

***COUNTY OF WAYNE, NEW YORK***

***BASIC FINANCIAL STATEMENTS***

***For Year Ended December 31, 2010***

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and  
New York State Society of  
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT**

To the Chairman and Members of the Board of Supervisors  
County of Wayne, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Wayne, New York (the County) as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Wayne County Nursing Home which statements reflect total assets of \$23,518,519 and total revenues of \$16,786,209, a business-type activity-enterprise fund at December 31, 2010. Those financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion insofar as it relates to amounts included for the business-type activity-enterprise fund, is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report 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, each major fund, the aggregate remaining fund information of the County at December 31, 2010, the respective changes in financial position, the respective budgetary comparisons for the General Fund and the County Road Fund, and where applicable cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 14 and the required supplementary information on pages 50 through 54, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying introductory section, the combining and individual fund statements, the schedules for the combining balance sheet-nonmajor governmental funds, the combining statement of revenues, expenditures, and changes in fund balances-nonmajor governmental funds, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Raymond F. Wager CPA-PC*

May 26, 2011

# COUNTY OF WAYNE, NEW YORK

## Management's Discussion and Analysis

December 31, 2010

As management of the County of Wayne, New York we offer readers of the County of Wayne's financial statements this narrative overview and analysis of the financial activities of the County of Wayne, New York for the year ended December 31, 2010. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### FINANCIAL HIGHLIGHTS

- The assets of the County of Wayne, New York exceeded its liabilities at the close of the most recent year by \$152,813 (net assets). Of this amount, \$83,848 (unrestricted net assets) may be used by the government's ongoing obligations to citizens and creditors.
- The government's total net assets stayed relatively the same as last year. Actual operations were closer to budget estimates.
- As of the close of the current year, the County of Wayne's governmental funds reported combined ending fund balances of \$81,085, a decrease of \$12,279 in comparison with the prior year. Approximately 78% of that amount, \$63,562, is *available for spending* at the government's discretion (*undesignated fund balance*).
- At the end of the current year, undesignated fund balance for the general fund was \$60,184, or 52% of total general fund expenditures.
- The County of Wayne's total long-term obligations decreased by \$1,080 (5%) during the current year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent year. All changes in net assets 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).

**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 of Wayne, 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 of Wayne can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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 *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County of Wayne, New York maintains five 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 and the county road fund which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County of Wayne, New York adopts an annual appropriated budget for its general fund, special revenue funds and enterprise fund. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with these budgets.

**Proprietary Fund.** The County of Wayne, New York maintains one type of proprietary fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements of the Nursing Home, are considered to be a major fund of the County of Wayne, New York.

**Enterprise Fund.** The *Enterprise Fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County of Wayne, New York uses an enterprise fund to account for its Nursing Home operation.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County of Wayne's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**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.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County of Wayne, New York, assets exceeded liabilities by \$152,813 at the close of the most recent year. These net assets stayed relatively the same as last year due to actual operations being closer to budget estimates.

The largest portion of the County of Wayne's net assets (45%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County of Wayne uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County of Wayne'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.

## COUNTY OF WAYNE'S NET ASSETS

*Amounts shown in thousands*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b><u>ASSETS:</u></b>						
Current and Other Assets	\$ 105,026	\$ 113,810	\$ 6,377	\$ 10,706	\$ 111,403	\$ 124,516
Capital Assets	85,767	73,847	17,142	19,004	102,909	92,851
<b>Total Assets</b>	<b>\$ 190,793</b>	<b>\$ 187,657</b>	<b>\$ 23,519</b>	<b>\$ 29,710</b>	<b>\$ 214,312</b>	<b>\$ 217,367</b>
<b><u>LIABILITIES:</u></b>						
Current Liabilities	\$ 24,179	\$ 20,878	\$ 2,945	\$ 2,497	\$ 27,124	\$ 23,375
Noncurrent Liabilities	16,771	18,065	17,605	18,457	34,376	36,522
<b>Total Liabilities</b>	<b>\$ 40,950</b>	<b>\$ 38,943</b>	<b>\$ 20,550</b>	<b>\$ 20,954</b>	<b>\$ 61,500</b>	<b>\$ 59,897</b>
<b><u>NET ASSETS:</u></b>						
Invested in Capital Assets, Net of Related Debt	\$ 70,048	\$ 75,645	\$ (1,083)	\$ (45)	\$ 68,965	\$ 75,600
Unrestricted	79,796	73,069	4,052	8,801	83,848	81,870
<b>Total Net Assets</b>	<b>\$ 149,844</b>	<b>\$ 148,714</b>	<b>\$ 2,969</b>	<b>\$ 8,756</b>	<b>\$ 152,813</b>	<b>\$ 157,470</b>

The *unrestricted net assets* of \$83,848 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current year, the County of Wayne, New York is able to report positive balances in all three categories of net assets, both for the government as a whole. The same situation held true for the prior year.

There was a decrease of \$4,749 in unrestricted net assets reported in connection with the County of Wayne, New York's business activities. This decrease resulted from a loss in the operation of the Nursing Home.

There was an increase of \$6,727 in unrestricted net assets reported in connection with the County of Wayne, New York's governmental activities. This increase resulted from a repayment from the County's Nursing Home for a previous cash advance. An increase in Federal Aid due to the stimulus package also added to the increase.

The government's net assets decreased by \$4,657 during the current year.

**Governmental activities** Governmental activities increased the County of Wayne's net assets by \$1,130. Key elements of this increase are as follows:

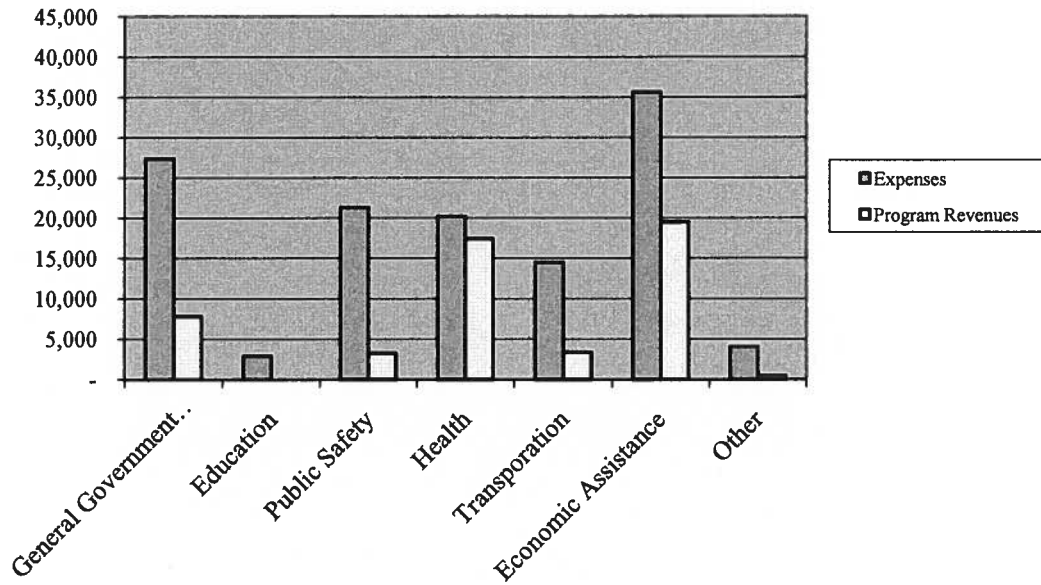
## COUNTY OF WAYNE'S CHANGE IN NET ASSETS

*Amounts shown in thousands*

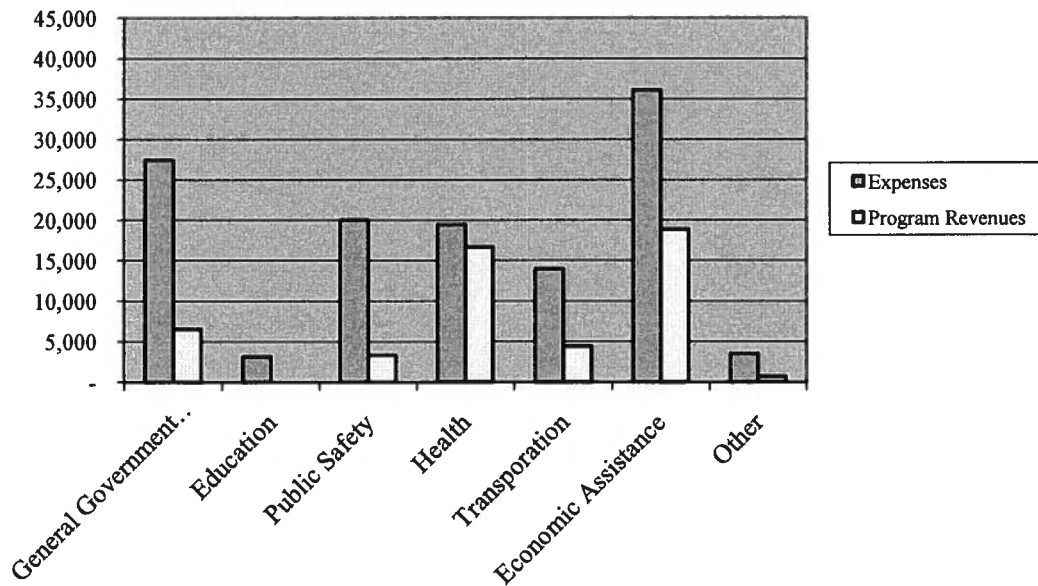
	Governmental		Business-Type		Total	
	Activities		Activities			
<b>REVENUES:</b>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b><u>Program Revenues -</u></b>						
Charges for Services	\$ 15,027	\$ 14,982	\$ 16,974	\$ 17,614	\$ 32,001	\$ 32,596
Operating Grants and Contributions	33,959	31,098	-	250	33,959	31,348
Capital Grants and Contributions	2,824	4,455	-	-	2,824	4,455
<b><u>General Revenues -</u></b>						
Property Taxes	38,208	35,189	-	-	38,208	35,189
Other Taxes	36,581	35,754	-	-	36,581	35,754
Other	2,472	5,204	13	38	2,485	5,242
<b>Total Revenues</b>	<b><u>\$ 129,071</u></b>	<b><u>\$ 126,682</u></b>	<b><u>\$ 16,987</u></b>	<b><u>\$ 17,902</u></b>	<b><u>\$ 146,058</u></b>	<b><u>\$ 144,584</u></b>
<b><u>EXPENSES:</u></b>						
General Government	\$ 27,983	\$ 27,479	\$ -	\$ -	\$ 27,983	\$ 27,479
Education	2,995	3,112	-	-	2,995	3,112
Public Safety	21,364	20,053	-	-	21,364	20,053
Health	20,769	19,468	22,773	20,688	43,542	40,156
Transportation	14,837	13,994	-	-	14,837	13,994
Economic Assistance	35,911	36,105	-	-	35,911	36,105
Culture and Recreation	755	829	-	-	755	829
Home and Community Services	2,461	2,298	-	-	2,461	2,298
Debt Service	866	367	-	-	866	367
<b>Total Expenses</b>	<b><u>\$ 127,941</u></b>	<b><u>\$ 123,705</u></b>	<b><u>\$ 22,773</u></b>	<b><u>\$ 20,688</u></b>	<b><u>\$ 150,714</u></b>	<b><u>\$ 144,393</u></b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 1,130</b>	<b>\$ 2,977</b>	<b>\$ (5,786)</b>	<b>\$ (2,786)</b>	<b>\$ (4,656)</b>	<b>\$ 191</b>
<b>NET ASSETS - BEGINNING</b>	<b>148,714</b>	<b>145,737</b>	<b>8,755</b>	<b>11,542</b>	<b>157,469</b>	<b>157,279</b>
<b>NET ASSETS - ENDING</b>	<b><u>\$ 149,844</u></b>	<b><u>\$ 148,714</u></b>	<b><u>\$ 2,969</u></b>	<b><u>\$ 8,756</u></b>	<b><u>\$ 152,813</u></b>	<b><u>\$ 157,470</u></b>

- Total revenues for Governmental Activities increased \$2,389 and total expenses for Governmental Activities increased \$4,236 keeping the same budgetary spread as last year.
- Revenues for Real Property Taxes increased \$3,019.
- Capital Grants and Contributions decreased \$1,631.

