

COUNTY OF LIVINGSTON, NEW YORK

**Financial Statements
for the Year Ended December 31, 2015
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

COUNTY OF LIVINGSTON, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

September 6, 2016

To the Board of Supervisors of the
County of Livingston, New York:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Livingston County Industrial Development Agency (IDA) or the Livingston County Development Corporation (LCDC), which collectively represent 11.2%, 12.3% and 27.9% of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the IDA and LCDC, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinions

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2015 the County adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of funding progress, contributions-pension plans, and proportionate share of the net pension liability (asset) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

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

The combining and nonmajor governmental and special revenue fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

COUNTY OF LIVINGSTON, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2015

As management of the County of Livingston, New York (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended December 31, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the County's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Fund Financial Statements

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

- **Governmental Funds**

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

- **Governmental Funds (Continued)**

The County maintains eight 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, County Road and the Capital Projects Funds, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County legally adopts an annual appropriated budget for its General and County Road Funds. Budgetary comparison statements have been provided for the General and County Road Funds to demonstrate compliance with budget.

- **Proprietary Funds**

- **Internal Service Funds** - account for risk management operations and the related costs that are supported by contributions from the General, Special Revenue, and Enterprise Funds.
- **Enterprise Funds** - account for those operations that are financed and operated in a manner similar to private business. The County's major enterprise funds include the Worker's Compensation Fund and the Livingston County Center for Nursing and Rehabilitation (CNR). Separate audited financial statements for the CNR may be obtained by contacting the CNR directly at 11 Murray Hill Drive, Mount Morris, NY 14510. The Workers' Compensation Fund does not issue stand-alone financial statements.

In addition, the government-wide financial statements report three proprietary enterprise funds as component units. The Livingston County Industrial Development Agency (IDA), the Livingston County Development Corporation (LCDC), and the Livingston County Water and Sewer Authority (LCWSA) are considered to be component units of the County. Separate audited financial statements for the IDA, LCDC and LCWSA may be obtained by contacting the IDA, LCDC and LCWSA directly. The IDA and LCDC can be reached at Livingston County Government Center, 6 Court Street, Room 306, Geneseo, New York, and LCWSA can be reached at 1997 D'Angelo Drive, Lakeville, New York 14480.

Notes to Financial Statements

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

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets/deferred outflow of resources of the County's governmental activities exceeded liabilities/deferred inflow of resources by \$98,273,122 at the close of 2015.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Table 1 - Summary Statement of Net Position

	Governmental <u>2015</u>	Business-Type <u>2015</u>	Governmental <u>2014</u>	Business-Type <u>2014</u>
Assets:				
Current assets	\$ 64,379,718	\$ 28,151,600	\$ 60,865,815	\$ 36,488,901
Capital assets, net	<u>111,472,656</u>	<u>17,001,985</u>	<u>112,911,239</u>	<u>18,114,221</u>
Total assets	<u>175,852,374</u>	<u>45,153,585</u>	<u>173,777,054</u>	<u>54,603,122</u>
Deferred outflows of resources	<u>4,447,708</u>	<u>3,547,647</u>	-	<u>1,913,447</u>
Liabilities:				
Current liabilities	11,222,331	15,271,303	10,810,039	21,064,489
Long-term liabilities	<u>69,752,850</u>	<u>39,589,416</u>	<u>63,289,040</u>	<u>38,236,456</u>
Total liabilities	<u>80,975,181</u>	<u>54,860,719</u>	<u>74,099,079</u>	<u>59,300,945</u>
Deferred inflow of resources	<u>1,051,779</u>	<u>429,600</u>	-	-
Net Position:				
Net investment in capital assets	89,700,787	(13,026,899)	89,169,744	(13,079,207)
Restricted	5,200,773	4,060,630	3,472,821	3,893,392
Unrestricted	<u>3,371,562</u>	<u>2,377,182</u>	<u>7,035,410</u>	<u>6,401,439</u>
Total net position	<u>\$ 98,273,122</u>	<u>\$ (6,589,087)</u>	<u>\$ 99,677,975</u>	<u>\$ (2,784,376)</u>

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

The restricted portion of the net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of the governmental unrestricted net position, 3% and 7% in 2015 and 2014, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

Deferred outflows/inflows of resources were recorded in 2015 due to the change in accounting principle, GASB Statement No. 68, regarding the recording of pensions.

