovernmental charges	359,958	-	-	-	-	359,958
Use of money and property	160,421	-	6,228	1,531	40,586	208,766
Licenses and permits	8,541	-	-	-	-	8,541
Fines and forfeitures	55,155	-	-	-	-	55,155
Sale of property and compensation for loss	75,025	-	-	19,258	215,225	309,508
Miscellaneous	22,511	-	-	-	-	22,511
Interfund revenues	3,352	-	65,084	-	-	68,436
Tobacco settlement revenue	-	-	-	-	311,012	311,012
State aid	6,112,026	424,744	218,507	1,953,454	-	8,708,731
Federal aid	3,683,340	123,762	154,276	929,686	11,571	4,902,635
Total revenues	<u>39,663,819</u>	<u>548,506</u>	<u>444,095</u>	<u>6,457,321</u>	<u>1,861,495</u>	<u>48,975,236</u>
EXPENDITURES						
Current:						
General government support	5,748,049	-	-	-	45,915	5,793,964
Education	1,802,457	-	-	-	-	1,802,457
Public safety	10,854,712	-	-	127,332	-	10,982,044
Health	2,461,670	-	-	-	-	2,461,670
Transportation	-	-	-	5,392,500	1,519,463	6,911,963
Economic assistance and opportunity	11,303,358	-	137,645	-	-	11,441,003
Culture and recreation	131,431	-	-	-	-	131,431
Home and community services	760,404	-	424,086	-	-	1,184,490
Debt service:						
Principal	1,285,000	-	-	-	80,000	1,365,000
Interest and fiscal charges	61,400	-	-	-	184,725	246,125
Capital outlay	-	559,554	-	-	-	559,554
Total expenditures	<u>34,408,481</u>	<u>559,554</u>	<u>561,731</u>	<u>5,519,832</u>	<u>1,830,103</u>	<u>42,879,701</u>
Excess (deficiency) of revenues over expenditures	<u>5,255,338</u>	<u>(11,048)</u>	<u>(117,636)</u>	<u>937,489</u>	<u>31,392</u>	<u>6,095,535</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	20,000	11,048	3,488,645	-	-	3,519,693
Transfers out	(3,817,653)	-	-	(32,754)	(16,802)	(3,867,209)
Total other financing sources (uses)	<u>(3,797,653)</u>	<u>11,048</u>	<u>3,488,645</u>	<u>(32,754)</u>	<u>(16,802)</u>	<u>(347,516)</u>
Net change in fund balances	1,457,685	-	3,371,009	904,735	14,590	5,748,019
Fund balances—beginning	26,822,461	1,555	126,232	1,854,717	1,867,022	30,671,987
Fund balances—ending	<u>\$ 28,280,146</u>	<u>\$ 1,555</u>	<u>\$ 3,497,241</u>	<u>\$ 2,759,452</u>	<u>\$ 1,881,612</u>	<u>\$ 36,420,006</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF YATES, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances—Governmental Funds to the Government-wide Statement of Activities
For the Year Ended December 31, 2020

Amounts reported for governmental activities in the statement of activities (page 16) are different because:

Net change in fund balances—total governmental funds (page 19) \$ 5,748,019

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital asset additions	\$ 6,548,995	
Depreciation expense	<u>(4,653,716)</u>	1,895,279

Certain tax and other revenue in the governmental funds is deferred or not recognized because it is not available soon enough after year end to pay for the current period's expenditures. On the accrual basis, however, this is recognized regardless of when it is collected.

County property tax revenue	\$ 9,039	
YTASC tobacco revenue	<u>1,141</u>	10,180

Some expenses related to the YTASC deferred charge on refunding reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (25,387)

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

County pension contributions	\$ 2,005,707	
Cost of benefits earned net of employee contributions	<u>(4,775,341)</u>	(2,769,634)

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization and are as follows:

Changes of assumptions	\$ 84,927	
Differences between expected and actual experience	<u>214,511</u>	299,438

Internal service funds are used by management to charge the costs of insurance, judgments, claims and related administrative expenses to individual funds. The net loss of certain activities is reported within governmental activities. 95,307

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 5,433

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Repayment of serial bonds	\$ 1,285,000	
Repayment of YTASC Tobacco Settlement Bonds	80,000	
Accreted interest on YTASC Subordinate Turbo CABs	(226,969)	
Amortization of YTASC bond discount	(5,788)	
Change in compensated absences	67,662	
Change in landfill post-closure liability	65,000	
Change in Horizon Park liability	26,666	
Change in other postemployment benefits obligation	<u>(158,841)</u>	<u>1,132,730</u>

Change in net position of governmental activities \$ 6,391,365

The notes to the financial statements are an integral part of this statement.

COUNTY OF YATES, NEW YORK
Statement of Net Position
Proprietary Funds
December 31, 2020

	Business-type Activities — Enterprise Funds			Governmental Activities
	Capital Resource Corporation	Workers' Compensation	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 31,803	\$ -	\$ 31,803	\$ 95,187
Restricted cash and cash equivalents	-	3,992,580	3,992,580	-
Due from other funds	-	-	-	120
Current portion of notes receivable	11,950	-	11,950	-
Total current assets	<u>43,753</u>	<u>3,992,580</u>	<u>4,036,333</u>	<u>95,307</u>
Noncurrent assets:				
Notes receivable	29,601	-	29,601	-
Total noncurrent assets	<u>29,601</u>	<u>-</u>	<u>29,601</u>	<u>-</u>
Total assets	<u>73,354</u>	<u>3,992,580</u>	<u>4,065,934</u>	<u>95,307</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	2,062	2,062	-
Due to other funds	-	-	-	-
Current portion of accrued workers' compensation	-	106,132	106,132	-
Total current liabilities	<u>-</u>	<u>108,194</u>	<u>108,194</u>	<u>-</u>
Noncurrent liabilities:				
Accrued workers' compensation	-	2,016,510	2,016,510	-
Total noncurrent liabilities	<u>-</u>	<u>2,016,510</u>	<u>2,016,510</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>2,124,704</u>	<u>2,124,704</u>	<u>-</u>
NET POSITION				
Restricted	-	1,867,876	1,867,876	95,307
Unrestricted	73,354	-	73,354	-
Total net position	<u>\$ 73,354</u>	<u>\$ 1,867,876</u>	<u>\$ 1,941,230</u>	<u>\$ 95,307</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF YATES, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	<u>Business-type Activities — Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Capital Resource Corporation</u>	<u>Workers' Compensation</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating revenues:				
Assessments	\$ -	\$ 343,192	\$ 343,192	\$ -
Charges for services	1,361	-	1,361	2,313,700
Total operating revenues	<u>1,361</u>	<u>343,192</u>	<u>344,553</u>	<u>2,313,700</u>
Operating expenses:				
Benefits and awards	-	236,791	236,791	2,218,393
Administrative expenses	3,152	-	3,152	-
Total operating expenses	<u>3,152</u>	<u>236,791</u>	<u>239,943</u>	<u>2,218,393</u>
Operating income (loss)	<u>(1,791)</u>	<u>106,401</u>	<u>104,610</u>	<u>95,307</u>
Nonoperating revenues:				
Interfund transfers	-	347,516	347,516	-
Interest income	-	5,130	5,130	-
Total nonoperating revenues	<u>-</u>	<u>352,646</u>	<u>352,646</u>	<u>-</u>
Change in net position	(1,791)	459,047	457,256	95,307
Net position—beginning	<u>75,145</u>	<u>1,408,829</u>	<u>1,483,974</u>	<u>-</u>
Net position—ending	<u>\$ 73,354</u>	<u>\$ 1,867,876</u>	<u>\$ 1,941,230</u>	<u>\$ 95,307</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF YATES, NEW YORK
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities — Enterprise Funds			Governmental
	Capital Resource Corporation	Workers' Compensation	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from assessments	\$ -	\$ 350,439	\$ 350,439	\$ -
Payments for benefits and awards	-	(392,247)	(392,247)	(2,218,513)
Receipts from providing services	1,361	-	1,361	2,313,700
Payments for other than personal services	(3,152)	-	(3,152)	-
Collection of notes receivable	9,821	-	9,821	-
Net cash provided by (used for) operating activities	<u>8,030</u>	<u>(41,808)</u>	<u>(33,778)</u>	<u>95,187</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	347,516	347,516	-
Net cash provided by financing activities	<u>-</u>	<u>347,516</u>	<u>347,516</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income earned	-	5,130	5,130	-
Net cash provided by investing activities	<u>-</u>	<u>5,130</u>	<u>5,130</u>	<u>-</u>
Net increase in cash and cash equivalents	8,030	310,838	318,868	95,187
Cash and cash equivalents—beginning	<u>23,773</u>	<u>3,681,742</u>	<u>3,705,515</u>	<u>-</u>
Cash and cash equivalents—ending	<u>\$ 31,803</u>	<u>\$ 3,992,580</u>	<u>\$ 4,024,383</u>	<u>\$ 95,187</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (1,791)	\$ 106,401	\$ 104,610	\$ 95,307
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
(Increase) in due from other funds	-	-	-	(120)
Decrease in accounts receivable	-	7,247	7,247	-
Decrease in notes receivable	9,821	-	9,821	-
(Decrease) in accounts payable	-	(8,825)	(8,825)	-
(Decrease) in due to other funds	-	(5,505)	(5,505)	-
(Decrease) in accrued workers' compensation	-	(141,126)	(141,126)	-
Total adjustments	<u>9,821</u>	<u>(148,209)</u>	<u>(138,388)</u>	<u>(120)</u>
Net cash provided by (used for) operating activities	<u>\$ 8,030</u>	<u>\$ (41,808)</u>	<u>\$ (33,778)</u>	<u>\$ 95,187</u>

The notes to the financial statements are an integral part of this statement.

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COUNTY OF YATES, NEW YORK
Statement of Net Position—Custodial Fund
December 31, 2020

	Custodial Fund
ASSETS	
Restricted cash and cash equivalents	\$ 1,179,357
Total assets	<u>\$ 1,179,357</u>
LIABILITIES	
Accounts payable and other liabilities	<u>804,338</u>
Total liabilities	<u>804,338</u>
NET POSITION	
Total net position	<u>\$ 375,019</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF YATES, NEW YORK
Statement of Changes in Net Position—Custodial Fund
December 31, 2020

	Custodial Fund
ADDITIONS	
Funds received on behalf of individuals	\$ 547,207
Total additions	<u>547,207</u>
DEDUCTIONS	
Funds distributed to individuals	<u>716,741</u>
Total deductions	<u>716,741</u>
Change in net position	(169,534)
Net position—beginning	<u>544,553</u>
Net position—ending	<u>\$ 375,019</u>

The notes to the financial statements are an integral part of this statement.