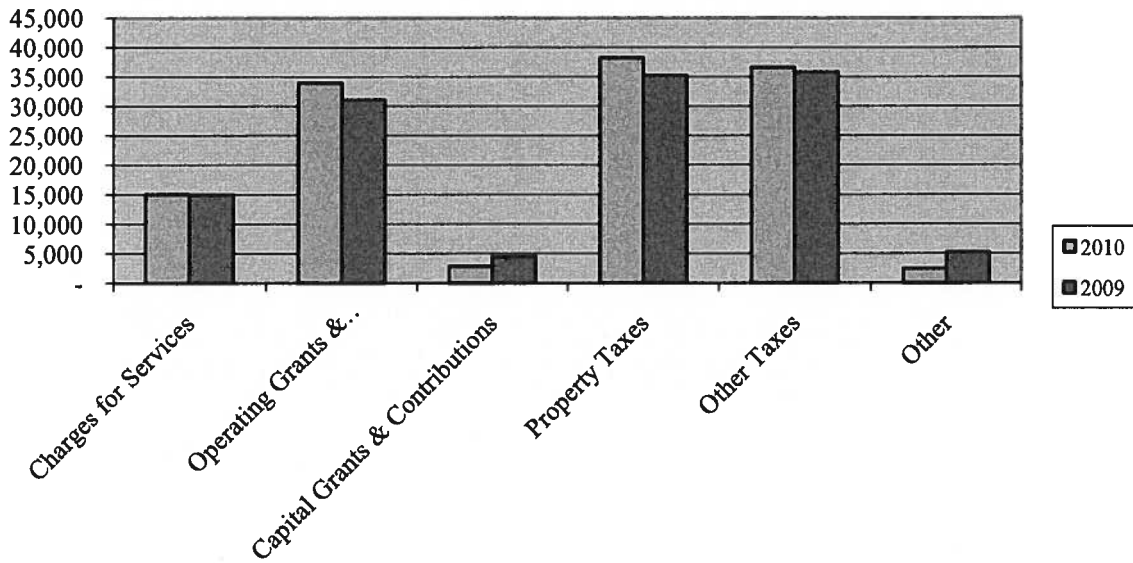
**EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL  
ACTIVITIES - 2010**



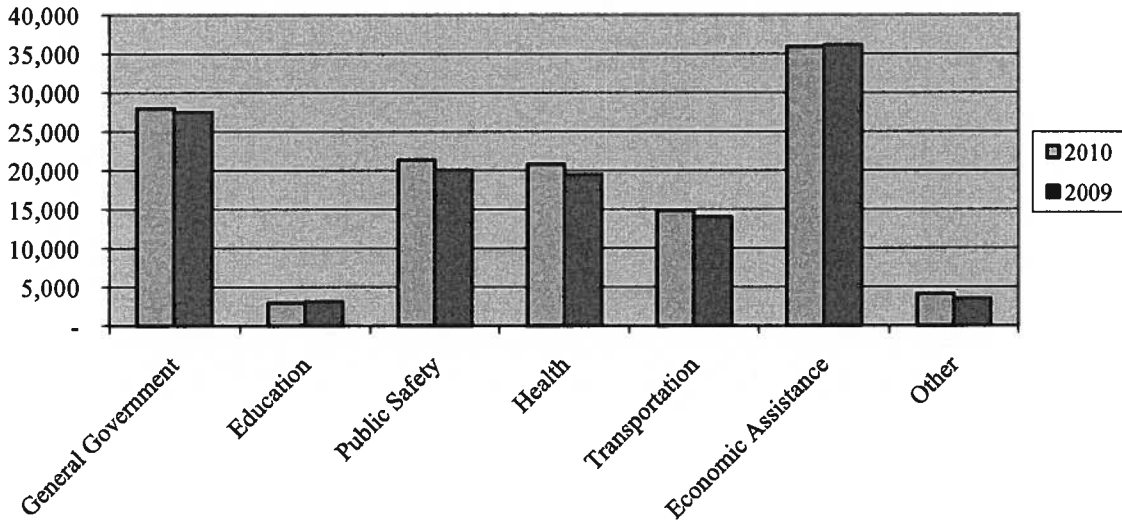
**EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL  
ACTIVITIES - 2009**



**REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES -  
2010 & 2009**



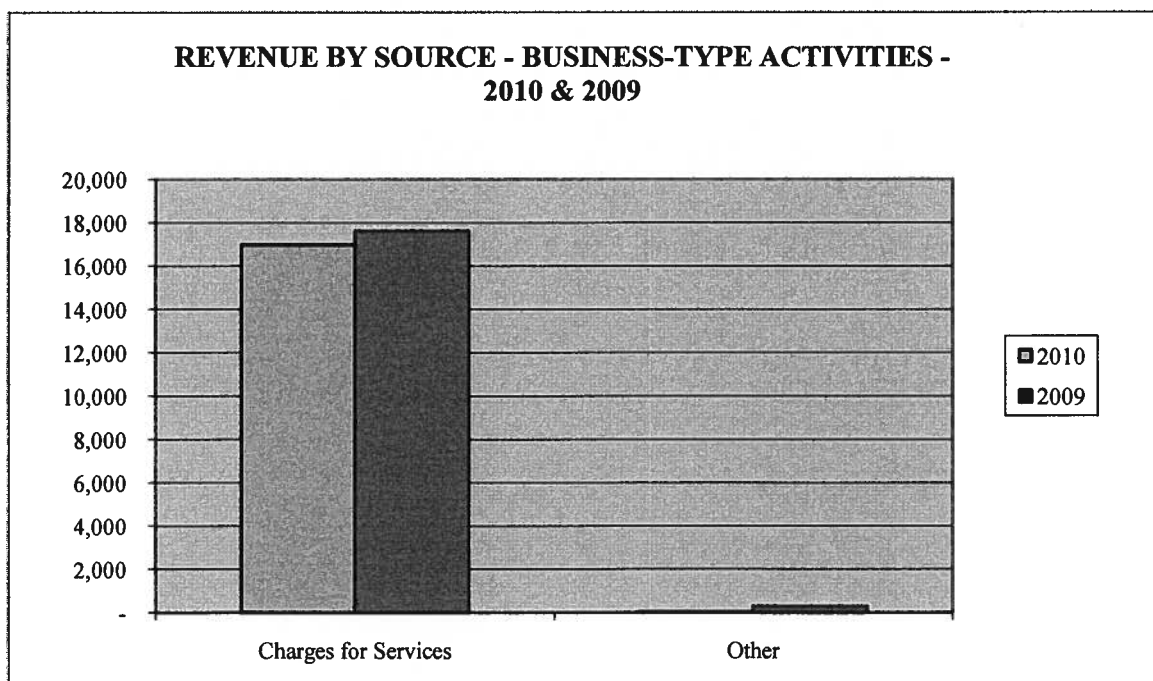
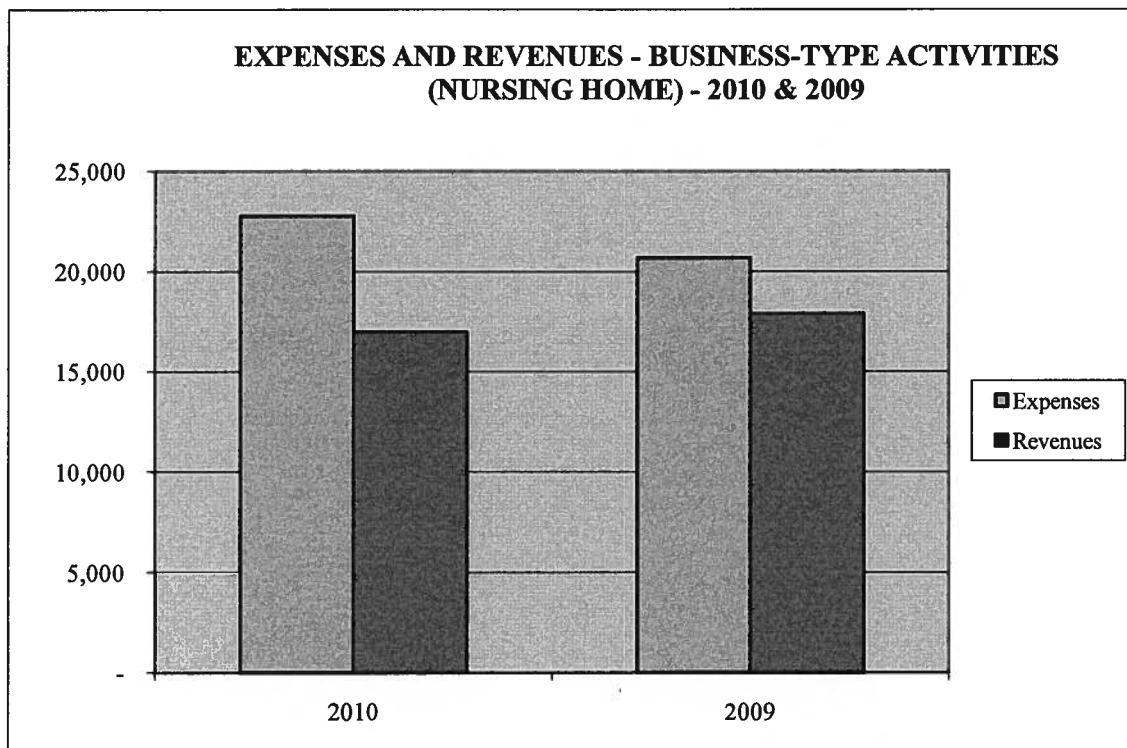
**EXPENSES BY SOURCE - GOVERNMENTAL ACTIVITIES -  
2010 & 2009**

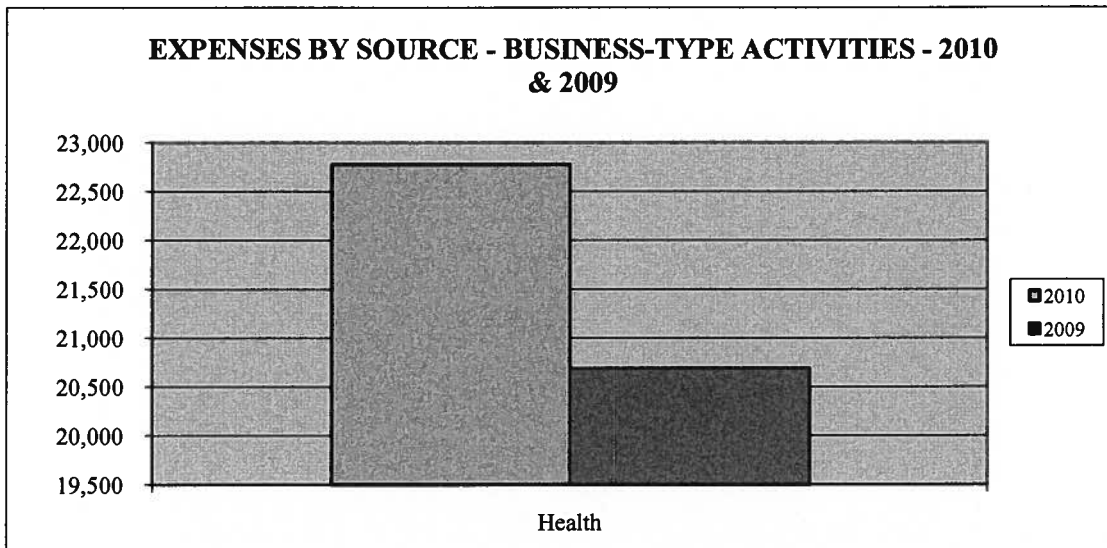


For the most part, increases in expenses closely paralleled inflation and growth in demand for services.

**Business-type activities** Business-type activities decreased the County of Wayne's net assets by \$5,787. Key elements of this decrease are as follows:

- Revenues decreased \$915 (5%) which is primarily due to the elimination of the (IGT) payment from the State.
- Expenses increased \$2,085 (10%) which is primarily due to an increase in payroll related items.





**FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS**

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

**Governmental Funds** The focus of the County of Wayne’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 of Wayne’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the year.

As of the end of the current year, the County of Wayne, New York’s governmental funds reported combined ending fund balances of \$81,085, a decrease of \$12,279 in comparison with the prior year. Approximately, 78% of this total amount \$63,562 constitutes *unreserved fund balance*, which is available for spending at the government’s discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to reduce the tax levy for the following year \$3,650, and 2) for a variety of other restricted purposes \$13,873.

The general fund is the chief operating fund of the County of Wayne, New York. At the end of the current year, undesignated fund balance of the general fund was \$60,184, while total fund balance reached \$76,630. As a measure of the general funds liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 52% of total general fund expenditures, while total fund balance represents 67% of that same amount.

The fund balance of the County of Wayne’s general fund increased by \$3,787 during the current year. Key factors to this increase are as follows:

- a reduced capital contribution to the Nursing Home and
- Federal stimulus funds

The County Road Fund is a Special Revenue Fund of the County of Wayne, New York. At the end of the current year, the total fund balance of the County Road Fund was \$1,063.

**Proprietary fund** The County of Wayne, New York's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Nursing Home at the end of the year amounted to \$4,052. The decrease in net assets was \$5,786. The factors concerning the finances of the Nursing Home have already been addressed in the discussion of the County of Wayne's business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

- Conservative Budgetary estimates continue to keep the County on a sound financial footing. County administration works closely with department heads to monitor budgets.

## BUDGETARY VARIANCES

The key factors for budget variances in the general fund are listed below along with explanations for each.

<b>Expenditure Items:</b>	<b>Budget Variance Original Vs. Amended</b>	<b>Explanation for Budget Variance</b>
General Fund-Public Safety	\$1,405	Planned program expansion was delayed.
General Fund-Economic Assistance and Opportunity	\$1,177	Cost increases were lower than expected.
County Road Fund-Transportation	\$4,373	A road construction project was delayed until 2011.

<b>Revenue Items:</b>	<b>Budget Variance Amended Vs. Actual</b>	<b>Explanation for Budget Variance</b>
General Fund-Non-Property Taxes	\$1,167	Sales Tax Revenue was higher than expected.
General Fund-Department Income	(\$1,487)	Public Health Fees were lower than expected due to a restructuring.
General Fund-Intergovernmental Charges	(\$1,654)	State withheld payment for inmates.
General Fund-Use of Money and Property	(\$1,020)	Falling rates and reduced cash balances contributed to lower revenue.
General Fund-State Sources	(\$2,389)	State budget difficulties reduced aid to Counties.

<b>Expenditure Items:</b>	<b>Budget Variance Amended Vs. Actual</b>	<b>Explanation for Budget Variance</b>
General Fund-General Government Support	\$1,533	Many vacant positions were not filled for economic reasons.
General Fund-Public Safety	\$1,776	Planned program expansion was delayed.
General Fund-Health	\$4,050	Home nursing was eliminated.
General Fund-Economic Assistance and Opportunity	\$7,294	Expected program increases did not take place.
General Fund-Transfers-Out	\$1,141	All of the Nursing Home loan wasn't used.
County Road Fund-Transportation	\$2,997	A road construction project was delayed until 2011.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital assets** The County of Wayne, New York's capital assets for its governmental and business type activities as of December 31, 2010, amounts to \$102,910 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. There were no major capital events during the current year. (Additional information can be found in Note V of the Notes to the Basis Financial Statements).