The increase in governmental capital assets, net of accumulated depreciation is mainly due to costs associated with the County Highway Projects as well as purchases of several vehicles and building improvements.

The increase of approximately \$6,464,000 in the governmental long-term liabilities is mainly due to the increase in Other Postemployment Benefits (OPEB) liabilities of approximately \$5,231,000, and the recording of the net pension liability of approximately \$6,251,000, offset by the net effect of principal debt payments of approximately \$5,620,000.

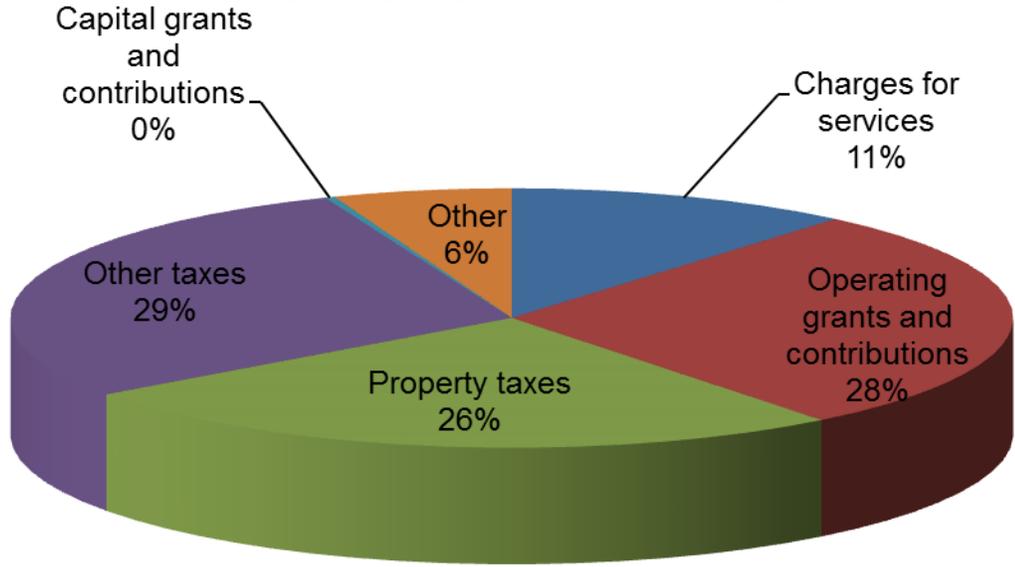
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

See the Summary Statement of Activities (Table 2) below for the dollar and percent changes in the governmental and business-type activities from 2014 to 2015. Additionally, the information following Table 2 presents a graphical picture of the major revenue and expense categories of the governmental and business-type activities.

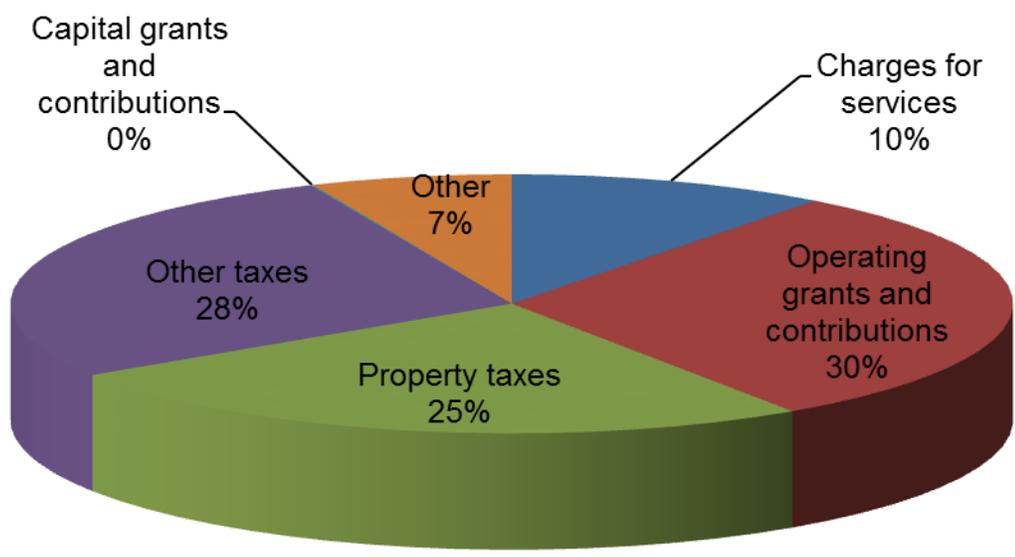
Table 2 - Summary Statement of Activities