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COUNTY OF YATES, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of County of Yates, New York (the “County”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting principles are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The County was established in 1823 and is governed by the County Law and other laws of the State of New York. In 1972, the County Legislature became the County governing body, replacing the nine member Board of Supervisors that had been in existence for 149 years. The nine towns are divided into four legislative districts represented by fourteen legislators who are elected for two years. The local law creating the legislature contains a provision that any elected town supervisor, town councilman, village mayor or village trustee may also be elected as a County legislator. There is presently one elected town supervisor and one elected town councilman serving as elected legislators. The Legislature holds an organization meeting every two years and members elect a chairman and vice Chairman. The chairman appoints members to the five standing committees and as representatives to various boards and agencies. Each member serves on two of the standing committees. The services provided by the County include general government support, educational assistance, public safety and law enforcement, public health, highway construction and maintenance, economic assistance and opportunity, cultural and recreational programs, and home and community services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

Discretely Presented Component Units—The component units column in the basic financial statements includes the financial data of the County’s discretely presented component units. These units are reported separately from the financial data of the primary government to emphasize that they are legally separate from the County.

- **Yates County Soil and Water Conservation District**—Yates County Soil and Water Conservation District (the “District”) was established in September 1940 in accordance with the Soil and Water Conservation Districts Law, to provide for the conservation of the County’s soil and water resources. Members of the District’s Board of Directors are appointed by the Legislature, and administrative costs of the District are funded primarily through County appropriations. The District does derive other revenues and perform activities outside the County’s general responsibilities.
- **Yates County Industrial Development Agency**—Yates County Industrial Development Agency (“YCIDA”) is a public benefit corporation created by New York State legislation to promote the economic welfare, recreation opportunities, and the prosperity of the County’s inhabitants. Members of the YCIDA are appointed by the County Legislature. Finger Lakes Economic Development Corporation (“FLHEDC”) was formed under the New York State Not-for-Profit Corporation Law in 2010 for the purpose of promoting community and economic development and the creation of jobs for the citizens of the County. FLHEDC is a public benefit organization that is subject to the Public Authority Accountability Act of 2005. The YCIDA is the sole member of the FLHEDC and four of the FLHEDC’s seven Board members are officers of the YCIDA, who are appointed by the County Legislature. FLHEDC is considered a blended component unit of the YCIDA. YCIDA revenues are generated by bonds secured by the assets acquired for the related project. The YCIDA leases several office, manufacturing and storage spaces to various organizations under the terms of cancelable lease agreements. YCIDA members have complete responsibility for management of the YCIDA and full accountability for fiscal matters. The County is not liable for YCIDA bonds or notes. The County provides an annual operating appropriation each year. The YCIDA’s financial statements are prepared on the accrual basis of accounting. The YCIDA is reported as a discretely presented component unit in the accompanying financial statements. A copy of the financial statements for the YCIDA may be obtained from the Chief Executive Officer’s Office, 1 Keuka Business Park Suite 104, Penn Yan, New York 14527.

Blended Component Units—The following blended component units are legally separate entities from the County, but are, in substance, part of the County’s operations and therefore data from the units are combined with data of the primary government.

- **Yates Tobacco Asset Securitization Corporation**—Yates Tobacco Asset Securitization Corporation (“YTASC”) is a special purpose, bankruptcy remote, local development corporation formed to acquire from the County all or any portion of the rights, title, and interest of the County in any portion of the monies due to the County under the Master Settlement Agreement (“MSA”) with respect to the tobacco-related litigation among various settling States and the original participating manufacturers (“OPM”). The YTASC issued bonds collateralized by the tobacco settlement monies, the proceeds of which were used to defease a portion of the County’s debt. Under the terms of the MSA, the YTASC receives annual payments of tobacco settlement monies in perpetuity subject to adjustments for inflation, volume of cigarette sales, and several other legal and economic factors. The County is entitled to any residual revenue not required to service the debt and operating expenses of the YTASC. The YTASC has been reflected as a blended component unit of the County. A copy of the financial statements for the YTASC may be obtained from the County Treasurer’s Office, 417 Liberty Street Suite 1081, Penn Yan, New York 14527.

- Yates County Capital Resource Corporation**—The Yates County Capital Resource Corporation (“YCCRC”) was formed under the New York State Not-for-Profit Corporation Law in 2010 for the purpose of encouraging economic growth in the County. The YCCRC is a public benefit organization that is subject to the Public Authority Accountability Act of 2005. The County is the sole member of the YCCRC and four of the YCCRC’s seven board members are officers of the YCIDA who are appointed by the County Legislature. The YCCRC has been reflected as a blended component unit of the County. A copy of the financial statements for the YCCRC may be obtained from the Chief Executive Officer’s Office, 1 Keuka Business Park Suite 104, Penn Yan, New York 14527.

Excluded from the Financial Reporting Entity—Although the following are related to the County, they are not included in the County reporting entity:

- Flint Creek Small Watershed Protection District**—The County participates with the County of Ontario, New York in the joint maintenance of the Flint Creek Small Watershed Protection District (the “District”). The cost of operating and maintaining the District is assessed upon the lands lying within the District, and is levied and collected on the respective tax rolls of the two counties. The Yates County Treasurer acts as the Fiscal Officer of the District.

A summary of the financial information from the joint venture’s unaudited financial statements for the year ended December 31, 2020 is as follows:

Total assets	<u>\$ 431,196</u>
Total liabilities	<u>816</u>
Total fund balance	<u>\$ 450,695</u>
Total revenues	<u>\$ 42,088</u>
Total expenditures	<u>\$ 62,403</u>

- S2AY Rural Health Network Inc.**—The County acts as a lead agent for the S2AY Rural Health Network, Inc. (the “Network”), which is a Not-for-Profit Corporation under Section 402 of the Not-for-Profit Corporation Law. The Network’s Board consists of various public officials of the Rural Advisory Committee, which is an eight county committee made up of officials of each county and funded partially through grants submitted by Yates County.

Basis of Presentation—Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide statements.

As discussed earlier, the County has two discretely presented component units, the District and YCIDA. While these are not considered to be major component units, they are nevertheless shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government’s transit function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation—Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary fund and blended component unit. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- *General Fund*—The General Fund is the primary operating fund of the County and is used to account for all financial resources of the general government except those required to be accounted for in other funds.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.
- *Special Grant Fund*—The Special Grant Fund is used to account for the proceeds of specific federal and state grants that are legally restricted to expenditures for specific purposes.
- *County Road Fund*—The County Road Fund is used to account for expenditures for highway purposes authorized by Section 114 of the Highway Law.

The County reports three proprietary funds as follows:

- *Yates County Capital Resource Corporation Fund*—YCCRC, a blended component unit of the government, fund not-for-profit corporation that was formed to encourage economic growth in the County.
- *Workers' Compensation Fund*—This enterprise fund is used to account for the accumulation of resources for payment of compensation, assessments and other obligations provided to other departments or agencies of the government, and to other governments within the County on a cost-reimbursement basis under the Workers' Compensation law.
- *Health Insurance Fund*—This internal service fund is used to account for the financing of goods or services provided by one department of the County to other departments on a cost-reimbursement basis. The County accounts for self-insurance programs for health benefits in its internal service fund.

Additionally, the County reports the following fund type:

- *Fiduciary Funds*—These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Custodial Fund*. Activities reported in the fiduciary funds include monies from outside entities, controlled and administered by the County for the benefit of others.

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfer in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and considers all other revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue sources (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—Cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days or less from the date of acquisition. State statutes and various resolutions of the County Legislature govern the County’s investment policies. Permissible investments include obligations of the U.S. Treasury and U.S. Government agencies, repurchase agreements and obligations of New York State or its localities. The County reports no investments at December 31, 2020; however, it is the County’s policy to report investments at fair value in accordance with GASB.

Restricted Cash and Cash Equivalents—Restricted cash represents amounts to support restricted fund balance, amounts with constraints placed on their use by either external parties and/or statute, amounts held on behalf of others, and for unearned revenues.

Receivables—Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the County to reimburse it for expenditures incurred pursuant to state and federally funded programs. All major revenues of the County are considered “susceptible to accrual” under the modified accrual basis. These include property tax, sales tax, State and Federal aid, and various grant program revenues.

Notes Receivable—The YCCRC, a blended component unit of the County, records a note receivable at year-end. This note receivable represents a loan that is operated by the YCCRC for the purpose of making operating and capital loans to existing and potential new not-for-profit organizations located or locating operations within the County. These loans are made to create and retain jobs.

Prepaid Items—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

Capital Assets—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental activities column in the government-wide financial statements. A capitalization threshold of \$25,000 is used to report capital assets. Prior to January 1, 2004, governmental funds’ infrastructure assets were not capitalized. These assets (back to January 1, 1974) have been valued at estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the asset or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are incurred.

Land and construction in progress are not depreciated. The other capital assets of the primary government are depreciated using a straight line method over the following estimated useful lives:

	Estimated Useful Life (Years)
Land improvements	20
Buildings and improvements	15-50
Machinery and equipment	5-25
Infrastructure	10-50

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new police vehicle included as part of *expenditures—public safety*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Unearned Revenue—Certain cash receipts have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2020, the County reported unearned revenues within the General Fund in the amount of \$541,358. The County received cash in advance related to grants, but has not performed the services, and therefore recognizes a liability.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2020, the County has three items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide financial statements. This represents the effect of the net change in the County’s proportion of the collective net pension liability, the difference during the measurement period between the County’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension system made subsequent to the measurement date. The second item represents the effects of the change in the County’s proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability, and is reported on the government-wide financial statements. The last item is a deferred charge on YTASC refunding bonds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2020, the primary government of the County has three items that qualify for reporting in this category. The first item represents the effect of the net change in the County's proportion of the collective net pension liability and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension system not included in pension expense and is reported on the government-wide statements. The second item represents the effects of the change in the County's proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability and is reported on the government-wide financial statements. The final item, reported within the governmental fund financial statements represents unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Net Position Flow Assumption—Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund Balance Flow Assumption—Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The County's Legislature is the highest level of decision-making authority for the government that can, by Resolution of the County Legislature prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The County Legislature has by resolution authorized the County Treasurer to assign fund balance. The County Legislature may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Program Revenues—Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary Funds Operating and Nonoperating Revenues and Expenses—Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Workers' Compensation Fund are assessments, while the principal operating revenue of the Capital Resource Corporation and the Health Insurance Fund are charges for services. Operating expenses for enterprise funds include the cost of sale and services and administrative expenses. The principal operating revenue of the revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property Taxes—Real property taxes for the County are levied together with taxes for town and special district purposes on January 1st, and are due within 30 days. In 2019, these taxes attached as an enforceable lien on property on January 1st. The towns and special districts receive the full amount of their levies annually. The County assumes enforcement responsibility for all unpaid taxes in the towns and special districts. Unpaid village and school district taxes that are turned over to the County are relieved as County taxes in the subsequent year.