#### COUNTY OF WAYNE'S CAPITAL ASSETS (net of depreciation)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Land	\$ 1,637	\$ 1,637	\$ 37	\$ 37	\$ 1,674	\$ 1,674
Buildings	19,063	18,745	16,529	18,363	35,592	37,108
Machinery and Equipment	1,989	1,300	566	589	2,555	1,889
Infrastructure	42,247	46,185	-	-	42,247	46,185
Land Improvements	-	-	10	15	10	15
Construction in Progress	20,832	5,980	-	-	20,832	5,980
<b>Total Capital Assets</b>	<b>\$ 85,768</b>	<b>\$ 73,847</b>	<b>\$ 17,142</b>	<b>\$ 19,004</b>	<b>\$ 102,910</b>	<b>\$ 92,851</b>

**Long-term debt** At the end of the current fiscal year, the County of Wayne, New York had total bonded debt outstanding of \$38,900. The entire amount of debt is backed by the full faith and credit of the government. (Additional information can be found in Note VIII of the Notes to the Basis Financial Statements).

**COUNTY OF WAYNE'S OUTSTANDING DEBT**  
**General Obligations**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Serial Bonds	\$ 9,575	\$ 9,810	\$ 18,225	\$ 19,050	\$ 27,800	\$ 28,860
Capital Lease	6,145	6,435	-	-	6,145	6,435
Health Plan	-	635	-	-	-	635
OPEB Liability	643	809	205	233	848	1,042
Workers' Compensation Liability	4,107	3,861	-	-	4,107	3,861
<b>Total</b>	<b>\$ 20,470</b>	<b>\$ 21,550</b>	<b>\$ 18,430</b>	<b>\$ 19,283</b>	<b>\$ 38,900</b>	<b>\$ 40,833</b>

The County of Wayne's total debt decreased by \$1,933 (4%) during the current year. This represents annual debt service on the general obligations of the County.

The County of Wayne, New York maintains an A1 rating from Moody's for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 percent of the last five year average of total assessed value. The current debt limit for the County of Wayne is \$298,432 million which is significantly in excess of the County of Wayne's outstanding general obligation debt.

**ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES**

- The unemployment rate increased from 5.8% in 2009 to 8.5% in 2010.
- Sales Tax revenue increased from \$34.8 million to \$35.7 million despite the difficult economy.
- New York State is experiencing strains on its budget.

All of these factors were taken into consideration in preparing the County of Wayne, New York's budget for 2011. During the current year, fund balance in the General Fund increased by \$3.8 million to \$60.2 million representing 52% of general fund expenditures. The County of Wayne, New York has appropriated \$3.6 million in the 2011 Budget.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the County of Wayne's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Treasurer, 16 William Street, Lyons, New York, 14489.

**COUNTY OF WAYNE, NEW YORK**

**Statement of Net Assets**

**December 31, 2010**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
<b>Current Assets -</b>			
Cash and cash equivalents	\$ 84,357,344	\$ 2,379,674	\$ 86,737,018
Receivables (net)	18,588,306	3,334,706	21,923,012
Prepays	2,080,219	479,559	2,559,778
Inventories	-	182,802	182,802
<b>Total Current Assets</b>	<b>\$ 105,025,869</b>	<b>\$ 6,376,741</b>	<b>\$ 111,402,610</b>
<b>Capital Assets (Net of Accumulated Depreciation) -</b>			
Land	\$ 1,636,650	\$ 37,328	\$ 1,673,978
Land improvements	-	10,012	10,012
Buildings	19,063,122	16,528,788	35,591,910
Equipment	1,989,229	565,650	2,554,879
Infrastructure	42,246,686	-	42,246,686
Work in progress	20,832,056	-	20,832,056
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>\$ 85,767,743</b>	<b>\$ 17,141,778</b>	<b>\$ 102,909,521</b>
<b>TOTAL ASSETS</b>	<b>\$ 190,793,612</b>	<b>\$ 23,518,519</b>	<b>\$ 214,312,131</b>
<b>LIABILITIES:</b>			
<b>Current Liabilities -</b>			
Accounts payable	\$ 2,926,108	\$ 769,578	\$ 3,695,686
Accrued liabilities	4,162,886	1,350,175	5,513,061
Due to other governments	10,826,022	-	10,826,022
Unearned revenue	2,564,077	-	2,564,077
Due in one year	3,699,289	825,000	4,524,289
<b>Total Current Liabilities</b>	<b>\$ 24,178,382</b>	<b>\$ 2,944,753</b>	<b>\$ 27,123,135</b>
<b>Noncurrent Liabilities -</b>			
Due in more than one year	\$ 16,771,243	\$ 17,604,966	\$ 34,376,209
<b>TOTAL LIABILITIES</b>	<b>\$ 40,949,625</b>	<b>\$ 20,549,719</b>	<b>\$ 61,499,344</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	\$ 70,047,743	\$ (1,083,222)	\$ 68,964,521
Unrestricted	79,796,244	4,052,022	83,848,266
<b>TOTAL NET ASSETS</b>	<b>\$ 149,843,987</b>	<b>\$ 2,968,800</b>	<b>\$ 152,812,787</b>

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

**COUNTY OF WAYNE, NEW YORK**

**Statement of Activities**

**For the Year Ended December 31, 2010**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business - Type Activities	Total
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General government support	\$ 27,982,560	\$ 6,529,955	\$ 1,281,462	\$ (20,171,143)	\$ -	\$ (20,171,143)
Education	2,994,769	-	-	(2,994,769)	-	(2,994,769)
Public safety	21,364,450	908,459	2,352,242	(18,103,749)	-	(18,103,749)
Health	20,769,344	4,051,132	13,377,449	(3,340,763)	-	(3,340,763)
Transportation	14,837,414	555,217	-	(11,476,786)	-	(11,476,786)
Economic assistance and opportunity	35,911,019	2,783,860	16,709,072	(16,418,087)	-	(16,418,087)
Culture and recreation	755,142	18,133	239,178	(497,831)	-	(497,831)
Home and community services	2,461,167	179,969	-	(2,262,198)	-	(2,262,198)
Interest on long-term debt	865,664	-	-	(865,664)	-	(865,664)
<b>Total Governmental Activities</b>	<b>\$ 127,941,529</b>	<b>\$ 15,026,725</b>	<b>\$ 33,959,403</b>	<b>\$ (76,130,990)</b>	<b>\$ -</b>	<b>\$ (76,130,990)</b>
<b>Business - Type Activity:</b>						
Nursing home	\$ 22,773,406	\$ 16,974,439	\$ -	\$ -	\$ (5,798,967)	\$ (5,798,967)
<b>Total Business - Type Activity</b>	<b>\$ 22,773,406</b>	<b>\$ 16,974,439</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (5,798,967)</b>	<b>\$ (5,798,967)</b>
<b>Total Primary Government</b>	<b>\$ 150,714,935</b>	<b>\$ 32,001,164</b>	<b>\$ 33,959,403</b>	<b>\$ (76,130,990)</b>	<b>\$ (5,798,967)</b>	<b>\$ (81,929,957)</b>
<b>General Revenues:</b>						
Property taxes				\$ 38,207,945	\$ -	\$ 38,207,945
Sales taxes				36,581,140	-	36,581,140
Investment earnings				637,789	12,544	650,333
Miscellaneous				1,833,754	-	1,833,754
<b>Total General Revenues</b>				<b>\$ 77,260,628</b>	<b>\$ 12,544</b>	<b>\$ 77,273,172</b>
Change in Net Assets				\$ 1,129,638	\$ (5,786,423)	\$ (4,656,785)
<b>Net Assets, Beginning</b>				<b>148,714,349</b>	<b>8,755,223</b>	<b>157,469,572</b>
<b>Net Assets, Ending</b>				<b>\$ 149,843,987</b>	<b>\$ 2,968,800</b>	<b>\$ 152,812,787</b>

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

**COUNTY OF WAYNE, NEW YORK**

**Balance Sheet**

**Governmental Funds**

**December 31, 2010**

	<u>General Fund</u>	<u>County Road Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 78,931,531	\$ 1,320,367	\$ 4,105,446	\$ 84,357,344
Receivables (net)	24,644,735	873,092	14,701	25,532,528
Prepays	1,364,105	103,070	9,740	1,476,915
<b>TOTAL ASSETS</b>	<u>\$ 104,940,371</u>	<u>\$ 2,296,529</u>	<u>\$ 4,129,887</u>	<u>\$ 111,366,787</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities</b>				
Accounts payable	\$ 4,510,236	\$ 861,947	\$ 708,214	\$ 6,080,397
Accrued liabilities	4,571,916	371,790	29,313	4,973,019
Due to other governments	10,826,022	-	-	10,826,022
Overpayments and collections in advance	1,768,797	-	-	1,768,797
Unearned revenues	6,633,866	-	-	6,633,866
<b>TOTAL LIABILITIES</b>	<u>\$ 28,310,837</u>	<u>\$ 1,233,737</u>	<u>\$ 737,527</u>	<u>\$ 30,282,101</u>
<b>Fund Balances</b>				
<b>Unreserved, designated for:</b>				
Encumbrances	\$ 1,053,846	\$ -	\$ 4,162	\$ 1,058,008
Specific purposes	10,377,966	959,722	-	11,337,688
Prepays	1,364,105	103,070	9,740	1,476,915
Ensuing fiscal year	3,650,000	-	-	3,650,000
<b>Unreserved, undesignated reported in:</b>				
General fund	60,183,617	-	-	60,183,617
Special revenue funds	-	-	1,474,471	1,474,471
Capital projects funds	-	-	1,903,987	1,903,987
<b>TOTAL FUND BALANCES</b>	<u>\$ 76,629,534</u>	<u>\$ 1,062,792</u>	<u>\$ 3,392,360</u>	<u>\$ 81,084,686</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 104,940,371</u>	<u>\$ 2,296,529</u>	<u>\$ 4,129,887</u>	

**Amounts reported for governmental activities in the**

**Statement of Net Assets are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	85,767,743
Deferred tax revenue reported in governmental funds is reported as revenue in the entity wide statement of activities.	(1,105,636)
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(142,719)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Health plan liability	603,304
OPEB liability	(643,391)
Bond Payable	(9,575,000)
Capital lease	(6,145,000)
<b>Net Assets of Governmental Activities</b>	<u>\$ 149,843,987</u>

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

**COUNTY OF WAYNE, NEW YORK**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2010**

	General Fund	County Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real property and tax items	\$ 38,625,531	\$ -	\$ -	\$ 38,625,531
Non-property taxes	36,581,140	-	-	36,581,140
Departmental income	12,944,389	-	-	12,944,389
Intergovernmental charges	1,127,279	179,969	555,217	1,862,465
Use of money and property	606,230	20,536	11,023	637,789
Licenses and permits	4,047	-	-	4,047
Fines and forfeitures	215,824	-	-	215,824
Sale of property and compensation for loss	1,853,561	64,521	77,125	1,995,207
Miscellaneous	1,528,858	13,082	28,385	1,570,325
Interfund revenues	428,931	9,162	725,343	1,163,436
State sources	20,044,399	2,049,606	-	22,094,005
Federal sources	11,919,797	755,805	19,000	12,694,602
<b>TOTAL REVENUES</b>	<b>\$ 125,879,986</b>	<b>\$ 3,092,681</b>	<b>\$ 1,416,093</b>	<b>\$ 130,388,760</b>
<b>EXPENDITURES:</b>				
Current:				
General government support	\$ 28,712,659	\$ -	\$ 15,275,373	\$ 43,988,032
Education	2,994,769	-	-	2,994,769
Public safety	21,585,528	-	-	21,585,528
Health	20,860,353	-	-	20,860,353
Transportation	38,378	10,278,965	1,896,109	12,213,452
Economic assistance and opportunity	36,251,313	-	26,953	36,278,266
Culture and recreation	830,405	-	101,504	931,909
Home and community services	2,448,229	-	-	2,448,229
Debt Service:				
Debt service - principle payments	525,000	-	-	525,000
Debt service - interest payments	841,725	-	-	841,725
<b>TOTAL EXPENDITURES</b>	<b>\$ 115,088,359</b>	<b>\$ 10,278,965</b>	<b>\$ 17,299,939</b>	<b>\$ 142,667,263</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 10,791,627</b>	<b>\$ (7,186,284)</b>	<b>\$ (15,883,846)</b>	<b>\$ (12,278,503)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers - in	\$ 1,983,667	\$ 7,031,776	\$ 1,956,346	\$ 10,971,789
Transfers - out	(8,988,122)	(25,428)	(1,958,239)	(10,971,789)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (7,004,455)</b>	<b>7,006,348</b>	<b>\$ (1,893)</b>	<b>\$ -</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 3,787,172</b>	<b>\$ (179,936)</b>	<b>\$ (15,885,739)</b>	<b>\$ (12,278,503)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>72,842,362</b>	<b>1,242,728</b>	<b>19,278,099</b>	<b>93,363,189</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 76,629,534</b>	<b>\$ 1,062,792</b>	<b>\$ 3,392,360</b>	<b>\$ 81,084,686</b>

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

**COUNTY OF WAYNE, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Year Ended December 31, 2010**

**Net Change in Fund Balances - Total Governmental Funds** **\$ (12,278,503)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets exceeded depreciation in the current period:

Capital Outlay	\$ 15,939,371	
Asset Additions/Deletions, net	3,675,588	
Depreciation	<u>(7,694,151)</u>	
		11,920,808