	Governmental 2015	%	Business-Type 2015	%	Governmental 2014	%	Business-Type 2014	%
Revenues:								
Program revenues -								
Charges for services	\$ 11,663,915	10.4%	\$ 24,315,505	98.1%	\$ 12,367,400	11.2%	\$ 27,801,451	79.1%
Operating grants and contributions	33,994,240	30.1%	-	0.0%	31,227,426	28.2%	-	0.0%
Capital grants and contributions	102,978	0.1%	-	0.0%	346,297	0.3%	-	0.0%
Total program revenues	<u>45,761,133</u>	<u>40.6%</u>	<u>24,315,505</u>	<u>98.1%</u>	<u>43,941,123</u>	<u>39.7%</u>	<u>27,801,451</u>	<u>79.1%</u>
General revenues -								
Property taxes	28,351,639	25.2%	-	0.0%	28,261,068	25.6%	-	0.0%
Other taxes	31,149,873	27.7%	-	0.0%	32,023,826	28.9%	-	0.0%
Intergovernmental transfer (IGT)	-	0.0%	-	0.0%	-	0.0%	6,842,669	19.5%
Other	<u>7,320,868</u>	<u>6.5%</u>	<u>461,328</u>	<u>1.9%</u>	<u>6,383,940</u>	<u>5.8%</u>	<u>486,995</u>	<u>1.4%</u>
Total general revenues	<u>66,822,380</u>	<u>59.4%</u>	<u>461,328</u>	<u>1.9%</u>	<u>66,668,834</u>	<u>60.3%</u>	<u>7,329,664</u>	<u>20.9%</u>
Total revenues	<u>112,583,513</u>	<u>100.0%</u>	<u>24,776,833</u>	<u>100.0%</u>	<u>110,609,957</u>	<u>100.0%</u>	<u>35,131,115</u>	<u>100.0%</u>
Expenses:								
General governmental	26,325,368	23.5%	-	0.0%	18,097,891	15.9%	-	0.0%
Judgments/claims	-	0.0%	449,537	1.6%	-	0.0%	5,248,846	14.6%
Education	6,978,363	6.2%	-	0.0%	6,591,377	5.8%	-	0.0%
Public safety	14,600,581	13.1%	-	0.0%	14,867,414	13.1%	-	0.0%
Public health	9,338,850	8.4%	27,249,441	98.4%	12,277,024	10.8%	30,636,363	85.4%
Transportation	11,528,324	10.3%	-	0.0%	16,295,259	14.4%	-	0.0%
Economic assistance	38,401,564	34.4%	-	0.0%	40,137,816	35.4%	-	0.0%
Culture and recreation	486,127	0.4%	-	0.0%	559,786	0.5%	-	0.0%
Home and community services	2,245,175	2.0%	-	0.0%	2,716,812	2.4%	-	0.0%
Interest	<u>1,923,251</u>	<u>1.7%</u>	<u>-</u>	<u>0.0%</u>	<u>1,964,941</u>	<u>1.7%</u>	<u>-</u>	<u>0.0%</u>
Total expenses	<u>111,827,603</u>	<u>100.0%</u>	<u>27,698,978</u>	<u>100.0%</u>	<u>113,508,320</u>	<u>100.0%</u>	<u>35,885,209</u>	<u>100.0%</u>
Increase (decrease) in net position	<u>\$ 755,910</u>		<u>\$ (2,922,145)</u>		<u>\$ (2,898,363)</u>		<u>\$ (754,094)</u>	