The returned school and delinquent village taxes represent the unpaid portion of taxes from other governments which will be added to the County levy on the succeeding January 1. These assets are offset by deferred inflows of resources related to tax revenue of \$377,562, which represents the amount of taxes not expected to be collected within 60 days after year-end. The portion of the receivable that represents taxes re-levied for schools and villages is recognized as a liability and is included in intergovernmental payables.

Compensated Absences—County employees are granted annual vacation leave which may be carried into a subsequent year. In the event of termination, or upon retirement, certain employees are entitled to payment for accumulated vacation leave. Financial information regarding compensated absences is included in Note 9.

Pensions—The County is mandated by New York State law to participate in the New York State Local Employees’ Retirement System. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plan, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other Postemployment Benefits—In addition to providing pension benefits, the County provides health insurance benefits for retired employees as required by the union contracts. The employees become eligible for these benefits if they reach normal retirement age while working for the County. More information regarding OPEB is included in Note 7.

Others

Estimates—The preparation of the 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 disclosures of contingent assets and liabilities at the date of the financial statements and during the reporting period. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2020, the County implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Additionally, the County early implemented GASB Statements No. 92, *Omnibus 2020*; and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32*. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. GASB Statement No. 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement No. 97 increases consistency and comparability related to the reporting of fiduciary component units, mitigates costs associated with the reporting of certain defined contribution plans and enhances the relevance, consistency and comparability of the accounting and reporting for internal Revenue Code Section 457 deferred compensation plans. The implementation of GASB Statements No. 92, 95, and 97 did not have a material impact on the County’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; and No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending December 31, 2021, No. 87, *Leases*; and No. 91, *Conduit Debt Obligations* effective for the year ending December 31, 2022, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 89, 91, 93, 94, and 96 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The County’s annual procedures in establishing the budgetary data reflected in the basic financial statements are as follows:

- No later than November 15th, the Budget Officer submits a tentative budget to the Legislature for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing them for all funds.
- A public hearing is conducted by the Legislature to obtain public comment on the preliminary budget.
- After public hearings are conducted to obtain taxpayer comments, no later than December 20th, the Legislature adopts the budget.
- Annual appropriations are adopted and employed for control of the General Fund and the County Road Fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting except that encumbrances, if any, are reported as a budgetary expenditure in the year of incurrence of the commitment for the purchase, as well when the actual expenditure occurs in the subsequent fiscal year. All unencumbered appropriations lapse at the end of the fiscal year. At January 1st, encumbrances carried forward from the prior year are reestablished as budgeted appropriations and expenditures.
- Capital projects funds are subject to individual project expenditures determined primarily by the cost of the project together with the requirements for external borrowings used to fund a particular project rather than annual appropriations. These budgets do not lapse at year end and are carried over to the completion of the project.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The County has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Total cash and cash equivalents, including restricted cash, reported by the County at December 31, 2020 is presented below:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Petty cash (uncollateralized)	\$ 6,775	\$ -	\$ -	\$ 6,775
Deposits	33,073,932	4,024,383	1,179,357	38,277,672
Money market funds	6,834	-	-	6,834
Discount notes	309,651	-	-	309,651
Total	<u>\$ 33,397,192</u>	<u>\$ 4,024,383</u>	<u>\$ 1,179,357</u>	<u>\$ 38,600,932</u>

Deposits with Financial Institutions—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2020 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 1,000,000	\$ 1,000,000
Uninsured:		
Collateral held by bank's agent in the County's name	38,196,430	37,284,506
Total	<u>\$ 39,196,430</u>	<u>\$ 38,284,506</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. For investments, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. As noted above, by State statute all County deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2020, the County’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the County’s name.

Custodial Credit Risk—Cash Equivalents (YTASC)—For cash equivalents, this is the risk that, in the event of the failure of the counterparty, YTASC will not be able to recover the value of its cash equivalents or collateral securities that are in the possession of an outside party. For cash equivalents, this is the risk that in the event of a bank failure, YTASC’s cash equivalent may not be returned to it.

Restricted Cash and Cash Equivalents—The County’s restricted cash represents amounts restricted to support restricted fund balance, unearned revenue, debt service, amounts held on behalf of others, and through enabling legislation. The use of this cash is limited to the specific purposes. At December 31, 2020, the County reports restricted cash of \$10,139,303, \$3,992,580, and \$1,179,357 within its governmental activities, business-type activities and fiduciary activities, respectively.

Yates County Soil and Water Conservation District (“District”)

As of December 31, 2020, the District’s deposits, totaling \$831,714 were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the District’s name. At December 31, 2020, the District reports restricted cash of \$238,581.

Yates County Industrial Development Agency (“YCIDA”)

The carrying amount of cash held by the YCIDA at December 31, 2020 was \$4,562,138 and the bank balance was \$4,568,142. The YCIDA deposits were fully covered by FDIC insurance or collateral held by a third-party custodian in YCIDA’s name at December 31, 2020.

3. RECEIVABLES

Major revenues accrued by the County at December 31, 2020 consisted of the following:

Property Taxes Receivable—Represents amounts due to the County for real property taxes and tax items of \$1,950,271. These amounts are reported net of an allowance for uncollectible taxes of \$50,000.

Receivables—Represent amounts due from various sources. The County’s receivables at December 31, 202 are as shown below:

Governmental funds:	
General Fund	\$ 63,845
Other governmental funds	<u>12,706</u>
Total governmental funds	<u>\$ 76,551</u>

Intergovernmental Receivables—Primarily represent claims for reimbursement for expenditures in administering various mental health and social service programs. Intergovernmental receivables represent claims for reimbursement for state and federal aid.

Amounts accrued at December 31, 2020 are as shown below:

Governmental funds:	
General Fund	\$ 5,658,974
Capital Projects Fund	79,449
Special Grant Fund	34,043
County Road Fund	159,123
Other governmental funds	<u>17,681</u>
Total governmental funds	<u>\$ 5,949,270</u>

Notes Receivable—The Yates County Capital Resource Corporation (“YCCRC”) reports notes receivable. Principal maturities of notes receivable from various County businesses, bearing interest rates ranging from 2.6% to 4.2% and maturing at various dates through December 2024 are presented below:

Year ending December 31,	Total
2021	\$ 11,950
2022	12,393
2023	12,851
2024	<u>4,357</u>
Total	<u>\$ 41,551</u>

Yates County Soil and Water Conservation District (“District”)

Receivables—The District reports accounts receivable of \$29,253 at December 31, 2020.

Yates County Industrial Development Agency (“YCIDA”)

Receivables—At December 31, 2020, the YCIDA reports accounts receivable of \$8,076.

Notes Receivable—Principal maturities of notes receivable from various businesses in the County, bearing interest rates ranging from 0.0% to 3.4% and maturing at various dates through April 2033 at December 31, 2020 were as follows:

Year ending December 31,	Operating Loan Fund	Revolving Loan Fund	GAIN Loan Fund	Finger Lakes Economic Development Corporation	Total
2021	\$ 183,129	\$ 59,079	\$ 19,776	\$ 202,774	\$ 464,758
2022	143,829	37,834	19,975	137,443	339,081
2023	139,237	36,797	20,176	131,899	328,109
2024	145,494	37,182	20,378	275,359	478,413
2025	160,451	35,067	20,583	70,556	286,657
Thereafter	247,936	34,059	33,000	199,191	514,186
Gross notes receivable	1,020,076	240,018	133,888	1,017,222	2,411,204
Less: Allowance	(17,517)	-	-	(57,464)	(74,981)
Net notes receivable	\$ 1,002,559	\$ 240,018	\$ 133,888	\$ 959,758	\$ 2,336,223

Loans are considered to be non-performing when, based on current information and events, there is substantial doubt regarding the YCIDA's ability to collect the scheduled payments of principal or interest when due according to the terms of the loan agreement.

Mortgage Receivable—During 2015, the YCIDA sold a building to an unrelated third party and holds the mortgage for the property. Principal maturities of the mortgage receivable bearing interest at a rate of 6.0%. The balance remaining at December 31, 2020 of \$66,956 is due in 2021.

Lease Receivable—During 2017, the YCIDA leased equipment to an unrelated third party with a presumed transfer of title at the end of the term. Principal maturities of the lease receivable bear interest at a rate of 1.0%, mature in January 2021, with a transfer of rights for the asset in exchange for 10% of the face value of the lease. During 2019, the lessee terminated the lease and returned the equipment which was subsequently sold for \$22,500. The balance remaining on the lease of \$343 is included in accounts receivable.

Grants Receivable—The YCIDA reports grants receivable at December 31, 2020 of \$53,500.

4. CAPITAL ASSETS

Governmental activities—Capital asset activity for governmental activities for fiscal year ended December 31, 2020 follows:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 6,514,006	\$ -	\$ -	\$ 6,514,006
Construction in progress	374,693	3,159,408	(1,925,372)	1,608,729
Total capital assets not being depreciated	<u>6,888,699</u>	<u>3,159,408</u>	<u>(1,925,372)</u>	<u>8,122,735</u>
Capital assets, being depreciated:				
Land improvements	15,954,632	599,285	-	16,553,917
Buildings and improvements	34,878,017	318,395	-	35,196,412
Machinery and equipment	10,741,328	1,027,793	(542,996)	11,226,125
Infrastrucuture	75,323,842	3,369,485	-	78,693,327
Total capital assets being depreciated	<u>136,897,819</u>	<u>5,314,958</u>	<u>(542,996)</u>	<u>141,669,781</u>
Less accumulated depreciation for:				
Land improvements	(10,729,099)	(554,208)	-	(11,283,307)
Buildings and improvements	(16,047,180)	(834,418)	-	(16,881,598)
Machinery and equipment	(8,551,210)	(452,904)	542,996	(8,461,118)
Infrastrucuture	(48,523,660)	(2,812,185)	-	(51,335,845)
Total accumulated depreciation	<u>(83,851,149)</u>	<u>(4,653,715)</u>	<u>542,996</u>	<u>(87,961,868)</u>
Total capital assets, being depreciated, net	<u>53,046,670</u>	<u>661,243</u>	<u>-</u>	<u>53,707,913</u>
Governmental activities capital assets, net	<u>\$ 59,935,369</u>	<u>\$ 3,820,651</u>	<u>\$ (1,925,372)</u>	<u>\$ 61,830,648</u>

Depreciation expense, for governmental activities, was charged to functions and programs of the primary government as follows:

Governmental activities:	
General government support	\$ 567,588
Public safety	197,256
Health	37,292
Transportation	3,716,394
Economic assistance and opportunity	102,554
Culture and recreation	4,662
Home and community services	27,969
Total depreciation expense—governmental activities	<u>\$ 4,653,715</u>

Soil and Water Conservation District (“District”)