Bond and capital lease debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term obligations in the statement of net assets. The following details these items as they effect the governmental activities:

Debt Repayments	525,000
-----------------	---------

Deferred tax revenue reported in governmental funds is recorded as revenue in entity wide statement of activities. (417,586)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (23,939)

In the statement of activities, the health plan and OPEB liabilities are measured by the amount accrued during the year. In the governmental funds, expenditures for those items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

OPEB Liability	\$ 165,183	
Health Plan Liability	<u>1,238,675</u>	
		<u>1,403,858</u>

**Change in Net Assets of Governmental Activities** **\$ 1,129,638**

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

**COUNTY OF WAYNE, NEW YORK**

**Statement of Net Assets**

**Proprietary Funds**

**December 31, 2010**

	<u>Business - Type Activity</u>	
	<u>Enterprise Fund</u>	
	<u>Nursing</u>	
	<u>Home</u>	
	<hr/>	
<b>ASSETS:</b>		
<b>Current Assets -</b>		
Cash and cash equivalents	\$	2,238,521
Custodial accounts		141,153
Receivables (net)		3,334,706
Prepays		479,559
Inventories		182,802
<b>Total Current Assets</b>	\$	<u>6,376,741</u>
<b>Capital Assets (Net of Accumulated Depreciation) -</b>		
Land	\$	37,328
Land improvements		10,012
Buildings		16,528,788
Equipment		565,650
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	\$	<u>17,141,778</u>
<b>TOTAL ASSETS</b>	\$	<u><u>23,518,519</u></u>
<b>LIABILITIES:</b>		
<b>Current Liabilities -</b>		
Accounts payable	\$	769,578
Accrued liabilities		1,350,175
Due in one year		825,000
<b>Total Current Liabilities</b>	\$	<u>2,944,753</u>
<b>Noncurrent Liabilities -</b>		
Due in more than one year	\$	17,604,966
<b>TOTAL LIABILITIES</b>	\$	<u>20,549,719</u>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	\$	(1,083,222)
Unrestricted		4,052,022
<b>TOTAL NET ASSETS</b>	\$	<u><u>2,968,800</u></u>

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

**COUNTY OF WAYNE, NEW YORK**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the Year Ended December 31, 2010**

	<u>Business - Type Activity</u>
	<u>Enterprise Fund</u>
	Nursing
	Home
	<hr/>
<b>OPERATING REVENUES:</b>	
Charges for services, net	\$ 16,609,777
Other operating revenue	163,888
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 16,773,665</b>
	<hr/>
<b>OPERATING EXPENSES:</b>	
Personal services	\$ 9,173,378
Fringe benefits	4,091,143
Depreciation and amortization	1,990,862
NYS Assessments	868,160
Contractual expenses	4,984,144
Provisions for doubtful accounts	693,796
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 21,801,483</b>
	<hr/>
<b>OPERATING INCOME OR (LOSS)</b>	<b>\$ (5,027,818)</b>
	<hr/>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest	\$ 12,544
Interest expense	(771,149)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>\$ (758,605)</b>
	<hr/>
<b>NET INCOME (LOSS)</b>	<b>\$ (5,786,423)</b>
	<hr/>
<b>TOTAL NET ASSETS, BEGINNING</b>	<b>8,755,223</b>
	<hr/>
<b>TOTAL NET ASSETS, ENDING</b>	<b>\$ 2,968,800</b>
	<hr/> <hr/>

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

**COUNTY OF WAYNE, NEW YORK**

**Statement of Cash Flows**

**Proprietary Funds**

**For the Year Ended December 31, 2010**

	<u>Business - Type Activity</u>	
	<u>Enterprise Fund</u>	
	<u>Nursing</u>	
	<u>Home</u>	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Resident service revenue	\$	17,089,475
Cash payments to suppliers		(6,383,812)
Cash payments to employees		(13,261,979)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$	<u>(2,556,316)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>		
Purchases of property, plant and equipment	\$	(125,978)
Retirement of serial debt		(825,000)
Interest on serial debt		(774,048)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	\$	<u>(1,725,026)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Investment income	\$	12,544
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	\$	<u>12,544</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$	(4,268,798)
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>		<u>6,507,319</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	\$	<u><u>2,238,521</u></u>
<b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>		
<b>OPERATING INCOME (LOSS)</b>	\$	(5,027,818)
Depreciation and amortization		1,990,862
Provisions for doubtful accounts		693,796
<b>CHANGES</b>		
(Increase) decrease in receivables		(400,611)
(Increase) decrease in inventories and other current assets		(73,513)
(Increase) decrease in deferred expenditures		(162,358)
Increase (decrease) in accounts payable		388,623
Increase (decrease) in accrued liabilities		34,703
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$	<u><u>(2,556,316)</u></u>

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

**COUNTY OF WAYNE, NEW YORK**

**Statement of Fiduciary Net Assets**

**Fiduciary Funds**

**December 31, 2010**

	<u>Private - Purpose</u> <u>Trust Fund</u>	<u>Agency</u> <u>Funds</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 181,798	\$ 1,271,898
Receivables (net of allowance)	-	708
<b>TOTAL ASSETS</b>	<b>\$ 181,798</b>	<b>\$ 1,272,606</b>
<b>LIABILITIES:</b>		
Other liabilities	\$ -	\$ 1,272,606
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 1,272,606</b>
<b>NET ASSETS:</b>		
Held for private purposes	\$ 181,798	
<b>TOTAL NET ASSETS</b>	<b>\$ 181,798</b>	

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

**COUNTY OF WAYNE, NEW YORK**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2010**

	<b>Private - Purpose Trust Fund</b>
<b>ADDITIONS:</b>	
Contributions	\$ 68,049
Investment earnings	14
<b>TOTAL ADDITIONS</b>	<b>\$ 68,063</b>
<b>DEDUCTIONS:</b>	
Culture and recreation	\$ 28,650
<b>TOTAL DEDUCTIONS</b>	<b>\$ 28,650</b>
<b>CHANGE IN NET ASSETS</b>	\$ 39,413
 <b>NET ASSETS, BEGINNING</b>	 142,385
 <b>NET ASSETS, ENDING</b>	 <b>\$ 181,798</b>

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

# COUNTY OF WAYNE, NEW YORK

## Notes to the Basic Financial Statements

December 31, 2010

### I. Summary of Significant Accounting Policies:

The basic financial statements of the County of Wayne, New York (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below:

#### A. Financial Reporting Entity

The County is governed by County law, general laws of the State of New York and various local laws and ordinances. The Board of Supervisors, which is the legislative body responsible for the overall operation of the County, consists of the fifteen supervisors representing the towns in the County with each members vote weighted on the basis of population in the district represented. The Chairman serves as chief executive officer and the Treasurer serves as chief financial officer of the County.

The County provides the following basic services: Educational assistance, police and law enforcement, public health, highway maintenance, public transportation, economic assistance, economic opportunity and development, recreation facilities and programs, and library and community development.

The accompanying basic financial statements include only operations of the County, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the County.

### B. Basis of Presentation

#### 1. Countywide Financial Statements

The County's basic financial statements include both countywide (reporting the County as a whole) and fund financial statements (reporting the County's major and nonmajor funds. All of the County's services are classified as governmental activities.

# COUNTY OF WAYNE, NEW YORK

## Notes to the Basic Financial Statements

December 31, 2010

### (I) (Continued)

In the countywide Statement of Net Assets, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first uses restricted resources to finance qualifying activities.

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

The net costs by function are normally covered by general revenue (real property taxes and sales taxes).

In addition, as a general rule, interfund activity has been eliminated from the countywide financial statements, however, interfund services provided and used have not been eliminated in the process of consolidation.

This countywide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

The County's fiduciary funds are presented in the fiduciary fund financial statements by type (restricted purposes, and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and can not be used to address activities or obligations of the government, these funds are not incorporated into the countywide financial statements.

## **2. Fund Financial Statements**

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

Nonmajor funds are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

COUNTY OF WAYNE, NEW YORK

Notes to the Basic Financial Statements

December 31, 2010

(I) (Continued)

3. Fund Categories

a. Governmental Funds

Are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of current financial resources. The following are the County's governmental fund types:

General Fund - is the principal fund of the County and includes all operations not required to be recorded in other funds.

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The special revenue funds of the County include the Community Development, County Road, and Road Machinery Funds.

Capital Projects Fund - account for financial resources to be used for the acquisition, construction, and/or reconstruction of capital facilities not being financed by proprietary funds.

*Major funds* include – The General Fund and the County Road Fund.

*Nonmajor funds* include – The Road Machinery Fund, the Community Development Fund, and the Capital Projects Fund.

b. Proprietary Fund Types

Are used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus is upon determination of the flow of economic resources. The following proprietary fund is utilized.

Enterprise Funds – are used to account for those operations of the Wayne County Nursing Home (Enterprise Fund), where the governing board has determined that cost of operations are to be financed through user charges.

# COUNTY OF WAYNE, NEW YORK

## Notes to the Basic Financial Statements

December 31, 2010

(I) (Continued)

c. **Fiduciary Funds**

Fiduciary funds are used to account for assets held by the local government in a trustee or custodial capacity.

**Agency Fund** - is custodial in nature and does not present results of operations or have measurement focus. The Agency Fund is accounted for using the accrual basis of accounting. This fund is used to account for assets such as, payroll withholdings, bail deposits, mortgage tax and sales tax that the government holds for others in an agency capacity awaiting distribution to other governmental agencies.

**Private Purpose Trust Funds** - are used to report resources legally held in trust for Public Health, Office of the Aging and D.A.R.E. Program donations received by the County. In addition, memorials and awards, such as the Dan Kane memorial and the Wayne County History Award are accounted for in the Private Purpose Trust Funds. Resources of these funds may be used to support these activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

COUNTY OF WAYNE, NEW YORK

Notes to the Basic Financial Statements

December 31, 2010

(I) (Continued)

C. **Basis of Accounting/Measurement Focus**

1. **Accrual**

The countywide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes, grants, and donations is recognized in the year in which all eligibility requirements have been satisfied.

2. **Modified Accrual**

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Material revenues that are accrued include real property taxes to be collected within 60 days of the reporting period and sales tax. Where expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made, and anticipated to be received within the next fiscal reporting period.

Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

3. **Future Changes in Accounting Standards**

The GASB has issued Statement No. 54, *Accounting and Fund Balance Reporting and Governmental Fund Type Definitions*, which will be applicable to the County effective December 31, 2011.

The GASB has issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which will be effective for the year ending December 31, 2012.

The GASB has issued Statement No. 59, *Financial Instruments Omnibus*, which will be effective for the year ending December 31, 2011.

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**(I) (Continued)**

The GASB has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which will be effective for the year ending December 31, 2012.

The GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, which will be effective for the year ending December 31, 2013.

The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which will be effective for the year ending December 31, 2012.

The County is currently studying these statements and plans on adoption as required.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Cash Equivalents**

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

State statutes authorize the County to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Cash equivalents are stated at cost, which approximates fair value.

**2. Cash Flows**

For the purpose of the statement of cash flows of proprietary funds prepared under the direct method, all highly liquid investments with an original maturity of three months or less are considered cash equivalents. Custodial accounts and restricted assets, if any, are not considered to be cash equivalents.

**3. Accounts Receivable**

**a. General**

Accounts receivable are stated net of an allowance for uncollectibles. The accounts receivable allowance for uncollectibles is based on historical collection experience. All amounts due from other governments are deemed fully collectible.

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**(I) (Continued)**

**b. Enterprise Funds**

Accounts receivable are stated net of an allowance for uncollectibles. Accounts for which no payments have been received for several months are considered delinquent, and when customary collection efforts are exhausted the account is written-off. The nursing home records an allowance for uncollectibles in anticipation of future write-offs. The allowance for uncollectibles is based on the nursing home's historical collection experience and review of outstanding accounts.

**4. Inventories and Prepaid Items**

Inventory at the Wayne County Nursing Home is stated at the lower of cost or market; principally on the first-in, first-out basis; and consists of general housekeeping, medical, and dietary supplies. Inventory purchases in all other funds are recorded as expenditures at the time of purchase and year-end balances are not maintained.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. The County currently accounts for prepaid items based on the consumption method.

**5. Capital Assets – Property, Plant and Equipment**

**a. General**

Capital assets which include buildings, machinery and equipment, and infrastructure (i.e., roads, bridges, and similar items), purchased or acquired with an original cost of \$25,000 or more are reported at historical cost or estimated historical cost. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. All infrastructure acquired prior to the implementation of GASB #34 has been included in Capital Assets. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

	<u>Class</u>	<u>Life in Years</u>
	Buildings	15-50 Years
	Machinery and Equipment	5-25 Years
	Infrastructure	20-50 Years

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**(I) (Continued)**

**b. Enterprise Funds**

Property, plant and equipment acquired by the enterprise funds is stated at cost (or estimated historical cost), including interest capitalized during construction, where applicable. Contributed capital assets are recorded at fair market value at the date received. Depreciation has been provided using the straight-line method over the following estimated useful lives.

<u>Description</u>	<u>Estimated Lives</u>
<u>Health Facility -</u>	
Land Improvements	Varies 8-20 Years
Buildings and Improvements	Varies 5-40 Years
Machinery and Equipment	Varies 5-20 Years

When enterprise fund assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts, and any resulting gain or loss is reflected in income for the period. Maintenance and repairs are charged to expense as incurred; significant renewals and improvements are capitalized.

**6. Unexpended Balances**

Unexpended balances of appropriations lapse at the end of each year, except for capital projects. Project length financial plans are developed for each project.

**7. Long-Term Obligations**

Long-term obligations represent the County's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Assets.