Capital asset activity for the District for the year ended December 31, 2020 was as follows:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets, being depreciated:				
Furniture and equipment	\$ 46,938	\$ -	\$ -	\$ 46,938
Vehicles	134,646	66,543	(59,783)	141,406
Total capital assets being depreciated	<u>181,584</u>	<u>66,543</u>	<u>(59,783)</u>	<u>188,344</u>
Less accumulated depreciation for:				
Furniture and equipment	(24,069)	(3,812)	-	(27,881)
Vehicles	(32,437)	(6,450)	23,914	(14,973)
Total accumulated depreciation	<u>(56,506)</u>	<u>(10,262)</u>	<u>23,914</u>	<u>(42,854)</u>
Total District capital assets, being depreciated, net	<u>\$ 125,078</u>	<u>\$ 56,281</u>	<u>\$ (35,869)</u>	<u>\$ 145,490</u>

Yates County Industrial Development Agency (“YCIDA”)

Capital asset activity for the YCIDA for the year ended December 31, 2020 was as follows:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 104,477	\$ -	\$ -	\$ 104,477
Total capital assets not being depreciated	<u>104,477</u>	<u>-</u>	<u>-</u>	<u>104,477</u>
Capital assets, being depreciated:				
Buildings and improvements	4,471,430	53,265	-	4,524,695
Equipment and furniture	186,509	3,740	-	190,249
Total capital assets being depreciated	<u>4,657,939</u>	<u>57,005</u>	<u>-</u>	<u>4,714,944</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,289,024)	(127,395)	-	(3,416,419)
Equipment and furniture	(182,796)	(1,189)	-	(183,985)
Total accumulated depreciation	<u>(3,471,820)</u>	<u>(128,584)</u>	<u>-</u>	<u>(3,600,404)</u>
Total YCIDA capital assets, being depreciated, net	<u>\$ 1,186,119</u>	<u>\$ (71,579)</u>	<u>\$ -</u>	<u>\$ 1,114,540</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by the governmental funds at December 31, 2020, were as follows:

	General Fund	Special Grant Fund	County Road Fund	Nonmajor Funds	Total Governmental Funds
Salary and employee benefits	<u>\$ 668,319</u>	<u>\$ 1,583</u>	<u>\$ 102,399</u>	<u>\$ 3,160</u>	<u>\$ 775,461</u>

6. PENSION OBLIGATIONS

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

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2020, the County reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to the measurement date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in a report provided to the County.

	<u>ERS</u>
Measurement date	March 31, 2020
Net pension liability	\$ 14,772,122
County's portion of the Plan's total net pension liability	0.0557847%

For the year ended December 31, 2020, the County recognized ERS pension expense of \$4,775,871 for governmental activities. At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 869,399	\$ -
Changes in assumptions	297,441	256,835.00
Net difference between projected and actual earnings on pension plan investments	7,572,908	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	48,622	553,314
County contributions subsequent to the measurement date	<u>1,501,899</u>	<u>-</u>
Total	<u>\$ 10,290,269</u>	<u>\$ 810,149</u>

The County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below.

Year Ending December 31,	ERS
2021	\$ 1,218,492
2022	1,987,855
2023	2,622,769
2024	2,149,105

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

	ERS
Measurement date	March 31, 2020
Actuarial valuation date	April 1, 2019
Interest rate	6.80%
Salary scale	4.20%
Decrement tables	April 1, 2010- March 31, 2015
Inflation rate	2.5%
Cost-of-living adjustments	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

Measurement date	ERS	
	Target Allocation	Long-Term Expected
		Real Rate of Return
	March 31, 2020	
Asset class:		
Domestic equities	36.0 %	4.1 %
International equities	14.0	6.2
Private equity	10.0	6.8
Real estate	10.0	4.9
Absolute return strategies	2.0	3.3
Opportunistic portfolio	3.0	4.7
Real assets	3.0	9.0
Bonds and mortgages	17.0	0.8
Cash	1.0	0.0
Inflation-indexed bonds	4.0	0.5
Total	<u>100 %</u>	

Discount Rate—The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the County’s proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.8%) or one percentage-point higher (7.8%) than the current assumption.

ERS	1% Decrease (6.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer’s proportionate share of the net pension liability	\$ 27,111,015	\$ 14,772,122	\$ 3,407,950

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of the employers as of the respective valuation dates, were as follows:

	<u>(Dollars in Thousands)</u>
	<u>ERS</u>
Valuation date	April 1, 2019
Employers' total pension liability	\$ 194,596,261
Plan fiduciary net position	<u>168,115,682</u>
Employers' net pension liability	<u>\$ 26,480,579</u>
System fiduciary net position as a percentage of total pension liability	86.4%

Soil and Water Conservation District (“District”)

The District also participates in the ERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2020, the District reported a liability of \$298,585 for its proportionate share of the net pension liability. At the March 31, 2020 measurement date, the District’s proportion was 0.0011276 percent.

For the year ended December 31, 2020, the District recognized a pension expense of \$98,316. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown below.

	<u>ERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 17,573	\$ -
Changes of assumptions	6,012	5,191.00
Net difference between projected and actual earnings on pension plan investments	153,069	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	9,670	12,279
District contributions subsequent to the measurement date	<u>32,525</u>	<u>-</u>
Total	<u>\$ 218,849</u>	<u>\$ 17,470</u>

The District’s contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending December 31, 2021. Other amounts reported as net deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>ERS</u>
2021	\$ 26,312
2022	41,803
2023	55,195
2024	45,544

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

The chart below presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.8%) or one percentage-point higher (7.8%) than the current assumption.

<u>ERS</u>	<u>1% Decrease (5.8%)</u>	<u>Current Assumption (6.8%)</u>	<u>1% Increase (7.8%)</u>
Employer's proportionate share of the net pension liability	\$ 547,987	\$ 298,585	\$ 68,884

Yates County Industrial Development Agency (“YCIDA”)

The YCIDA also participates in the ERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2020, the YCIDA reported a liability of \$290,923 for its proportionate share of the net pension liability. At the March 31, 2020 measurement date, the YCIDA’s proportion was 0.0010986%.

For the year ended December 31, 2020, the YCIDA recognized a pension expense of \$92,389. At December 31, 2020, the YCIDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources presented on the following page.

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 17,122	\$ -
Changes of assumptions	5,858	5,058
Net difference between projected and actual earnings on pension plan investments	149,141	-
Changes in proportion and differences between the YCIDA's contributions and proportionate share of contributions	8,708	18,118
YCIDA contributions subsequent to the measurement date	40,048	-
Total	<u>\$ 220,877</u>	<u>\$ 23,176</u>

The YCIDA's contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending December 31, 2021. Other amounts reported as net deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS
2021	\$ 23,769
2022	39,519
2023	52,615
2024	41,750

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—
The chart below presents the YCIDA's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the YCIDA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.8%) or one percentage-point higher (7.8%) than the current assumption.

ERS	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension liability	\$ 533,912	\$ 290,923	\$ 67,115

7. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description—The County provides postemployment medical and prescription drug benefits for retirees, spouses, and their covered dependents through the County's postemployment health care benefits program (the “Plan”). The benefits, benefit levels, employee contributions and employer contributions are governed by the County and can be amended by the County through its union contracts. The estimated cost of such benefits totaled \$78,369 for the year ended December 31, 2020.

Employees Covered by Benefit Terms—At January 1, 2019, the valuation date, the following employees were covered by the benefit terms:

Active employees	223
Inactive employees or beneficiaries currently receiving benefit payments	<u>5</u>
Total	<u><u>228</u></u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“UAAL”) under GASB Statement No. 45.

Total OPEB Liability

The County’s total OPEB liability of \$1,710,667 was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2019.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan, the plan as understood by the employer and the plan members, at the time of the valuation and on the pattern of cost sharing between the employer and plan members. The projection of benefits does not incorporate the potential effect of a change in the pattern of cost sharing between the employer and plan members in the future. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2019 actuarial valuation, the Entry Age Normal actuarial cost method, over a level percent of pay was used. The single discount rate changed from 2.75% effective January 1, 2019 to 2.00% effective December 31, 2020. The salary scale assumed to increase at 2.00% per year. As of the December 31, 2020 measurement date, the mortality improvement table was updated from Scale MP-2019 to Scale MP-2020 on a generational basis. The 2015 New York State Employee’ Retirement System rate were used for retirement rates. This rate was based on the April 1, 2015 to March 31, 2020 experience study released by the Retirement Systems Actuary and published in their August 2020 report. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 4.50% while the ultimate healthcare cost trend rate is 3.78%. An inflation rate of 2.25% was assumed for developing the rate of increase in healthcare costs.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	<u>Total OPEB Liability</u>
Balance at December 31, 2019	\$ 1,551,826
Changes for the year:	
Service cost	107,723
Interest	44,560
Changes of assumptions	84,927
Benefit payments	<u>(78,369)</u>
Net changes	<u>158,841</u>
Balance at December 31, 2020	<u><u>\$ 1,710,667</u></u>

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect of a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (1.00%)	Current Discount Rate (2.00%)	1% Increase (3.00%)
Total OPEB liability	\$ 1,843,165	\$ 1,710,667	\$ 1,583,824

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the OPEB liability of a 1% change in the initial (4.50%)/ultimate (3.78%) healthcare cost trend rates.

	1% Decrease (3.50%/2.78%)	Healthcare Cost Trend Rates (4.50%/3.78%)	1% Increase (5.50%/4.78%)
Total OPEB liability	\$ 1,512,411	\$ 1,710,667	\$ 1,945,531

Funding Policy—Authorization for the County to pay a portion, or all, of retiree health insurance premiums was enacted by resolution of the County Legislature or through union contracts, which are ratified by the Legislature. The County recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. County governmental funds contributed \$30,709 for the fiscal year ended December 31, 2020. While for the year ended December 31, 2020, the County’s governmental activities recognized OPEB expense of \$62,227. The County’s contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 12. Any amendments to the employer’s contributions are subject to the bargaining units.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The County reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability. The table below presents the County’s deferred outflows of resources and deferred inflows of resources at December 31, 2020.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 127,794	\$ -
Changes of assumptions	77,378	2,157,528
Total	<u>\$ 205,172</u>	<u>\$ 2,157,528</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending December 31,</u>	
2021	\$ (214,510)
2022	(214,510)
2023	(214,510)
2024	(214,510)
2025	(214,510)
Thereafter	(879,806)

8. RISK MANAGEMENT

The County is exposed to various risks of loss related to property damage and destruction of assets, vehicle liability, injuries to employees, health insurance and unemployment insurance. The County purchases commercial insurance to cover such potential risks. Under the program, losses for torts are \$50,000 per incident with a \$1,000,000 aggregate annually for all other incidents. Coverage is provided for up to a maximum of \$100,000 per incident with a \$200,000 aggregate annually. The County purchases commercial insurance for claims in excess of self-insurance coverage and for all other risks of loss. The general liability commercial insurance limit for 2020 was \$10,000,000 for airport operations and \$10,000,000 for all other County operations. Settled claims have not exceed this commercial coverage in any of the past three years.

The County assumes the liability for health, dental and vision claims for employees. Asserted and incurrent but not reported claims and judgments are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. The County reports no liability at December 31, 2020. The County has had no claims in excess of its coverage in the last fiscal year.

The County assumes the liability for most risk for workers' compensation. Asserted and incurred but not reported claims and judgments are recorded, when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. Such recording is consistent with the requirements of GASB.

The County established a Workers' Compensation Fund pursuant to Article 5 of the Workers' Compensation Law to finance the liability and risks related to workers' compensation claims. The workers' compensation plan is a municipal risk sharing pool, which administers and insures workers' compensation for all employees of the participants. The plan is open to participation by any eligible municipality or any public entity. The County, along with twelve other governmental entities participate in the program and share the risk. The County purchases an excess workers' compensation policy with a \$500,000 self-insured retention.

The changes since January 1, 2019 in risk financing activities for worker's compensation claims are presented below:

<u>Year Ended December 31,</u>	<u>Liability, Beginning of Year</u>	<u>Claims and Adjustments</u>	<u>Claim Payments</u>	<u>Liability, End of Year</u>
2020	\$ 2,263,768	\$ 153,975	\$ 295,101	\$ 2,122,642
2019	2,523,052	157,328	416,612	2,263,768

Of the total liability, \$898,371 is estimated to be attributable to the County, while \$1,224,271 is estimated to be the expected share of the other participants. The Workers' Compensation Fund holds \$3,992,580 in cash that is restricted to liquidate the liability.

9. LONG-TERM DEBT

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriations and expenditure of governmental fund financial resources.

The County's outstanding long-term liabilities include serial bonds, YTASC Tobacco Settlement Bonds and Subordinate Turbo CABs accreted interest, compensated absences, landfill post-closure liability, Horizon Park liability, other postemployment benefits ("OPEB") obligations, net pension liability, and workers' compensation.

A summary of the County's long-term debt at December 31, 2020 follows:

	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020	Due Within One Year
Governmental activities:					
Serial bonds	\$ 1,285,000	\$ -	\$ (1,285,000)	\$ -	\$ -
YTASC bonds and accreted interest	6,784,397	226,969	(80,000)	6,931,366	2,215,000
Less: YTASC bond discount	(22,208)	-	5,788	(16,420)	(15,725)
Net YTASC bonds and accreted interest	<u>6,762,189</u>	<u>226,969</u>	<u>(74,212)</u>	<u>6,914,946</u>	<u>2,199,275</u>
Compensated absences	831,731	70,400	(138,062)	764,069	38,203
Landfill post-closure liability	585,000	-	(65,000)	520,000	65,000
Horizon Park liability	77,776	-	(26,666)	51,110	26,666
Other postemployment benefits obligation	1,551,826	237,210	(78,369)	1,710,667	-
Net pension liability*	<u>4,061,655</u>	<u>10,710,467</u>	<u>-</u>	<u>14,772,122</u>	<u>-</u>
Total governmental activities	<u>\$ 15,155,177</u>	<u>\$ 11,245,046</u>	<u>\$ (1,667,309)</u>	<u>\$ 24,732,914</u>	<u>\$ 2,329,144</u>
Business-type activities:					
Workers' compensation	<u>\$ 2,263,768</u>	<u>\$ 153,975</u>	<u>\$ (295,101)</u>	<u>\$ 2,122,642</u>	<u>\$ 106,132</u>
Total business-type activities	<u>\$ 2,263,768</u>	<u>\$ 153,975</u>	<u>\$ (295,101)</u>	<u>\$ 2,122,642</u>	<u>\$ 106,132</u>

*Additions to the net pension liability are shown net of reductions.

Serial bonds—The County issues bonds to provide funds for the acquisition and construction of major capital facilities.

On November 11, 2010, the County issued \$12,755,000 in Public Improvement Refunding Bonds. The bonds refunded 2002 Public Improvement Serial Bonds, at an interest rate of 2.00-5.00%. The bonds matured on December 1, 2020.

A summary of additions and payments of serial bonds for the year ended December 31, 2020 is presented below:

Description	Maturity Date	Interest Rate	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020	Amounts Due Within One Year
Governmental activities serial bonds issued by the County:							
County complex	2020	2.00-5.00%	\$ 1,285,000	\$ -	\$ (1,285,000)	\$ -	\$ -
Total serial bonds			<u>\$ 1,285,000</u>	<u>\$ -</u>	<u>\$ (1,285,000)</u>	<u>\$ -</u>	<u>\$ -</u>

Yates Tobacco Asset Securitization Corporation (“YTASC”)

On August 19, 2005, the YTASC issued \$4,950,000 in Series 2005A Turbo Term Tax-Exempt NY Counties Trust IV Tobacco Settlement Pass-Through Bonds (“Series 2005A Bonds”) bearing interest from 4.25%-5.00%, collateralized by future TSR revenues, to advance refund \$3,445,000 of outstanding Series 2000 NY Counties Trust I Tobacco Settlement Pass-Through Bonds bearing interest ranging from 5.25%-6.625%. The net proceeds of \$3,842,760 (after payment of \$1,107,240 in underwriting fees, insurance, other issuance costs, and distributions to the County) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2000 bonds. YTASC advance refunded the bonds to revise its payment schedules due to changes in TSR earnings and related trapping events.

On November 15, 2005, YTASC participated in New York Counties Tobacco Trust V (“NYCTT”), along with 23 other New York County Tobacco Corporations, and issued Tobacco Settlement Pass-Through Bonds—Subordinate Turbo Capital Appreciation Bonds (“CABs”) in various series for the purpose of securitizing additional future tobacco settlement revenues. The net proceeds of the 2005 series amounted to \$1,111,025, and were used to purchase tobacco settlement rights from the County. The issuance has three components and payments on the Subordinate Turbo CABs are subordinate to the Series 2005A Bonds.

The payment of Series 2005A and Subordinate Turbo Bonds is dependent on the receipt of TSRs. The amount of TSRs actually collected is dependent on many factors including cigarette consumption and the continued operations of the OPMs. Such bonds are secured by and payable solely from TSRs and investment earnings pledged under the Bond Indenture and amounts established and held in accordance with Bond Indenture.

In the event sufficient funds are not available to meet Planned Payment Maturities, Rated Maturity dates will be used.

Changes in bonds payable for the Tobacco Settlement Bonds, Series 2005A Bonds for the year ended December 31, 2020 are as follows:

Description	Year of Maturity	Yield	Beginning Balance 1/1/2020	Additions	Deletions	Ending Balance 12/31/2020	Amounts Due Within One Year
2005A Tobacco Settlement Bonds	2025	various	\$ 3,740,000	\$ -	\$ 80,000	\$ 3,660,000	\$ 2,215,000
Less:							
Bond discount			(22,208)	-	(5,788)	(16,420)	(15,725)
Net Tobacco Settlement Bonds			<u>\$ 3,717,792</u>	<u>\$ -</u>	<u>\$ 74,212</u>	<u>\$ 3,643,580</u>	<u>\$ 2,199,275</u>

YTASC debt service requirements based upon planned principal payments for Tobacco Settlement Bonds, Series 2005A are presented below.

Year ending December 31,	Principal	Interest	Total
2021	\$ 2,215,000	\$ 127,538	\$ 2,342,538
2022	405,000	62,125	467,125
2023	435,000	41,125	476,125
2024	450,000	19,000	469,000
2025	155,000	3,875	158,875
Total	<u>\$ 3,660,000</u>	<u>\$ 253,663</u>	<u>\$ 3,913,663</u>

Subordinate Turbo CABs—Interest on the Subordinate Turbo CABs is compounded semiannually on June 1 and December 1, but is not payable until bond maturity. Interest accretes until both principal and accreted interest are paid. Future interest accretion has been recorded as bond discount and amortized as the current interest accretes. The accrued interest on the Subordinate Turbo CABs is reflected within the Subordinate Turbo CABs payable liability.

A summary of the Subordinate Turbo CABs net bond balance activity for the year ended December 31, 2020 follows:

	Interest Rate	Original Principal	Beginning Balance 1/1/2020	Annual Net Interest Accretion	Turbo Redemption Payments	Ending Balance 12/31/2020
Subordinate	6.10%-					
Turbo CABs	7.85%	<u>\$ 1,111,025</u>	<u>\$ 3,044,397</u>	<u>\$ 226,969</u>	<u>\$ -</u>	<u>\$ 3,271,366</u>

Redemption of the subordinate Turbo CABs as outlined in the original official statement totals \$1,111,025 with interest ranging from 6.10% to 7.85%. During the year ended December 31, 2020 funds were not available to make redemption payments. Any debt service amounts not paid in accordance with the Subordinate Turbo CABs redemption payments schedule will be due and payable on the maturity dates presented below.

Series 2005 S2	June 1, 2050
Series 2005 S3	June 1, 2055
Series 2005 4B	June 1, 2060

Compensated Absences—As explained in Note 1, the County records the value of long-term governmental fund type compensated absences in the governmental activities. At December 31, 2020 the liability for compensated absences is \$764,069, of which \$38,203 is estimated to be due within one year.

Landfill Post-Closure Liability—State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure, which began in 1998. The estimated liability for landfill post-closure costs at December 31, 2020 is \$520,000, of which \$65,000 is estimated to be due within one year.

Horizon Park Liability—On June 13, 2000, the County entered into an intermunicipal agreement with the Village of Penn Yan and the Town of Milo for on and off site infrastructure improvements to the Horizon Business Park. The County has agreed to contribute operating costs of certain improvements and an economic development investment in the project in an amount not to exceed \$80,000 per year for twenty years. The actual cost to the County is determined by the Village of Penn Yan based on the respective percentages of total debt service payments due on the obligations in each fiscal year, not to exceed the County maximum. The contribution percentages of the County, Village and Town are 44.44%, 44.44% and 11.12%, respectively. At December 31, 2020 the outstanding liability for the Horizon Park is \$51,110, of which \$26,666 is estimated to be due within one year.

OPEB—As discussed in Note 7, the County’s net OPEB obligation at December 31, 2020 is \$1,710,667.

Net Pension Liability—The County reports a liability for its proportionate share of the net pension liability for the Employees’ Retirement System. The net pension liability is estimated to be \$14,772,122 at December 31, 2020. Refer to Note 6 for additional information related to the County’s net pension liability.

Workers’ Compensation—As discussed in Note 8, the County reports the workers’ compensation liability within its business-type activities. The total of this liability at December 31, 2020 is \$2,122,642.