**8. Compensated Absences**

Pursuant to a resolution of the Board of Supervisors and contractual agreements, County employees are entitled to accrue a maximum of 180 days of sick leave, 30 days of vacation leave, and one day personal leave. An individual who leaves employment of the County is entitled to be paid for unused vacation leave. No payments are made for unused sick leave and personal leave.

The County accrues for compensated absences when incurred. The estimated liability for compensated absences is recorded as part of accrued liabilities in both the enterprise fund and the governmental fund types. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**(I) (Continued)**

**9. Unearned Revenue**

The County reports unearned revenues in its basic financial statements. Unearned revenue arises when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the County has legal claim to resources, the liability for deferred revenue is removed and revenue is recognized.

**10. Encumbrances**

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

**11. Interfund Transfers**

The operations of the County include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The County typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

**12. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**II. Cash and Cash Equivalents:**

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. While the County does not have a specific policy for custodial credit risk, New York State statutes govern the County's investment policies, as discussed previously in these notes.

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**(II) (Continued)**

The County's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the County's name	81,247,213
<b>Total</b>	<b><u><u>\$ 81,247,213</u></u></b>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end included \$2,586,757 within the capital fund and \$181,798 in the fiduciary funds.

**III. Real Property Taxes Receivable:**

Real property taxes for the County are levied together with taxes for town and special district purposes on January 1, and are due within 30 days. In 2010, these taxes attached as an enforceable lien on property on October 10. 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 are turned over to the County for collection; any such taxes remaining unpaid at year end are relieved as County taxes in the subsequent year.

The balance of the taxes receivable, net at December 31, 2010 consists of the following:

Taxes receivable, overdue	\$ 3,884,596
Taxes receivable, current	3,016,306
Returned school taxes	4,806,644
Delinquent village	797,440
Pending	30,919
Property acquired	12,401
<b>Total</b>	<b><u><u>\$ 12,548,306</u></u></b>

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 tax revenue of \$6,121,142, which represents the amount of taxes not expected to be collected within 60 days after year end.

The County is permitted by the New York State Constitution to levy taxes up to 1.5% of the most recent five-year average full valuation of taxable real property. In 2010, the County has a legal margin of \$30,304,901.

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**IV. Accounts Receivable:**

Receivables as of year end for the government's individual major funds, and non-major funds in the aggregate and enterprise type funds including applicable allowances for uncollectible accounts are as follows:

<u>Receivables</u>	<u>General</u>	<u>Road Machinery</u>	<u>County Road</u>	<u>Nursing Home</u>	<u>Total</u>
Accounts	\$ 174,103	\$ 14,701	\$ 20,907	\$ 3,303,082	\$ 3,512,793
Taxes	12,548,306	-	-	-	12,548,306
State & Federal	10,089,992	-	852,185	714,461	11,656,638
Other governments	2,337,107	-	-	-	2,337,107
<b>Gross Receivables</b>	<b>\$ 25,149,508</b>	<b>\$ 14,701</b>	<b>\$ 873,092</b>	<b>\$ 4,017,543</b>	<b>\$ 30,054,844</b>
Less: Allowance for uncollectibles	(504,773)	-	-	(682,837)	(1,187,610)
<b>Net Total Receivables</b>	<b>\$ 24,644,735</b>	<b>\$ 14,701</b>	<b>\$ 873,092</b>	<b>\$ 3,334,706</b>	<b>\$ 28,867,234</b>

**V. Change in Capital Assets:**

**A. Governmental Activities**

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance 1/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2010</u>
<b><u>Capital assets not being depreciated:</u></b>				
Land	\$ 1,636,650	\$ -	\$ -	\$ 1,636,650
Work in progress	5,980,229	15,939,371	(1,087,544)	20,832,056
<i>Total capital assets not being depreciated</i>	<u>\$ 7,616,879</u>	<u>\$ 15,939,371</u>	<u>\$ (1,087,544)</u>	<u>\$ 22,468,706</u>
<b><u>Other capital assets:</u></b>				
Buildings and improvements	\$ 32,532,298	\$ 1,087,544	\$ -	\$ 33,619,842
Machinery and equipment	6,704,460	1,011,947	-	7,716,407
Infrastructure	138,315,876	2,663,641	(1,598,185)	139,381,332
Land improvements	274,240	-	-	274,240
<i>Total other capital assets</i>	<u>\$ 177,826,874</u>	<u>\$ 4,763,132</u>	<u>\$ (1,598,185)</u>	<u>\$ 180,991,821</u>
<b><u>Less accumulated depreciation for:</u></b>				
Buildings and improvements	\$ 13,787,715	\$ 769,005	\$ -	\$ 14,556,720
Machinery and equipment	5,403,900	323,278	-	5,727,178
Infrastructure	92,130,963	6,601,868	(1,598,185)	97,134,646
Land improvements	274,240	-	-	274,240
<i>Total accumulated depreciation</i>	<u>\$ 111,596,818</u>	<u>\$ 7,694,151</u>	<u>\$ (1,598,185)</u>	<u>\$ 117,692,784</u>
<i>Other capital assets, net</i>	<u>\$ 66,230,056</u>	<u>\$ (2,931,019)</u>	<u>\$ -</u>	<u>\$ 63,299,037</u>
<b>Total</b>	<b>\$ 73,846,935</b>	<b>\$ 13,008,352</b>	<b>\$ (1,087,544)</b>	<b>\$ 85,767,743</b>

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

(V) (Continued)

Depreciation expense for the period was charged to functions/programs as follows:

**Governmental Activities:**

General government support	\$	149,861
Public safety		318,877
Transportation		58,172
Health		6,905,458
Economic assistance and opportunity		232,130
Culture and recreation		6,445
Home and community service		23,208
<b>Total Depreciation Expense</b>	<b>\$</b>	<b>7,694,151</b>

**B. Business-Type Activities**

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance 1/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2010</u>
<b><u>Capital assets not being depreciated:</u></b>				
Land	\$ 37,328	\$ -	\$ -	\$ 37,328
<i>Total capital assets not being depreciated</i>	<i>\$ 37,328</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 37,328</i>
<b><u>Other capital assets:</u></b>				
Buildings and improvements	\$ 26,038,581	\$ -	\$ -	\$ 26,038,581
Machinery and equipment	1,545,231	125,978	(6,009)	1,665,200
Land improvements	33,719	-	-	33,719
<i>Total other capital assets</i>	<i>\$ 27,617,531</i>	<i>\$ 125,978</i>	<i>\$ (6,009)</i>	<i>\$ 27,737,500</i>
<b><u>Less accumulated depreciation for:</u></b>				
Buildings and improvements	\$ 7,675,603	\$ 1,834,190	\$ -	\$ 9,509,793
Machinery and equipment	955,927	149,632	(6,009)	1,099,550
Land improvements	18,903	4,804		23,707
<i>Total accumulated depreciation</i>	<i>\$ 8,650,433</i>	<i>\$ 1,988,626</i>	<i>\$ (6,009)</i>	<i>\$ 10,633,050</i>
<i>Other capital assets, net</i>	<i>\$ 18,967,098</i>	<i>\$ (1,862,648)</i>	<i>\$ -</i>	<i>\$ 17,104,450</i>
<b>Total</b>	<b>\$ 19,004,426</b>	<b>\$ (1,862,648)</b>	<b>\$ -</b>	<b>\$ 17,141,778</b>

Depreciation expense amounting to \$1,988,626 for the period was charged to the appropriate functions/programs.

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**VI. Interfund Revenues and Expenditures:**

The composition of Interfund balances as of December 31, 2010, is as follows:

	<b><u>Interfund Revenues</u></b>	<b><u>Interfund Expenditures</u></b>
General Fund	\$ 1,983,667	\$ 8,988,122
Road Machinery Fund	783,373	-
County Road Fund	7,031,776	25,428
Capital Fund	<u>1,172,973</u>	<u>1,958,239</u>
<b>Total government activities</b>	<b><u>\$ 10,971,789</u></b>	<b><u>\$ 10,971,789</u></b>

Transfers among funds are provided as part of the annual budget process. They facilitate annual contributions to the County Road, Road Machinery, and Capital Projects Fund as the County does not routinely allocate a portion of the tax levy for the operation of these funds.

**VII. Fund Equity:**

**Fund Balance - Designations**

Fund balances are designated by the County based on tentative plans for their use. All designations are approved by the Board of Supervisors.

	<b><u>General Fund</u></b>	<b><u>County Road Fund</u></b>
Designated for Subsequent Year's Expenditures	<u>\$ 3,650,000</u>	<u>\$ -</u>
Designated for Prepaids	<u>\$ 1,364,105</u>	<u>\$ 103,070</u>
Designated - Specific Purposes:		
Tax Stabilization	\$ 1,614,777	\$ -
Repairs	283,995	-
Self-Insurance	3,774,361	-
Highway Projects	-	959,722
Capital Machinery	<u>4,704,833</u>	<u>-</u>
Total Designated-Specific Purposes	<u>\$ 10,377,966</u>	<u>\$ 959,722</u>
<b>Grand Total</b>	<b><u>\$ 15,392,071</u></b>	<b><u>\$ 1,062,792</u></b>

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**VIII. Long-Term Obligations:**

In February 2000, the Board of Supervisors adopted a Debt Management Policy providing for the types of debt which may be issued, the maximum amount of debt allowed, the purpose for which the County may issue debt and other financial objectives.

- a. At December 31, 2010 the total outstanding noncurrent obligations of the County aggregated \$34,376,209.
- b. **Serial Bonds** - The County borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the County have been issued for both governmental and business-type activities. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. Enterprise Fund debt is liquidated with Enterprise Fund income.

Total long-term interest expense amounted to \$1,612,874 for the 2010 year.

- c. **Other Long-Term Obligations** - In addition to the above long-term debt, the County has the following noncurrent obligations:

Capital Leases, Health Plan, OPEB Liability, and Workers' Compensation Liability

- d. **Changes in Noncurrent Liabilities** - The following is a summary of long-term obligations outstanding at December 31, 2010:

<u>Governmental</u> <u>Activities:</u>	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>Classified As</u>	
	<u>01/01/10</u>			<u>12/31/10</u>	<u>Current</u>	<u>Non-Current</u>
Serial Bonds	\$ 9,810,000	\$ -	\$ 235,000	\$ 9,575,000	\$ 240,000	\$ 9,335,000
Capital Lease	6,435,000	-	290,000	6,145,000	305,000	5,840,000
Health Plan	635,371	-	635,371	-	-	-
OPEB Liability	808,574	-	165,183	643,391	-	643,391
Workers' Compensation Liability	3,861,258	245,883	-	4,107,141	3,154,289	952,852
<b>Total Governmental Activities Long-Term Obligations</b>	<b>\$ 21,550,203</b>	<b>\$ 245,883</b>	<b>\$ 1,325,554</b>	<b>\$ 20,470,532</b>	<b>\$ 3,699,289</b>	<b>\$ 16,771,243</b>
<u>Business-Type</u> <u>Activities:</u>						
Serial Bonds	\$ 19,050,000	\$ -	\$ 825,000	\$ 18,225,000	\$ 825,000	\$ 17,400,000
OPEB Liability	232,766	-	27,800	204,966	-	204,966
<b>Total Business-Type Activities Long-Term Obligations</b>	<b>\$ 19,282,766</b>	<b>\$ -</b>	<b>\$ 852,800</b>	<b>\$ 18,429,966</b>	<b>\$ 825,000</b>	<b>\$ 17,604,966</b>

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**(VIII) (Continued)**

- e. **Serial Bonds Payable** - The County issues general obligation bonds in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The amount to be provided for payment of long-term liabilities represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Serial bonds due in varying amounts to the date of maturity, outstanding at December 31, 2010 are as follows:

<u>Purpose</u>	<u>Original Issue Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Amount Outstanding 12/31/2010</u>
<b><u>Governmental Activities:</u></b>				
Local ARRA Bond	\$ 9,810,000	6.127%-7.207%	12/10/2034	<u>\$ 9,575,000</u>
<b><u>Business-Type Activity:</u></b>				
Public Improvement-2004	\$ 23,181,503	4.125%-4.250%	6/1/2032	<u>\$ 18,225,000</u>

Annual debt service requirements to maturity for the general government obligation bonds are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 240,000	\$ 501,531	\$ 825,000	\$ 740,015
2012	245,000	495,267	825,000	705,984
2013	255,000	487,647	825,000	671,953
2014	260,000	479,717	825,000	637,922
2015	270,000	469,031	825,000	603,891
2016-20	1,535,000	2,168,218	4,125,000	2,508,984
2021-25	1,930,000	1,770,189	4,125,000	1,658,203
2026-30	2,450,000	1,239,726	4,150,000	802,250
2031-34	2,390,000	426,329	1,700,000	72,250
<b>Total</b>	<u>\$ 9,575,000</u>	<u>\$ 8,037,655</u>	<u>\$ 18,225,000</u>	<u>\$ 8,401,452</u>

At December 31, 2010, \$27,800,000 was subject to the constitutional debt limit and represented approximately 9.56% of the debt limit. In the opinion of management, the County has complied with all significant debt covenants at December 31, 2010.

- f. **Capital Leases** - Through its governmental funds, the County leases a building from the Lyons Community Health Initiatives Corporation for various County departments. The lease agreement has been determined to be a capital lease for accounting purposes under the criteria established by SFAS No. 13, *Accounting for Leases*. Accordingly, the lease has been recorded at the present value of its future minimum lease payments as of the inception date.