Soil and Water Conservation District (“District”)

Compensated Absences—The District allows for a limited number of unused vacation and sick days to be carried over to the subsequent year. The total of this liability at December 31, 2020 is \$39,783, of which \$1,989 is estimated to be due within one year.

Net Pension Liability—The District reports a liability for its proportionate share of the net pension liability for the Employees Retirement System. The net pension liability is estimated to be \$298,585 at December 31, 2020.

Yates County Industrial Development Agency (“YCIDA”)

Compensated Absences—As part of compensation, employees earn vacation days in varying amounts. A limited number of unused vacation days can be carried over to the subsequent year. In the event of termination or retirement, employees are entitled to payment for accumulated vacation leave, subject to certain maximum limitations. Estimated vacation leave is recorded as an expense when earned. At December 31, 2020, the YCIDA’s compensated absences balance is \$9,329.

Net Pension Liability—The YCIDA reports a liability for its proportionate share of the net pension liability for the Employees’ Retirement System. The net pension liability is estimated to be \$290,923 at December 31, 2020.

10. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. The table below is a reconciliation of the County’s governmental activities net investment in capital assets.

Capital assets, net of accumulated depreciation	\$ 61,830,648
Related debt:	
YTASC bond principal outstanding	<u>(4,771,025)</u>
Net investment in capital assets	<u>\$ 57,059,623</u>

- **Restricted Net Position**—This category represents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position**—This category represents net investment in assets of the County not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the County at December 31, 2020 includes prepaid items.

- **Prepaid Items**—Represents amounts prepaid to the retirement system that are applicable to future accounting periods. The General Fund and County Road Fund reported amounts of \$454,553 and \$46,080, respectively, at December 31, 2020.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. As of December 31, 2020, the County had the following restricted funds:

	General Fund	Capital Projects Fund	Special Grant Fund	Total Nonmajor Funds	Total
Capital projects:					
Building improvements	\$ 2,986,386	\$ -	\$ -	\$ -	\$ 2,986,386
Environmental cleanup	160,902	-	-	-	160,902
Telephone	183,293	-	-	-	183,293
Communications	111,234	-	-	-	111,234
Infrastructure	1,400,043	1,555	-	-	1,401,598
Broadband	-	-	3,488,645	-	3,488,645
Insurance	170,216	-	-	-	170,216
Unemployment	170,054	-	-	-	170,054
YTASC debt service	-	-	-	401,693	401,693
Stop DWI	27,981	-	-	-	27,981
E911	64,132	-	-	-	64,132
W911	214,333	-	-	-	214,333
Alternative to incarceration	23,412	-	-	-	23,412
Tourism	30,000	-	-	-	30,000
Illegal knives	14,438	-	-	-	14,438
Handicapped	388	-	-	-	388
Charging station	509	-	-	-	509
MH federal salary sharing	143,483	-	-	-	143,483
Law enforcement	437	-	-	-	437
Total restricted fund balance	<u>\$ 5,701,241</u>	<u>\$ 1,555</u>	<u>\$ 3,488,645</u>	<u>\$ 401,693</u>	<u>\$ 9,593,134</u>

- **Capital Projects, Building improvements**—Represents a reserve established to fund future improvements and construction of the County’s buildings. At December 31, 2020, the County had \$2,986,386 restricted for capital projects, building improvements.
- **Capital Projects, Environmental Cleanup**—Represents a reserve established for the environmental cleanup of designated properties. At December 31, 2020, the County had \$160,902 restricted for capital projects, environmental cleanup.
- **Capital Projects, Telephone**—Represents a reserve established for the future replacement of the County telephone systems. At December 31, 2020, the County had \$183,293 restricted for capital projects, telephone.
- **Capital Projects, Communications**—Represents a reserve established for the future update and replacement of County communication systems. At December 31, 2020, the County had \$111,234 restricted for capital projects, communications.
- **Capital Projects, Infrastructure**—Represents a reserve established for future updates to County infrastructure. At December 31, 2020, the County had \$1,401,598 restricted for capital projects, infrastructure.

- **Capital Projects, Broadband**—Represents a reserve established for the future construction of a fiber optic broadband network. At December 31, 2020, the County had \$3,488,645 restricted for the local share of future capital projects related to broadband.
- **Insurance**—Represents reserve established within the General Fund which will be used to pay claims, actions, or judgments against the County that result from personal injuries or property damage; and to pay self-insured workers' compensation claims and expenses in excess of claims and expenses paid from current appropriations. At December 31, 2020, the County had \$170,216 restricted for insurance.
- **Unemployment**—Represents reserve established to pay unemployment claims. At December 31, 2020, the County had \$170,054 restricted for unemployment.
- **YTASC Debt Service**—Represents YTASC funds of \$401,693 that are restricted for the reduction of future debt service requirements.
- **Stop DWI**—Represents the accumulated excess of Stop DWI fines less related expenditures, \$27,981, to be used for Stop DWI purposes.
- **E911**—Represents amounts restricted to be used for improvements to the E911 system. At December 31, 2020, the County had \$64,132 restricted for E911.
- **W911**—Represents amounts restricted to be used for improvements to the W911 system. At December 31, 2020, the County had \$214,333 restricted for W911.
- **Alternatives to Incarceration**—Represents fees collected for use in community service programs in the amount of \$23,412 at December 31, 2020.
- **Tourism**—Represents occupancy tax collected to be used to promote tourism within the County. At December 31, 2020, the County had \$30,000 restricted for tourism.
- **Illegal Knives**—Represents profits made from illegal knives turned in to be used to offset costs of preclusion of crimes involving knives. At December 31, 2020, the County had \$14,438 restricted for illegal knives.
- **Handicapped Parking**—Represents amounts restricted in the amount of \$388 to be used for public awareness of handicapped parking.
- **Charging Station**—Represents amounts restricted in the amount of \$509 to be used for expenditures related to the County's electric vehicle charging station.
- **Mental Health ("MH") Federal Salary Sharing**—Represents funds to be use for the salary of certain community service positions. At December 31, 2020, the County had \$143,483 restricted for MH federal salary sharing.
- **Law Enforcement**—Represents amounts restricted in the amount of \$437 to be used by the County Sheriff for law enforcement purposes.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the County’s highest level of decision-making authority, or by its designated body or official. As of December 31, 2020, the County had no committed fund balance.

In the fund financial statements assigned fund balance are amounts that are subject to a purpose constraint established by the County Legislature, or by its designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

As of December 31, 2020, the following balances were considered to be assigned:

	Subsequent Year's <u>Expenditures</u>	Budget <u>Stabilization</u>	Minimum Fund <u>Balance</u>	<u>Encumbrances</u>	Specific <u>Use</u>	Total <u>Assigned</u>
General Fund	\$ 342,660	\$ 1,200,000	\$ 5,000,000	\$ 539,749	\$ -	\$ 7,082,409
Special Grant Fund	-	-	-	-	8,596	8,596
County Road Fund	-	-	-	850,011	1,863,361	2,713,372
Nonmajor funds	-	-	-	15,000	1,464,919	1,479,919
Total assigned fund balance	<u>\$ 342,660</u>	<u>\$ 1,200,000</u>	<u>\$ 5,000,000</u>	<u>\$ 1,404,760</u>	<u>\$ 3,336,876</u>	<u>\$ 11,284,296</u>

- **Assigned to Subsequent Years Expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2021 fiscal year.
- **Assigned to Budget Stabilization**—Represents fund balance assigned to be used to maintain stable property tax rates in the County.
- **Assigned to Minimum Fund Balance**—Represents fund balance assigned to maintain a minimum level of fund balance with the General Fund.
- **Assigned to Encumbrances**—Represents commitments related to unperformed contracts or purchase orders for goods or services.
- **Assigned to Specific Use**—Represents fund balance with the special revenue funds that is assigned for a specific purpose. The assignments’ purpose related to each fund’s operations and represents the remaining amounts within funds that are not restricted or committed.

It is the County’s policy to expend fund balances in the following order: nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year.

11. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the subsequent year.

The composition of interfund balances as of December 31, 2020 is shown below:

Fund	Interfund	
	Receivable	Payable
Governmental funds:		
General Fund	\$ 394,412	\$ 300
Capital Projects Fund	11,049	63,583
Special Grant Fund	-	30,946
County Road Fund	11,300	258,259
Nonmajor funds	5,571	69,364
Internal Service Fund	120	-
Total	<u>\$ 422,452</u>	<u>\$ 422,452</u>

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the fund making payments when due, and (3) move residual cash from closed projects. During the year ending December 31, 2020, the General Fund transferred \$3,488,645 to the Special Grant Fund for the local match for a broadband capital project.

The County made the following transfers during the year ended December 31, 2020:

Transfers out:	Transfers in:				Total
	General Fund	Capital Projects Fund	Special Grant Fund	Workers' Compensation Fund	
Governmental Funds:					
General Fund	\$ 18,000	\$ -	\$ 3,488,645	\$ 311,008	\$ 3,817,653
County Road Fund	1,400	-	-	31,354	32,754
Nonmajor funds	600	11,048	-	5,154	16,802
Total	<u>\$ 20,000</u>	<u>\$ 11,048</u>	<u>\$ 3,488,645</u>	<u>\$ 347,516</u>	<u>\$ 3,867,209</u>

12. LABOR RELATIONS

The County's employees operate under three collective bargaining units, the CSEA contract and Council 82 Corrections and Other Employees contract, which are settled through December 31, 2021, and the Council 82 Deputy Sheriffs contract, which is settled through December 31, 2024.

13. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Open encumbrances are reported as an assignment of fund balance since such commitments will be honored through budget appropriations in the subsequent year. The County considers encumbrances to be significant for amounts that are encumbered in excess of \$500,000 for the General Fund, and \$75,000 for all other funds.

As of December 31, 2020, the County had the following significant encumbrance:

Description	Amount
County Road Fund - Architecture and Construction Costs - Sherman Hollow Bridge	\$ 831,441

14. TAX ABATEMENTS

The County is subject to tax abatements granted by the Yates County Industrial Development Agency (“YCIDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the YCIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the County, the abatements have resulted in reductions of property taxes, which the County administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by YCIDA, the County collected \$398,589 during 2020 in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$610,556 in property taxes.

15. CONTINGENCIES

Litigation—The County is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the County. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the County’s financial condition or results of operation.

Grants—In the normal course of operations, the County receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. The amount of disallowance, if any, cannot be determined at this time, although the County expects any such amounts to be immaterial.

Landfill Post-closure—As discussed in Note 9, the County is responsible to perform specified operation and maintenance functions at a landfill site for a period of thirty years. At December 31, 2020, the County’s outstanding liability is \$520,000. The landfill post-closure liability is an estimate and is subject to changes resulting from inflation, deflation, technology or changes in applicable laws or regulations.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 12, 2021, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF YATES, NEW YORK
Schedule of the Local Government's Proportionate Share of the
Net Pension Liability—Employees' Retirement System
Last Seven Fiscal Years*

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%
Primary Government—Yates County (the "County"):							
County's proportion of the net pension liability	0.0557847%	0.0573251%	0.0566732%	0.0554326%	0.0584687%	0.0563627%	0.0563627%
County's proportionate share of the net pension liability	\$ 14,772,122	\$ 4,061,655	\$ 1,829,098	\$ 5,208,573	\$ 9,384,388	\$ 1,904,070	\$ 2,546,952
County's covered payroll	\$ 12,792,725	\$ 12,576,523	\$ 12,266,970	\$ 12,534,166	\$ 11,884,385	\$ 11,316,621	\$ 11,405,896
County's proportionate share of the net pension liability as a percentage of its covered payroll	115.5%	32.3%	14.9%	41.6%	79.0%	16.8%	22.3%
Yates County Soil and Water Conservation District ("District"):							
District's proportion of the net pension liability	0.0011276%	0.0009420%	0.0010529%	0.0010985%	0.0011264%	0.0011279%	0.0011279%
District's proportionate share of the net pension liability	\$ 298,585	\$ 66,740	\$ 33,980	\$ 103,222	\$ 180,798	\$ 38,104	\$ 50,969
District's covered payroll	\$ 313,215	\$ 278,986	\$ 263,042	\$ 241,824	\$ 240,771	\$ 188,471	\$ 228,494
District's proportionate share of the net pension liability as a percentage of its covered payroll	95.3%	23.9%	12.9%	42.7%	75.1%	20.2%	22.3%
Yates County Industrial Development Agency ("IDA"):							
IDA's proportion of the net pension liability	0.001099%	0.001094%	0.0008505%	0.0008275%	0.000885%	0.000807%	0.000807%
IDA's proportionate share of the net pension liability	\$ 290,923	\$ 77,517	\$ 27,449	\$ 77,724	\$ 141,985	\$ 27,264	\$ 36,469
IDA's covered payroll	\$ 259,097	\$ 231,690	\$ 254,748	\$ 236,454	\$ 217,922	\$ 195,915	n/a
IDA's proportionate share of the net pension liability as a percentage of its covered payroll	112.3%	33.5%	10.8%	32.9%	65.2%	13.9%	n/a

*Information prior to the year ended December 31, 2014 is not available.

COUNTY OF YATES, NEW YORK
Schedule of the Local Government's Contributions—
Employees' Retirement System
Last Seven Fiscal Years*

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Primary Government—Yates County ("County")							
Contractually required contributions	\$ 2,005,707	\$ 1,989,968	\$ 1,941,809	\$ 2,014,835	\$ 2,066,412	\$ 2,328,734	\$ 2,400,727
Contributions in relation to the contractually required contribution	(2,005,707)	(1,989,968)	(1,941,809)	(2,014,835)	(2,066,412)	(2,328,734)	(2,400,727)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 13,006,846	\$ 12,792,725	\$ 12,458,731	\$ 12,298,537	\$ 11,977,906	\$ 11,881,952	\$ 11,629,478
Contributions as a percentage of covered payroll	15.4%	15.6%	15.6%	16.4%	17.3%	19.6%	20.6%
Yates County Soil and Water Conservation District ("District")							
Contractually required contributions	\$ 41,980	\$ 37,719	\$ 37,408	\$ 38,366	\$ 45,967	\$ 46,850	\$ 45,957
Contributions in relation to the contractually required contribution	(41,980)	(37,719)	(37,408)	(38,366)	(45,967)	(46,850)	(45,957)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 338,457	\$ 310,152	\$ 271,766	\$ 254,435	\$ 247,690	\$ 241,130	\$ 233,715
Contributions as a percentage of covered payroll	12.4%	12.2%	13.8%	15.1%	18.6%	19.4%	19.7%
Yates County Industrial Development Agency ("IDA")							
Contractually required contributions	\$ 34,956	\$ 31,439	\$ 26,484	\$ 25,565	\$ 25,565	\$ 25,604	\$ 26,229
Contributions in relation to the contractually required contribution	(34,956)	(31,439)	(26,484)	(25,565)	(25,565)	(25,604)	(26,229)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
IDA's covered payroll	\$ 259,097	\$ 231,690	\$ 254,748	\$ 236,454	\$ 217,922	\$ 195,915	n/a
Contributions as a percentage of covered payroll	13.5%	13.6%	10.4%	10.8%	11.7%	13.1%	n/a

*Information prior to the year ended December 31, 2014 is not available.

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COUNTY OF YATES, NEW YORK
Schedule of Changes in the County's Total OPEB Liability and Related Ratios
Last Three Fiscal Years*

	<u>Year Ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 107,723	\$ 82,861	\$ 225,996
Interest	44,560	47,010	122,413
Changes of assumptions or other inputs	84,927	(2,255,873)	(407,953)
Differences between expected and actual experience	-	155,606	-
Changes in benefit terms	-	159,924	-
Benefit payments	(78,369)	(30,709)	(39,432)
Net changes in total OPEB liability	<u>158,841</u>	<u>(1,841,181)</u>	<u>(98,976)</u>
Total OPEB liability—beginning	<u>1,551,826</u>	<u>3,393,007</u>	<u>3,491,983</u>
Total OPEB liability—ending	<u>\$ 1,710,667</u>	<u>\$ 1,551,826</u>	<u>\$ 3,393,007</u>
Plan fiduciary net position			
Contributions—employer	\$ 78,369	\$ 30,709	\$ 39,432
Benefit payments	(78,369)	(30,709)	(39,432)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position—beginning	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's net OPEB liability—ending	<u>\$ 1,710,667</u>	<u>\$ 1,551,826</u>	<u>\$ 3,393,007</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 11,619,848	\$ 12,494,777	\$ 12,745,849
County's net OPEB liability as a percentage of covered-employee payroll	14.7%	12.4%	26.6%

*Information prior to the year ended December 31, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

COUNTY OF YATES, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes and tax items	\$ 12,577,457	\$ 12,577,457	\$ 12,421,915	\$ (155,542)
Nonproperty tax items	13,543,500	13,543,500	15,369,699	1,826,199
Departmental income	1,373,049	1,377,809	1,391,876	14,067
Intergovernmental charges	403,793	403,793	359,958	(43,835)
Use of money and property	125,691	125,691	160,421	34,730
Licenses and permits	9,800	9,800	8,541	(1,259)
Fines and forfeitures	82,150	82,150	55,155	(26,995)
Sale of property and compensation for loss	58,700	93,552	75,025	(18,527)
Miscellaneous	12,550	12,550	22,511	9,961
Interfund revenues	4,000	4,000	3,352	(648)
State aid	6,025,043	7,731,548	6,112,026	(1,619,522)
Federal aid	2,726,485	3,009,677	3,683,340	673,663
Total revenues	<u>36,942,218</u>	<u>38,971,527</u>	<u>39,663,819</u>	<u>692,292</u>
EXPENDITURES				
Current:				
General government support	7,005,076	7,170,856	5,748,049	1,422,807
Education	2,350,000	2,350,000	1,802,457	547,543
Public safety	11,164,170	12,447,425	10,854,712	1,592,713
Health	3,065,088	3,534,176	2,461,670	1,072,506
Economic assistance and opportunity	11,762,329	12,056,332	11,303,358	752,974
Culture and recreation	108,339	158,247	131,431	26,816
Home and community services	902,722	864,356	760,404	103,952
Debt service:				
Principal	1,285,000	1,285,000	1,285,000	-
Interest and fiscal charges	61,400	61,400	61,400	-
Total expenditures	<u>37,704,124</u>	<u>39,927,792</u>	<u>34,408,481</u>	<u>5,519,311</u>
Excess (deficiency) of revenues over expenditures	<u>(761,906)</u>	<u>(956,265)</u>	<u>5,255,338</u>	<u>6,211,603</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
Transfers out	<u>(329,008)</u>	<u>(3,817,653)</u>	<u>(3,817,653)</u>	<u>-</u>
Total other financing sources (uses)	<u>(309,008)</u>	<u>(3,797,653)</u>	<u>(3,797,653)</u>	<u>-</u>
Net change in fund balances*	(1,070,914)	(4,753,918)	1,457,685	6,211,603
Fund balances—beginning	<u>26,822,461</u>	<u>26,822,461</u>	<u>26,822,461</u>	<u>-</u>
Fund balances—ending	<u>\$ 25,751,547</u>	<u>\$ 22,068,543</u>	<u>\$ 28,280,146</u>	<u>\$ 6,211,603</u>

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

The notes to the required supplementary information are an integral part of this schedule.

COUNTY OF YATES, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—County Road Fund
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes and tax items	\$ 3,546,257	\$ 3,546,257	\$ 3,546,257	\$ -
Departmental income	4,000	4,000	7,135	3,135
Use of money and property	1,000	1,000	1,531	531
Sale of property and compensation for loss	3,550	3,550	19,258	15,708
State aid	2,182,187	2,182,187	1,953,454	(228,733)
Federal aid	992,800	992,800	929,686	(63,114)
Total revenues	<u>6,729,794</u>	<u>6,729,794</u>	<u>6,457,321</u>	<u>(272,473)</u>
EXPENDITURES				
Current:				
Public safety	206,710	169,628	127,332	42,296
Transportation	7,410,784	7,447,867	5,392,500	2,055,367
Total expenditures	<u>7,617,494</u>	<u>7,617,495</u>	<u>5,519,832</u>	<u>2,097,663</u>
Excess (deficiency) of revenues over expenditures	<u>(887,700)</u>	<u>(887,701)</u>	<u>937,489</u>	<u>1,825,190</u>
OTHER FINANCING (USES)				
Transfers out	<u>(32,754)</u>	<u>(32,754)</u>	<u>(32,754)</u>	<u>-</u>
Total other financing (uses)	<u>(32,754)</u>	<u>(32,754)</u>	<u>(32,754)</u>	<u>-</u>
Net change in fund balances*	(920,454)	(920,455)	904,735	1,825,190
Fund balances—beginning	<u>1,854,717</u>	<u>1,854,717</u>	<u>1,854,717</u>	<u>-</u>
Fund balances—ending	<u>\$ 934,263</u>	<u>\$ 934,262</u>	<u>\$ 2,759,452</u>	<u>\$ 1,825,190</u>

* The net change in fund balances was included in the budget as a re-appropriation of prior year encumbrances.

The notes to the required supplementary information are an integral part of this schedule.

COUNTY OF YATES, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2020

1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the discount rate and the medical healthcare cost trend rate. The single discount rate changed from 2.75% effective January 1, 2019 to 2.00% effective December 31, 2020. The salary scale assumed to increase at 2.00% per year. As of the December 31, 2020 measurement date, the mortality improvement table was updated from Scale MP-2019 to Scale MP-2020 on a generational basis. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 4.50% while the ultimate healthcare cost trend rate is 3.78%. An inflation rate of 2.25% was assumed for developing the rate of increase in healthcare costs.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Capital Projects Fund which is budgeted on a project basis, the Yates Tobacco Asset Securitization Corporation, which adopts its own budget, and the Special Grant Fund, which does not adopt a formal budget. The Capital Projects Fund is appropriated on a project length basis; appropriations are approved through a County Legislature resolution at the project's inception and lapse upon termination of the project.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the Legislature. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the functional classification.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances.