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**(IX) (Continued)**

Capital assets acquired through capital leases are as follows:

<u>Assets</u>	<u>Governmental Activity</u>
Buildings	\$ 9,155,000
<u>Less: Accumulated Depreciation</u>	<u>(2,746,500)</u>
<b>Total</b>	<b><u><u>\$ 6,408,500</u></u></b>

The future minimum lease obligation and the net present value of the minimum lease payments as of December 31, 2010, were as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2011	\$ 645,390
2012	643,615
2013	641,015
2014	642,590
2015	638,065
2016-20	3,215,383
2021-24	<u>2,571,067</u>
Total Minimum Lease Payments	\$ 8,997,125
Less: Amount Representing Interest	<u>(2,852,125)</u>
<b>Present Value of Minimum Lease Payments</b>	<b><u><u>\$ 6,145,000</u></u></b>

**X. Pension and Other Postemployment Benefit Obligations and Plans:**

**A. Pension Plans**

The County participates in the New York State and Local Employees' Retirement System (ERS). The ERS is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits, as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of ERS and for the custody and control of their funds. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Governor Alfred E. Smith Office Building, Albany, New York 12244.

COUNTY OF WAYNE, NEW YORK

Notes to the Basic Financial Statements

December 31, 2010

( X ) (Continued)

*Funding Policy*

ERS is noncontributory, except for employees who joined ERS after July 28, 1976 who contribute 3% of their salaries until they have 10 years of accredited service or have been a member for 10 years. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions, required to be made by employers to the pension accumulation fund.

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

2010	\$ 3,394,016
2009	\$ 2,995,080
2008	\$ 3,370,775

The County's contributions made to the Systems were equal to 100% of the contributions required each year.

**B. Other Postemployment Benefits**

*Plan Description.* In addition to providing pension benefits described in note X, the County provides post-employment medical and prescription drug benefits (OPEB) for retirees, spouses, and their covered dependents through the Wayne County Postretirement Health Care Benefits Program (Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the County and can be amended by the County through its personnel manual and union contracts. Wayne County, New York provides four plan options to all eligible employees and dependents. The Blue Choice HMO is the only community rated plan offered whereas the Traditional, Point of Service and PIP plans are self insured, as such the majority of the activity of the plan is reported in the Wayne County Health Care Plan Trust. The Health Plan Trust is described further in note XI. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan.

*Benefits Provided.* All employees on full pay status prior to March 1, 1977 and retirees or retired employees at age fifty-five (55) or more who have been in the continuous employment of the County for at least ten consecutive years prior to retirement and who were, at the time of retirement, members of the Health Insurance Plan continue to have the full cost of their Health Insurance Plan paid for by the County until their death. Surviving spouses may continue health insurance coverage at the full expense of the surviving spouse. Retiree expenses for health insurance are funded out of current appropriations and charged as an undistributed employee benefit in each fund.

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**(X) (Continued)**

All eligible retirees, and surviving spouses, who were hired after March 1, 1977 are responsible for 100% of their plan's premium. However, they are entitled to apply the cash value of their unused accumulated sick leave hours (maximum of 1440 hours for a forty hour workweek, 1350 hours for a 37.5 workweek, and 1260 hours for a 35 hour workweek). The cash value is the product of the number of unused hours and the retiree's hourly wage rate at the time of retirement. The cash value can be applied as credits towards monthly health insurance premiums up to 90% of a single plan's premium or 80% of a family plan's premium. When the cash value is exhausted the retiree may continue coverage at full cost to the retiree.

*Funding Policy.* The County currently pays for postemployment health care benefits on a pay-as-you-go basis. Once New York State Law allows for the establishment of a trust to fund and invest assets necessary to pay for the accumulated liability, the County will study the establishment of such a trust. These financial statements assume that pay-as-you-go funding will continue.

*Annual OPEB Cost and Net OPEB Obligation.* The County's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation by governmental activities and business-type activities:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>
Annual required contribution	\$ 3,494,177	\$ 589,955	\$ 4,084,132
Interest on net OPEB obligation	35,612	6,042	41,654
Adjustment to annual required contribution	<u>(49,566)</u>	<u>(8,339)</u>	<u>(57,905)</u>
Annual OPEB cost (expense)	\$ 3,480,223	\$ 587,658	\$ 4,067,881
Contributions made	<u>3,645,406</u>	<u>615,458</u>	<u>4,260,864</u>
Increase (Decrease) in net OPEB obligation	\$ (165,183)	\$ (27,800)	\$ (192,983)
Net OPEB obligation - beginning of year	<u>808,574</u>	<u>232,766</u>	<u>1,041,340</u>
Net OPEB obligation - end of year	<u>\$ 643,391</u>	<u>\$ 204,966</u>	<u>\$ 848,357</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2010	\$ 4,067,881	104.74%	\$ 848,357
12/31/2009	\$ 4,123,852	97.51%	\$ 1,041,340
12/31/2008	\$ 2,961,033	87.17%	\$ 938,562
12/31/2007	\$ 2,969,753	81.20%	\$ 558,793

COUNTY OF WAYNE, NEW YORK

Notes to the Basic Financial Statements

December 31, 2010

(X) (Continued)

*Funded Status and Funding Progress.* As of December 31, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$66,695,116, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$66,695,116. The covered payroll (annual payroll of active employees covered by the plan) was \$43,020,854, and the ratio of the UAAL to the covered payroll was 155 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplemental information following the notes to the financial statements.

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

In the December 31, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The discount rate used was four percent. Because the plan is unfunded, reference to the general assets, which are short-term in nature, was considered in the selections of the four percent rate. The valuation assumes a nine percent medical and a fourteen percent prescription drug cost trend for 2010, reduced by decrements to a rate of five percent each after eight years. The remaining amortization period at December 31, 2010, was twenty six years.

**C. Deferred Compensation Plan**

The County maintains a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code for which County employees have the option to participate.

**XI. Risk Management:**

**A. Health Plan**

Wayne County, New York participates in a Health Plan Trust which was established between the Wayne County Board of Supervisors and the Board of Trustees of the Wayne County Health Care Plan Trust on January 1, 2000 and shall continue in existence until December 31, 2010, and, thereafter, from year to year.

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**( XI ) (Continued)**

The purpose of the Trust, and the general nature of its business is established and maintained, pursuant to Article 44 of the Insurance Law of the State of New York, and employee welfare (Plan), self-funding in whole or in part, or insuring in whole or in part, health benefit coverage for eligible employees. The Trust's goal is to improve health benefits at a reduced cost to the taxpayers of the employers, pursuant to the provisions of Section 119-0 of the New York State General Municipal Law and Section 501(c)(9) of the Internal Revenue Code.

A new employer who seeks membership in the Plan shall be accepted upon majority vote of the Board of Trustees and subject to the terms and conditions established by the Board of Trustees. The current participants in the plan include seven Towns, one Authority, and the County. Participants in the Plan can withdraw upon mutual consent of the Plan and employer after three years of participation in the Plan. Written notice must be given that acknowledges mutual agreement of withdrawal. In addition, an employer may unilaterally withdraw from the Plan after three years if the employer's contributions exceed the billed rate of the New York State licensed commercial insurer providing equivalent coverage. If withdrawal occurs before three years, the employer shall remain liable to pay the balance of its share of contributions. If surplus funds exist at termination, the balance will be paid over to a successor health plan or an insurance company to provide benefits for eligible employers and employees. The Plan is a risk sharing pool and all monies paid into the Plan shall be pooled and administered as a common fund. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Trustees.

The Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid within any one year.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. During the year ended December 31, 2010, the County incurred premiums or contribution expenditures totaling \$11,114,588.

The Plan was audited for the year ended December 31, 2010 and the audit report is available at the Wayne County Administrative Offices.

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**( XI ) (Continued)**

**B. Workers' Compensation**

The County, along with all the towns and villages within the County, participated in a self-insured workers' compensation fund which is accounted for within the General Fund of the County since the County is the major participant.

Current membership of the Plan includes 35 participants from various municipal entities. The Plan is administered by Wayne County and utilizes a third party administrator who is responsible for processing claims, estimating liabilities and providing actuarial services. The Plan participants are charged an annual assessment which is allocated in light of comparative experience and relative exposure based on the estimated total liability of the participating members actuarially computed each year.

The Plan purchases, on an annual basis, stop-loss insurance to limit exposure for claims paid.

This program establishes a liability for both reported and unreported self-insured events, which includes estimates of both future payments of losses and related claim adjustment expense. The following represents changes in those aggregate liabilities for the fund for the past two years ended December 31:

	<u>2010</u>	<u>2009</u>
Unpaid claims and claim adjustment liabilities at beginning of year	\$ 3,861,258	\$ 3,917,698
Incurred claim and claim adjustment expenditures:		
Provision for insured events of the current year	\$ 213,238	\$ 267,748
Increases/(decreases) in provision for insured events of prior years	<u>2,775,366</u>	<u>2,406,060</u>
Total incurred claim and claim adjustment expenditures	<u>\$ 2,988,604</u>	<u>\$ 2,673,808</u>
Less payments:		
Claim and claim adjustment expenditures attributable to insure events of the current year	\$ 245,883	\$ 61,551
Claim and claim adjustment expenditures attributable to insure events of prior years	<u>2,496,838</u>	<u>2,668,697</u>
Total payments	<u>\$ 2,742,721</u>	<u>\$ 2,730,248</u>
<b>Total unpaid claims and claim adjustments liabilities at the end of the year</b>	<b><u>\$ 4,107,141</u></b>	<b><u>\$ 3,861,258</u></b>

Historical trend information showing the progress in the revenue and expenditures activities for the fund is available from the County.

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**( XI ) (Continued)**

**C. Other**

The County has elected to be partially self-insured for unemployment, general liability, malpractice, and automobile insurance. The County has several commercially purchased third party insurance policies in place for certain of these risks as well. Maximum coverage under the policies ranges from \$50,000 to \$5,000,000 and there has been no change in coverage under such policies during the past year. In 2010, the County paid \$159,893 in claims relating to these self-insurance programs. In addition, as of December 31, 2010, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable. Settlements have not exceeded coverage under the policies during the past three years. Self-insurance activity is recorded in the General Fund.

All claims are evaluated under the criteria established in GASB No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. The following represents changes in the aggregate liabilities for the partially self-insured programs referred to above for the past two years ended December 31:

	<u>2010</u>	<u>2009</u>
Unpaid claims and claim adjustment liabilities at beginning of year	\$ -	\$ -
Incurred claim and claim adjustment expenditures:		
Provision for insured events of the current year	\$ 157,716	\$ 123,158
<b>Total incurred claim and claim adjustment expenditures</b>	<u>\$ 157,716</u>	<u>\$ 123,158</u>
Less payments:		
Claim and claim adjustment expenditures attributable to insure events of the current year	\$ 157,716	\$ 123,158
<b>Total payments</b>	<u>\$ 157,716</u>	<u>\$ 123,158</u>
<b>Total unpaid claims and claim adjustments liabilities at the end of the year</b>	<u>\$ -</u>	<u>\$ -</u>

**XII. Contingent Liabilities:**

**A. Economic Assistance and Opportunity Programs**

The Department of Social Services of the County provides for the operation and administration of economic assistance and opportunity programs. The financial statements of the General Fund contain expenditures for the costs of operating these programs including estimates of costs incurred, but unpaid at the end of the year. The County's share of costs applicable to the operation of the Medicaid program are recognized as expenditures in the period that such amounts are charged to the State by third-party providers.

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**( XII ) (Continued)**

Program and administrative costs are subject to audit and adjustment by various State and Federal agencies. Differences between ultimate settlements and estimated costs included in the financial statements are recorded in the year of settlement. County management believes that it is in substantial compliance with all program requirements.

**B. Federal and State Funded Programs**

The County participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial. Expenditures disallowed by completed audits have generally been immaterial in nature and, accordingly, have been reflected as adjustments to revenues in the year the expenditure was determined to be unallowable.

**C. Medicaid Cap Legislation**

Chapter 58 of the laws of 2005 was enacted by the State to cap County Medicaid costs at calendar year 2005 levels and limit growth rates to 3.0% in 2010. Future growth rates will then be permanently capped at 3% in 2010 (or, at the County option, a fixed percentage of local state tax revenue). As a result of this new legislation the State will be relieving Counties of the year end accrued liabilities associated with Medicaid expenditures where cash reimbursement is lagged.

**D. Litigation**

The County is subject to lawsuits in the ordinary conduct of its affairs. The County upon review by the County Attorney does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the County.

In addition, there are tax certiorari claims requesting reduction of assessments pending. The outcome of the tax certiorari claims are undeterminable at this time.

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**XIII. Related Organizations:**

**A. Wayne County Industrial Development Agency (IDA)**

The IDA is a Public Benefit Corporation created by state legislation to promote the economic welfare, opportunities, and prosperity of the County's inhabitants. The IDA was established to promote and assist in acquiring or constructing various business and recreational facilities in Wayne County, New York. Members of the IDA are appointed by the Wayne County Board of Supervisors, however, the Board of Supervisors exercise no oversight responsibility for management of the IDA or accountability for fiscal matters. The County is not liable for any IDA indebtedness.

An audit of the IDA's financial statements for the year ended December 31, 2010 has been performed by Eldredge Fox and Porretti, LLP. The auditor's report was unqualified, that is, the financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America. Pertinent financial data related to the IDA for the year ended December 31, 2010 is as follows:

Total Assets	\$	4,599,952
Total Liabilities	\$	25,598
Total Net Assets	\$	4,574,354
Total Revenues-2010	\$	759,433
Total Expenditures-2010	\$	751,354

Complete financial statements for the IDA may be obtained at the entity's administrative office located at 16 William Street, Lyons, New York 14489.