Actual results of operations presented in accordance with GAAP and the County's accounting policies do not recognize encumbrances or restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed, or assigned fund balance. Significant encumbrances are disclosed in the notes to the financial statements. The General Fund and County Road Fund original budgets for the year ended December 31, 2020 included encumbrances from the prior year of \$289,642 and \$920,454.

SUPPLEMENTARY INFORMATION

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COUNTY OF YATES, NEW YORK
Combining Balance Sheet—
Nonmajor Governmental Funds
December 31, 2020

	<u>Road Machinery</u>	<u>Airport</u>	<u>Yates Tobacco Asset Securitization Corporation</u>	<u>Total Nonmajor Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,246,095	\$ 267,341	\$ 25,614	\$ 1,539,050
Restricted cash and cash equivalents	-	-	401,693	401,693
Receivables	-	12,706	-	12,706
Intergovernmental receivables	17,681	-	-	17,681
Due from other funds	-	5,571	-	5,571
Total assets	<u>\$ 1,263,776</u>	<u>\$ 285,618</u>	<u>\$ 427,307</u>	<u>\$ 1,976,701</u>
LIABILITIES				
Accounts payable	\$ 21,143	\$ 1,422	\$ -	\$ 22,565
Accrued liabilities	3,160	-	-	3,160
Due to other funds	30,668	13,082	25,614	69,364
Total liabilities	<u>54,971</u>	<u>14,504</u>	<u>25,614</u>	<u>95,089</u>
FUND BALANCES				
Restricted	-	-	401,693	401,693
Assigned	1,208,805	271,114	-	1,479,919
Total fund balances	<u>1,208,805</u>	<u>271,114</u>	<u>401,693</u>	<u>1,881,612</u>
Total liabilities and fund balances	<u>\$ 1,263,776</u>	<u>\$ 285,618</u>	<u>\$ 427,307</u>	<u>\$ 1,976,701</u>

COUNTY OF YATES, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances—Nonmajor Governmental Funds
Year Ended December 31, 2020

	<u>Road Machinery</u>	<u>Airport</u>	<u>Yates Tobacco Asset Securitization Corporation</u>	<u>Total Nonmajor Funds</u>
REVENUES				
Real property taxes	\$ 1,266,995	\$ -	\$ -	\$ 1,266,995
Departmental income	-	16,106	-	16,106
Use of money and property	921	36,695	2,970	40,586
Sale of property and compensation for loss	215,225	-	-	215,225
Tobacco settlement revenue	-	-	311,012	311,012
Federal aid	-	11,571	-	11,571
Total revenues	<u>1,483,141</u>	<u>64,372</u>	<u>313,982</u>	<u>1,861,495</u>
EXPENDITURES				
Current:				
General government support	-	-	45,915	45,915
Transportation	1,496,481	22,982	-	1,519,463
Debt service:				
Principal	-	-	80,000	80,000
Interest	-	-	184,725	184,725
Total expenditures	<u>1,496,481</u>	<u>22,982</u>	<u>310,640</u>	<u>1,830,103</u>
Excess (deficiency) of revenues over expenditures	<u>(13,340)</u>	<u>41,390</u>	<u>3,342</u>	<u>31,392</u>
OTHER FINANCING (USES)				
Transfers out	<u>(5,754)</u>	<u>(11,048)</u>	<u>-</u>	<u>(16,802)</u>
Total other financing (uses)	<u>(5,754)</u>	<u>(11,048)</u>	<u>-</u>	<u>(16,802)</u>
Net change in fund balances	(19,094)	30,342	3,342	14,590
Fund balances—beginning	<u>1,227,899</u>	<u>240,772</u>	<u>398,351</u>	<u>1,867,022</u>
Fund balances—ending	<u>\$ 1,208,805</u>	<u>\$ 271,114</u>	<u>\$ 401,693</u>	<u>\$ 1,881,612</u>

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FEDERAL AWARDS INFORMATION

COUNTY OF YATES, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Grantor/Pass-through Grantor Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
U.S. Department of Agriculture:				
Passed through NYS Department of Children and Family Services:				
<i>SNAP Cluster</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	\$ -	\$ 338,685
<i>Total SNAP Cluster</i>			-	338,685
Total U.S. Department of Agriculture			-	338,685
U.S. Department of Labor:				
Passed through Finger Lakes Workforce Investment Board:				
<i>WIA/WIOA Cluster</i>				
WIA/WIOA Adult Program	17.258	N/A	-	35,917
WIA/WIOA Youth Activities	17.259	N/A	-	77,836
WIA/WIOA Dislocated Workers	17.278	N/A	-	32,264
<i>Total WIA/WIOA Cluster</i>			-	146,017
Total U.S. Department of Labor			-	146,017
U.S. Department of Transportation:				
Passed through New York State Department of Transportation:				
Airport Improvement Program	20.106	N/A	-	127,068
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	6755.14.121	-	889
Highway Planning and Construction	20.205	6755.14.221	-	2,791
Highway Planning and Construction	20.205	6755.14.321	-	881,066
Highway Planning and Construction	20.205	6755.34.121	-	39,291
Highway Planning and Construction	20.205	6755.34.221	-	13,552
<i>Total Highway Planning and Construction Cluster</i>			-	937,589
<i>Highway Safety Cluster</i>				
National Priority Safety Program	20.616	CPS2020-YCSO-00005-(062)	-	1,034
National Priority Safety Program	20.616	CPS2021-YCSO-00088-(062)	-	1,058
<i>Total Highway Safety Cluster</i>			-	2,092
Total U.S. Department of Transportation			-	1,066,749
U.S. Department of Education:				
Passed through NYS Department of Health:				
Special Education-Grants for Infants and Families	84.181	C31674GG-3450000	-	21,266
Total U.S. Department of Education			-	21,266

(continued)

COUNTY OF YATES, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

(concluded)

Federal Grantor/Pass-through Grantor Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
U.S. Department of Health and Human Services:				
Passed through NYS Department of Health:				
Epidemiology and Laboratory Capacity for Infection Diseases (ELC)	93.323	6435-01		15,937
Immunization Cooperative Agreements	93.268	C325TGG	-	15,451
Immunization Cooperative Agreements	93.268	6325-01	-	23,746
<i>Total Immunization Cooperative Agreements</i>			-	39,197
Maternal and Child Health Services Block Grant to the States	93.994	C31674GG-3450000	-	2,346
Maternal and Child Health Services Block Grant to the States	93.994	C030250	-	6,861
<i>Total Maternal and Child Health Services Block Grant to the States</i>			-	9,207
Passed through NYS Office of Temporary and Disability Assistance:				
<i>477 Cluster:</i>				
Temporary Assistance for Needy Families	93.558	N/A	-	2,018,348
<i>Total 477 Cluster</i>			-	2,018,348
Child Support Enforcement	93.563	N/A	-	145,916
Low-Income Home Energy Assistance Program	93.568	N/A	-	876,256
<i>CCDF Cluster:</i>				
Child Care and Development Block Grant	93.575	N/A	-	151,652
<i>Total CCDF Cluster</i>			-	151,652
Foster Care, Title IV-E	93.658	N/A	-	207,751
Adoption Assistance	93.659	N/A	-	38,119
Social Services Block Grant	93.667	N/A	-	626,534
Chafee Foster Care Independence Program	93.674	N/A	-	10,469
<i>Medicaid Cluster:</i>				
Medical Assistance Program	93.778	N/A	-	239,455
<i>Total Medicaid Cluster</i>			-	239,455
Passed through Health Research, Inc:				
Public Health Emergency Preparedness	93.069	1633-12	-	53,090
Total U.S. Department of Health and Human Services			-	4,431,931
U.S. Department of Homeland Security:				
Passed through NYS Division of Homeland Security and Emergency Services:				
Homeland Security Grant Program	97.067	T974770	-	671
Homeland Security Grant Program	97.067	T974780	-	10,756
Homeland Security Grant Program	97.067	T974790	-	12,551
Homeland Security Grant Program	97.067	T158150	-	3,825
Homeland Security Grant Program	97.067	T839395	-	14,331
Homeland Security Grant Program	97.067	N/A	-	37,198
Total U.S. Department of Homeland Security			-	79,332
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			\$ -	\$ 6,083,980

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

COUNTY OF YATES, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the County of Yates, New York (the “County”) under programs of the federal government for the year ended December 31, 2020. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County. The following notes were identified on the Schedule:

- a) Includes all federal award programs of the County of Yates, New York. The federal expenditures, if any, of the Yates County Capital Resource Corporation (“YCCRC”) or the Yates County Industrial Development Agency (“YCIDA”) have not been included.
- b) Source: Catalog of Federal Domestic Assistance.
- c) Pass-through entity identifying numbers are presented where available.
- d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- e) A reconciliation to basic the financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. MATCHING COSTS

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

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Certified Public Accountants

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

Honorable County Legislature
County of Yates, New York:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Yates, New York (the "County") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 12, 2021. Our report includes a reference to other auditors who audited the financial statements of Yates County Capital Resource Corporation and Yates County Industrial Development Agency, 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 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 County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Drescher & Malecki LLP

April 12, 2021

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable County Legislature
County of Yates, New York:

Report on Compliance for Each Major Federal Program

We have audited the County of Yates, New York's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Yates County Capital Resource Corporation ("YCCRC") and the Yates County Industrial Development Agency ("YCIDA"), which represented that they did not receive federal awards, and are not included in the Schedule of Expenditures of Federal Awards during the year ended December 31, 2020. Our compliance audit, described below, did not include the operations of YCCRC or YCIDA.

Management's Responsibility

The County's management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

Drescher & Malecki LLP

April 12, 2021

COUNTY OF YATES, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified*
 *(which report includes a reference to other auditors)

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	✓ No
Significant deficiency(ies) identified?	_____ Yes	✓ None reported
Noncompliance material to the financial statements noted?	_____ Yes	✓ No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	✓ No
Significant deficiency(ies) identified?	_____ Yes	✓ None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	✓ No
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Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster
93.667	Social Service Block Grant

Dollar threshold used to distinguish between Type A and Type B programs?	\$ <u>750,000</u>
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Auditee qualified as low-risk auditee?	✓ Yes	_____ No
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Section II. FINANCIAL STATEMENT FINDINGS

No findings noted.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

COUNTY OF YATES, NEW YORK
Summary Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2020
(Follow-up on December 31, 2019 Findings)

No findings noted.

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