**B. Wayne County Water and Sewer Authority**

The Wayne County Water and Sewer Authority (the Authority), a public benefit corporation, was created by special legislation, Chapter 685 of the Laws of 1987 (NYS Public Authorities Laws 199-aa et seq.). Members of the Authority's Board of Directors are appointed by the Board of Supervisors. The Directors of the Authority have sole responsibility for management of the Authority and full accountability for fiscal matters. The Authority has the powers necessary to plan, finance, operate, and manage water systems in the County. The Authority provides a structure for planning and implementing improvements in the availability, reliability, and quality of public water supplies in the County.

An audit of the Authority's financial statements for the year ended December 31, 2010 has been performed by Raymond F. Wager, CPA, P.C. The auditor's report was unqualified, that is, the financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America. Pertinent financial data related to the Authority for the year ended December 31, 2010 is as follows:

**COUNTY OF WAYNE, NEW YORK**

**Notes to the Basic Financial Statements**

**December 31, 2010**

**( XIII ) (Continued)**

Total Assets	\$	17,267,887
Total Liabilities	\$	1,616,465
Total Net Assets	\$	15,651,422
Total Revenues-2010	\$	6,029,286
Total Expenses-2010	\$	5,225,933

Complete financial statements for the Authority may be obtained at the entity's administrative office located at 3377 Daansen Road, Walworth, New York 14568.

**C. Western Finger Lakes Solid Waste Management Authority**

The Western Finger Lakes Solid Waste Management Authority (the Authority) was established by Chapter 627 of the Laws of 1986, which added Title 30 of the New York Public Authorities Law. The Authority was created as a public benefit corporation consisting of members appointed by the participating counties. The purpose of the Authority is to plan and implement a solid waste management system for the participating counties. All functions performed for the Authority are its direct responsibility. The financial reporting entity includes organizations, functions and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of government authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

An audit of the Authority's financial statements for the year ended December 31, 2010 has been performed by Raymond F. Wager, CPA, P.C. The auditor's report was unqualified, that is, the financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America. Pertinent financial data related to the Authority for the year ended December 31, 2010 is as follows:

Total Assets	\$	1,186,705
Total Liabilities	\$	132,302
Total Net Assets	\$	1,054,403
Total Revenues-2010	\$	1,885,546
Total Expenses-2010	\$	1,883,046

Complete financial statements for the Authority may be obtained at the entity's administrative office located at 9 Pearl Street, Lyons, New York 14489.

**XIV. Subsequent Events:**

County management has evaluated subsequent events through May 26, 2011, which is the date these financial statements were available to be issued. There were no subsequent events requiring recording or disclosure.

**Required Supplemental Information**  
**COUNTY OF WAYNE, NEW YORK**  
**Budgetary Comparison Schedule**  
**General Fund**

**For the Year Ended December 31, 2010**

	<b>GENERAL FUND</b>				<b>Variance</b>
	<b>Original</b>	<b>Modified</b>			<b>Over</b>
<b>REVENUES:</b>	<b>Budget</b>	<b>Budget</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>(Under)</b>
Real property and tax items	\$ 39,089,753	\$ 39,089,753	\$ 38,625,531	\$ -	\$ (464,222)
Non-property taxes	35,414,066	35,414,066	36,581,140	-	1,167,074
Departmental income	14,043,108	14,431,532	12,944,389	-	(1,487,143)
Intergovernmental charges	2,781,510	2,781,510	1,127,279	-	(1,654,231)
Use of money and property	1,597,560	1,625,885	606,230	-	(1,019,655)
Licenses and permits	6,000	6,000	4,047	-	(1,953)
Fines and forfeitures	264,237	264,237	215,824	-	(48,413)
Sale of property and compensation for loss	1,406,353	1,406,353	1,853,561	-	447,208
Miscellaneous	1,355,433	1,707,385	1,528,858	-	(178,527)
Interfund revenues	475,000	555,000	428,931	-	(126,069)
State sources	21,709,234	22,433,017	20,044,399	-	(2,388,618)
Federal sources	11,875,680	12,694,255	11,919,797	-	(774,458)
<b>TOTAL REVENUES</b>	<b>\$ 130,017,934</b>	<b>\$ 132,408,993</b>	<b>\$ 125,879,986</b>	<b>\$ -</b>	<b>\$ (6,529,007)</b>
<b>EXPENDITURES:</b>					
Current:					
General government support	\$ 29,379,122	\$ 30,245,982	\$ 28,712,659	\$ 127,812	\$ 1,405,511
Education	3,575,896	3,575,896	2,994,769	9,672	571,455
Public safety	21,956,671	23,361,050	21,585,528	247,610	1,527,912
Health	24,653,606	24,910,743	20,860,353	297,408	3,752,982
Transportation	38,378	38,378	38,378	-	-
Economic assistance and opportunity	42,368,679	43,545,721	36,251,313	355,090	6,939,318
Culture and recreation	869,667	878,688	830,405	524	47,759
Home and community services	2,489,551	2,567,730	2,448,229	15,730	103,771
Debt Service:					
Debt service - principal	-	525,000	525,000	-	-
Debt service - interest and other charges	695,000	851,582	841,725	-	9,857
<b>TOTAL EXPENDITURES</b>	<b>\$ 126,026,570</b>	<b>\$ 130,500,770</b>	<b>\$ 115,088,359</b>	<b>\$ 1,053,846</b>	<b>\$ 14,358,565</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>					
<b>OVER EXPENDITURES</b>	<b>\$ 3,991,364</b>	<b>\$ 1,908,223</b>	<b>\$ 10,791,627</b>	<b>\$ (1,053,846)</b>	<b>\$ 7,829,558</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers - in	\$ -	\$ 1,983,667	\$ 1,983,667	\$ -	\$ -
Transfers - out	(8,833,168)	(10,128,820)	(8,988,122)	-	1,140,698
<b>TOTAL OTHER FINANCING</b>					
<b>SOURCES (USES)</b>	<b>\$ (8,833,168)</b>	<b>\$ (8,145,153)</b>	<b>\$ (7,004,455)</b>	<b>\$ -</b>	<b>\$ 1,140,698</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (4,841,804)</b>	<b>\$ (6,236,930)</b>	<b>\$ 3,787,172</b>	<b>\$ (1,053,846)</b>	<b>\$ 8,970,256</b>
<b>FUND BALANCE, BEGINNING</b>	<b>72,842,362</b>	<b>72,842,362</b>	<b>72,842,362</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 68,000,558</b>	<b>\$ 66,605,432</b>	<b>\$ 76,629,534</b>	<b>\$ (1,053,846)</b>	<b>\$ 8,970,256</b>

**Required Supplemental Information**  
**COUNTY OF WAYNE, NEW YORK**  
**Budgetary Comparison Schedule**  
**County Road Fund**  
**For the Year Ended December 31, 2010**

	<b>COUNTY ROAD FUND</b>			
	<b>Original Budget</b>	<b>Modified Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>				
Intergovernmental charges	\$ 194,000	\$ 194,000	\$ 179,969	\$ (14,031)
Use of money and property	16,000	16,000	20,536	4,536
Sale of property and compensation for loss	5,500	58,000	64,521	6,521
Miscellaneous	20,780	20,780	13,082	(7,698)
Interfund revenues	9,162	9,162	9,162	-
State sources	1,700,000	2,603,025	2,049,606	(553,419)
Federal sources	5,000	237,700	755,805	518,105
<b>TOTAL REVENUES</b>	<b>\$ 1,950,442</b>	<b>\$ 3,138,667</b>	<b>\$ 3,092,681</b>	<b>\$ (45,986)</b>
<b>EXPENDITURES</b>				
Current:				
Transportation	\$ 8,902,727	\$ 13,276,056	\$ 10,278,965	\$ 2,997,091
<b>TOTAL EXPENDITURES</b>	<b>\$ 8,902,727</b>	<b>\$ 13,276,056</b>	<b>\$ 10,278,965</b>	<b>\$ 2,997,091</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (6,952,285)</b>	<b>\$ (10,137,389)</b>	<b>\$ (7,186,284)</b>	<b>\$ 2,951,105</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - in	\$ 6,952,285	\$ 7,031,776	\$ 7,031,776	\$ -
Transfers - out	-	(25,428)	(25,428)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 6,952,285</b>	<b>\$ 7,006,348</b>	<b>\$ 7,006,348</b>	<b>\$ -</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ (3,131,041)</b>	<b>\$ (179,936)</b>	<b>\$ 2,951,105</b>
<b>FUND BALANCE, BEGINNING</b>	<b>1,242,728</b>	<b>1,242,728</b>	<b>1,242,728</b>	<b>-</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 1,242,728</b>	<b>\$ (1,888,313)</b>	<b>\$ 1,062,792</b>	<b>\$ 2,951,105</b>

**Required Supplemental Information**  
**COUNTY OF WAYNE, NEW YORK**  
**Schedule of Funding Progress**  
**Other Post Employment Benefit Plan**  
**December 31, 2010**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL As a Percentage of Covered Payroll (4) / (5)
December, 31						
2010	\$ -	\$ 66,695,116	0.00%	\$ 66,695,116	\$ 43,020,854	155%
2009	\$ -	\$ 69,698,249	0.00%	\$ 69,698,249	\$ 41,189,835	169%
2008	\$ -	\$ 48,456,450	0.00%	\$ 48,456,450	\$ 39,899,861	121%
2007	\$ -	\$ 48,910,971	0.00%	\$ 48,910,971	\$ 38,351,405	128%

**Supplemental Information**  
**COUNTY OF WAYNE, NEW YORK**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2010**

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Road</u>	<u>Community</u>	<u>Capital</u>	
	<u>Machinery</u>	<u>Development</u>	<u>Projects</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,494,241	\$ 24,448	\$ 2,586,757	\$ 4,105,446
Accounts receivable, net	14,701	-	-	14,701
Prepays	9,740	-	-	9,740
<b>TOTAL ASSETS</b>	<b>\$ 1,518,682</b>	<b>\$ 24,448</b>	<b>\$ 2,586,757</b>	<b>\$ 4,129,887</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities</b>				
Accounts payable	\$ 29,606	\$ -	\$ 678,608	\$ 708,214
Accrued liabilities	29,313	-	-	29,313
<b>TOTAL LIABILITIES</b>	<b>\$ 58,919</b>	<b>\$ -</b>	<b>\$ 678,608</b>	<b>\$ 737,527</b>
<b>Fund Balances</b>				
<b>Unreserved, designated for:</b>				
Prepays	\$ 9,740	\$ -	\$ -	\$ 9,740
<b>Unreserved, undesignated for:</b>				
Encumbrances	-	-	4,162	4,162
Capital projects fund	-	-	1,903,987	1,903,987
Special revenue funds	1,450,023	24,448	-	1,474,471
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,459,763</b>	<b>\$ 24,448</b>	<b>\$ 1,908,149</b>	<b>\$ 3,392,360</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,518,682</b>	<b>\$ 24,448</b>	<b>\$ 2,586,757</b>	<b>\$ 4,129,887</b>

**Supplemental Information**  
**COUNTY OF WAYNE, NEW YORK**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2010**

	<b>Special Revenue Funds</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Road Machinery Fund</b>	<b>Community Development Fund</b>	<b>Capital Projects Fund</b>	
<b>REVENUES</b>				
Intergovernmental charges	\$ 555,217	\$ -	\$ -	\$ 555,217
Use of money and property	3,300	57	7,666	11,023
Sale of property and compensation for loss	77,125	-	-	77,125
Miscellaneous	-	28,385	-	28,385
Interfund revenues	725,343	-	-	725,343
Federal sources	-	-	19,000	19,000
<b>TOTAL REVENUES</b>	<b>\$ 1,360,985</b>	<b>\$ 28,442</b>	<b>\$ 26,666</b>	<b>\$ 1,416,093</b>
<b>EXPENDITURES</b>				
Current:				
General government support	\$ -	\$ -	\$ 15,275,373	\$ 15,275,373
Transportation	1,896,109	-	-	1,896,109
Economic assistance and opportunity	-	26,953	-	26,953
Culture and recreation	-	-	101,504	101,504
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,896,109</b>	<b>\$ 26,953</b>	<b>\$ 15,376,877</b>	<b>\$ 17,299,939</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>\$ (535,124)</b>	<b>\$ 1,489</b>	<b>\$ (15,350,211)</b>	<b>\$ (15,883,846)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers - in	\$ 783,373	\$ -	\$ 1,172,973	\$ 1,956,346
Transfers - out	-	-	(1,958,239)	(1,958,239)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 783,373</b>	<b>\$ -</b>	<b>\$ (785,266)</b>	<b>\$ (1,893)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 248,249</b>	<b>\$ 1,489</b>	<b>\$ (16,135,477)</b>	<b>\$ (15,885,739)</b>
<b>FUND BALANCES, BEGINNING</b>	<b>1,211,514</b>	<b>22,959</b>	<b>18,043,626</b>	<b>19,278,099</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 1,459,763</b>	<b>\$ 24,448</b>	<b>\$ 1,908,149</b>	<b>\$ 3,392,360</b>

**Raymond F. Wager, CPA, P.C.**  
**Certified Public Accountants**

**Shareholders:**

Raymond F. Wager, CPA  
Thomas J. Lauffer, CPA  
Thomas C. Zuber, CPA

Members of  
American Institute of  
Certified Public Accountants  
and  
New York State Society of  
Certified Public Accountants

**Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on  
an Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards***

To the Chairman and Members of the Board of Supervisors  
County of Wayne, New York

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Wayne, New York as of and for the year ended December 31, 2010, which collectively comprise the County of Wayne, New York's basic financial statements and have issued our report thereon dated May 26, 2011. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County of Wayne, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting as items (#10-1 through #10-5). 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.

## Compliance and Other Matters

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

We also noted other matters that we reported to management and the Board of Supervisors of the County of Wayne, New York in a separate letter dated May 26, 2011.

This report is intended solely for the information and use of the finance committee, management, and the Board of Supervisors and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Raymond F. Wager CPA, P.C." The signature is written in a cursive style.

May 26, 2011

**Raymond F. Wager, CPA, P.C.**  
**Certified Public Accountants**

**Shareholders:**

Raymond F. Wager, CPA  
Thomas J. Lauffer, CPA  
Thomas C. Zuber, CPA

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and  
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Certified Public Accountants

**Report on Compliance With Requirements That Could Have a Direct and  
Material Effect on Each Major Program and on Internal Control Over  
Compliance in Accordance With OMB Circular A-133 and Unqualified  
Opinion On Compliance; No Material Weaknesses or Significant  
Deficiencies in Internal Control Over Compliance Identified**

To the Board of Supervisors  
County of Wayne, New York

**Compliance**

We have audited the County of Wayne, New York's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The County of Wayne, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Wayne, New York's management. Our responsibility is to express an opinion on the County of Wayne, New York's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Wayne, New York'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. Our audit does not provide a legal determination of the County of Wayne, New York's compliance with those requirements.

In our opinion, the County of Wayne, New York complied, in all material respects, with the 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, 2010.

## Internal Control Over Compliance

The management of the County of Wayne, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Wayne, New York's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Wayne, New York'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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Wayne, New York as of and for the year ended December 31, 2010, and have issued our report thereon dated May 26, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County of Wayne, New York's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The County of Wayne, New York's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the finance committee, management, the Board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



August 2, 2011

**COUNTY OF WAYNE, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For Year Ended December 31, 2010**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>			
<b><u>Indirect:</u></b>			
<b><u>Passed Through the New York State Department of Family Assistance -</u></b>			
Cooperative Extension Service	10.500		\$ 117,047 *
<b><u>SNAP Cluster</u></b>			
State Administrative Matching Grants for Food Stamp Program-ARRA	10.561		41,355
State Administrative Matching Grants for Food Stamp Program	10.561		686,448
Total SNAP Cluster			<u>\$ 844,850</u>
<b><u>Passed Through the New York State Department of Education -</u></b>			
<b><u>Nutrition Cluster</u></b>			
School Breakfast Program	10.553		6,703
National School Lunch Program	10.555		9,998
Total Nutrition Cluster			<u>\$ 16,701</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b><u>\$ 861,551</u></b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></b>			
<b><u>Direct:</u></b>			
Community Development Block Grants - State's Program	14.228		\$ 11,250
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b><u>\$ 11,250</u></b>
<b><u>U.S. DEPARTMENT OF THE INTERIOR:</u></b>			
<b><u>Indirect:</u></b>			
<b><u>Passed through the NYS Office of Parks, Recreation and Historic Preservation -</u></b>			
Outdoor Recreation-Acquisition, Development and Planning	15.916		\$ 19,000
<b>TOTAL U.S. DEPARTMENT OF THE INTERIOR</b>			<b><u>\$ 19,000</u></b>
<b><u>U.S. DEPARTMENT OF JUSTICE:</u></b>			
<b><u>Indirect:</u></b>			
<b><u>Passed Through the New York State Division of Crime Victim Board -</u></b>			
Crime Victim Assistance	16.575		\$ 36,912
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b><u>\$ 36,912</u></b>

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. DEPARTMENT OF LABOR:</u></b>			
<b><u>Direct:</u></b>			
WIA Pilots, Demonstrations, and Research Projects	17.261		\$ 164,437
<b><u>Indirect:</u></b>			
<b><u>Passed Through the New York State Office for the Aging -</u></b>			
Senior Community Services Employment Program	17.235		43,980
<b><u>Passed Through Ontario County Workforce Investment -</u></b>			
<b><u>WIA Cluster</u></b>			
WIA Adult Program	17.258		45,007 *
WIA Youth Activities	17.259		80,359 *
WIA Dislocated Workers	17.260		98,791 *
Total WIA Cluster			\$ 224,157
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>\$ 432,574</b>

**U.S. DEPARTMENT OF TRANSPORTATION:**

**Indirect:**

**Passed Through the New York State Department of Transportation -**

Highway Planning and Construction	20.205		\$ 187,137 *
Highway Planning and Construction - ARRA	20.205	D032119	741,128 *

**Passed Through the New York State Department of Motor Vehicles -**

National Highway Safety Administration	20.600		10,248
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**TOTAL U.S. DEPARTMENT OF TRANSPORTATION** **\$ 938,513**

**FEDERAL EMERGENCY MANAGEMENT AGENCY:**

**Indirect:**

**Passed Through the New York State Emergency Management Offices -**

Emergency Management Performance Grant	97.042		\$ 35,421
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**TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY** **\$ 35,421**

**U.S. DEPARTMENT OF EDUCATION:**

**Indirect:**

**Passed through the NYS Department of Health, Bureau of Early Intervention -**

Special Education-Grants for Infants and Families - ARRA	84.393		\$ 10,193
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**TOTAL DEPARTMENT OF EDUCATION** **\$ 10,193**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>			
<b><u>Indirect:</u></b>			
<b><u>Passed through the New York State Office for the Aging -</u></b>			
Title VII	93.042		\$ 10,742
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043		4,659
Special Programs for the Aging - Title III, Part B - Grant for Supportive Services and Senior Centers	93.044		122,981
Nutrition Services	93.045		138,956
Total Special Programs for the Aging Cluster			<u>\$ 277,338</u>
National Family Caregiver Support - Title III - Part E	93.052		41,028
Nutrition Services Incentive Program	93.053		40,006
Low-Income Home Energy Assistance	93.568		54,269
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779		45,556
<b><u>Passed Through the New York State Office of Alcoholism and Substance Abuse Services -</u></b>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959		1,688,214 *
Revenue Sharing	93.778		5,844 *
<b><u>Passed Through the New York State Department of Family Assistance -</u></b>			
<b><u>TANF Cluster</u></b>			
Temporary Assistance for Needy Families	93.558		4,430,160
Total TANF Cluster			<u>\$ 4,430,160</u>
<b><u>Child Care Cluster</u></b>			
Foster Care - Title IV-E	93.658		752,351
Foster Care - Title IV-E - ARRA	93.658		20,050
Total Child Care Cluster			<u>\$ 772,401</u>
Child Care Development Block Grant	93.575		1,340,700
Child Support Enforcement	93.563		402,227 *
Child Support Enforcement - ARRA	93.563		171,192 *
Low-Income Home Energy Assistance	93.568		4,164,294
Adoption Assistance	93.659		176,980 *
Adoption Assistance - ARRA	93.659		14,575 *
Social Services Block Grant	93.667		905,269
Independent Living	93.674		1,208
<b><u>Passed Through the New York State Department of Health -</u></b>			
Early Intervention	84.181	C-021831	73,199
Immunization Grants	93.268	C-018694/23279	46,799
Immunization Grants - ARRA	93.712		7,419
Medical Assistance Program	93.778		1,670,160 *
Medical Assistance Program - ARRA	93.778		893,963 *
Preventive Health and Health Services Block Grant	93.991	C-20369/C-20639	29,897
Maternal and Child Health Services Block Grant	93.994	C-23006/021588/20639	88,180
<b><u>Passed Through Health Research Inc. -</u></b>			
Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	HRI-1630-06/23366	101,766
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	HRI-1785-06/3473-02	<u>36,213</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b><u>\$ 17,478,857</u></b>

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>			
<b><u>Indirect:</u></b>			
<b><u>Passed Through the New York State Office of Homeland Security -</u></b>			
Homeland Security Grant Program	97.067	C-836480	\$ 144,543
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b>\$ 144,543</b>
<b>TOTAL FEDERAL AWARD EXPENDITURES</b>			<b>\$ 19,968,814</b>

## COUNTY OF WAYNE, NEW YORK

### Notes to Schedule of Expenditures of Federal Awards

December 31, 2010

#### 1. General

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

#### 2. Basis of Accounting

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods, with the exception of the Social Services Block Grant which was based on the District Reimbursement Ceiling as determined by the New York State Department of Social Services. The amounts reported in the federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the basic financial statements.

#### 3. Indirect Costs

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

#### 4. Matching Costs

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

#### 5. Non-Monetary Federal Program

The County is the recipient of federal award programs that do not result in cash receipts or disbursements. Such programs are termed "non-monetary programs" as follows:

- A. The County participates in the low-income home energy assistance program (HEAP) in which the County identifies the vendors who are to receive reimbursement for services provided to HEAP recipients and New York State pays those vendors directly. The County authorized \$4,164,294 in benefits for the HEAP program (CFDA Number 93.568).

#### 6. Childcare Development Block Grant

The Childcare Development Block Grant is funded by State and Federal monies. The percentage allocated to each varies on a monthly basis and is therefore, recorded on the books of the County as State expenditures. Because these State and Federal expenditures are commingled they are all assumed to be Federal for single audit purposes.

**COUNTY OF WAYNE, NEW YORK**

**Schedule of Findings and Questioned Costs**

**December 31, 2010**

**I. Summary of the Auditors' Results**

**Financial Statements**

- |   |             |
|---|-------------|
| a) Type of auditor's report issued                      | Unqualified |
| b) Internal control over financial reporting            |             |
| 1. Material weaknesses identified                       | No          |
| 2. Significant deficiency(ies) identified               | Yes         |
| c) Noncompliance material to financial statements noted | No          |

**Federal Awards**

- |  |             |
|--|-------------|
| a) Internal control over major programs  |             |
| 1. Material weaknesses identified  | No          |
| 2. Significant deficiency(ies) identified  | No          |
| b) Type of auditor's report issued on compliance for major programs  | Unqualified |
| c) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 | No          |
| d) Identification of major programs  |             |

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.500	Cooperative Extension Service
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
20.205	Highway Planning and Construction
20.205	Highway Planning and Construction – ARRA
93.959	Block Grant for Prevention and Treatment of Substance Abuse
93.778	Revenue Sharing
93.563	Child Support Enforcement
93.563	Child Support Enforcement – ARRA
93.659	Adoption Assistance
93.659	Adoption Assistance – ARRA
93.778	Medical Assistance Program
93.778	Medical Assistance Program - ARRA

- |  |            |
|--|------------|
| e) Dollar threshold used to distinguish between Type A and Type B programs | \$ 599,064 |
| f) Auditee qualifies as low-risk auditee                                   | Yes        |

## II. Financial Statement Findings

### Current Year Findings:

#### Revenue Recognition/Receivable Reconciliation #10-1 –

Criteria - A reconciliation of revenue to claims filed with the Federal Government and New York State should be performed as grant monies are received.

Condition - Claims filed for certain grant funds are not routinely compared to revenue/receipt amounts.

Effect - Non-recognition of adjustments to claims filed can occur.

Recommendation - Ongoing matching of claims submitted to monies received should be performed throughout the year.

County's Response - County departments will continue their efforts to complete reconciliation procedures.

#### Internal Auditor #10-2 –

Criteria - The County's internal auditor position should be reviewed to ensure maximum utilization of this County-wide function.

Condition - Internal audit responsibilities are currently being developed that will help provide or enhance existing internal audit procedures.

Effect - Fully utilizing this position was not realized during 2010.

Recommendation - The County should continue their efforts to develop and expand the internal audit function.

County's Response - The County will work closely with the internal auditor to develop a comprehensive internal audit system.

#### Documentation of Procedures #10-3 –

Criteria - A written self assessment to document the County's internal control system should be completed at least annually in an effort to identify areas for improvement.

Condition - A documented self assessment of the County's internal control system has not been prepared for 2010.

Effect - Opportunities to identify and improve internal accounting controls may be overlooked.

Recommendation - The County should document in writing a self assessment of the County's internal controls at least annually.

County's Response - The County is currently evaluating options for preparing a self assessment document and anticipates completion of the process during 2011.

**Policies and Procedures #10-4 –**

**Criteria** - Established written policies for various financial activities should be adopted and disseminated to help ensure fiscal accountability.

**Condition** - The County has not established and/or updated written policies in the following areas:

1. Credit Card Purchases
2. “On-line” Purchases
3. Electronic Bank Transfers

**Effect** - Better fiscal accountability and improved safeguarding of assets may not be achieved.

**Recommendation** - The County should develop and adopt the policies referenced above.

**County’s Response** - The County will consider adopting these policies during 2011.

**Procurement Procedures #10-5 –**

**Criteria** - The procurement process should include procedures to ensure proper department head approval for all invoices and that manual checks are subjected to internal audit. In addition, the Munis system should be utilized for purchase orders and encumbrance accounting.

**Condition** - Current procedures do not include department head approval for all invoices processed for payment. In addition, certain manual checks are not subjected to the internal audit process and the Munis system is not utilized for purchase orders and encumbrance accounting.

**Effect** - Lack of the processing controls noted may affect the County’s ability to properly process and record financial data in an accurate, complete, and timely manner.

**Recommendation** - The County should take steps to address the above items.

**County’s Response** - The County is in the process of reviewing and developing corrective action for the above items.

**Prior Year Finding – Corrected:**

**Segregation of Duties #09-1 –**

This prior year finding has been corrected.

**Prior Year Findings – Pending Corrective Action:**

**Revenue Reconciliation #09-2 –**

This item has been addressed above as item #10-1.

**Internal Auditor #09-3 –**

This item has been addressed above as item #10-2.

**Documentation of Procedures #09-4 –**

This item has been addressed above as item #10-3.

**Policies and Procedures #09-5 –**

This item has been addressed above as item #10-4.

**Procurement Procedures #09-6 –**

This item has been addressed above as item #10-5.

**III. Federal Award Findings and Questioned Costs**

There were no current year findings or questioned costs and there were no prior year findings or questioned costs.