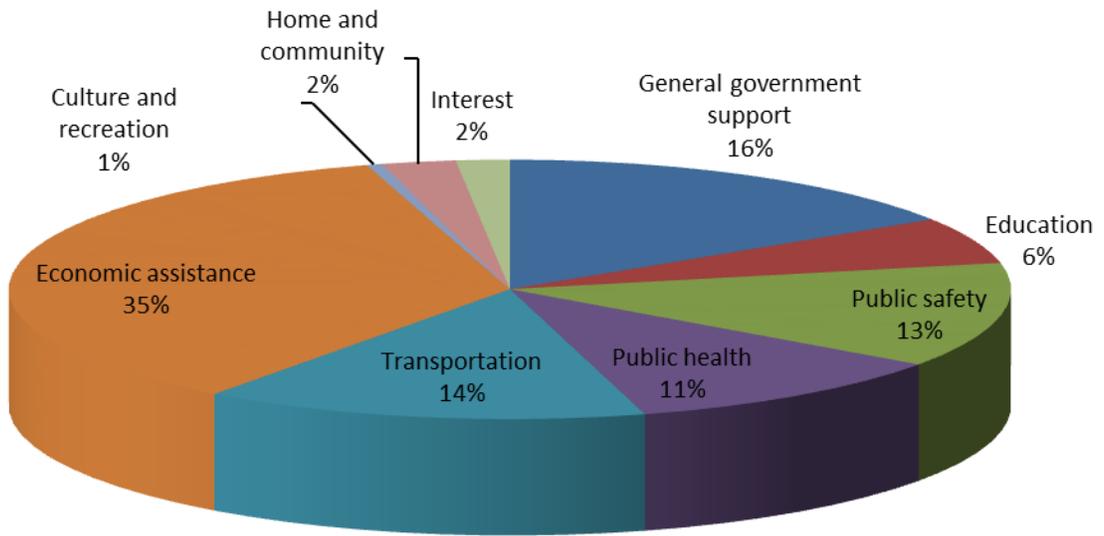
2014 Revenues - Governmental Activities



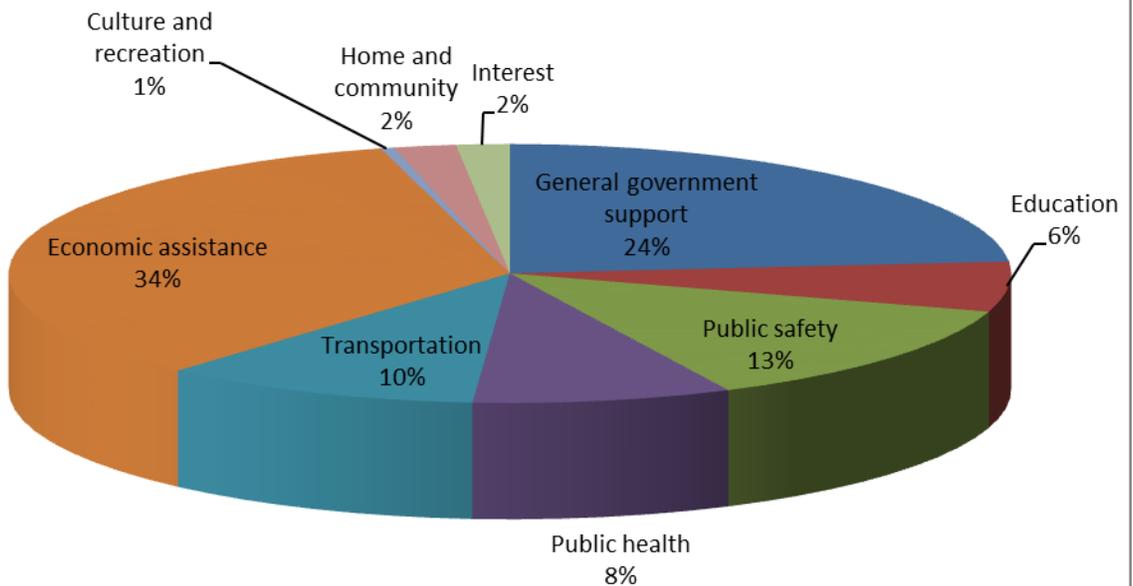
2015 Revenues - Governmental Activities



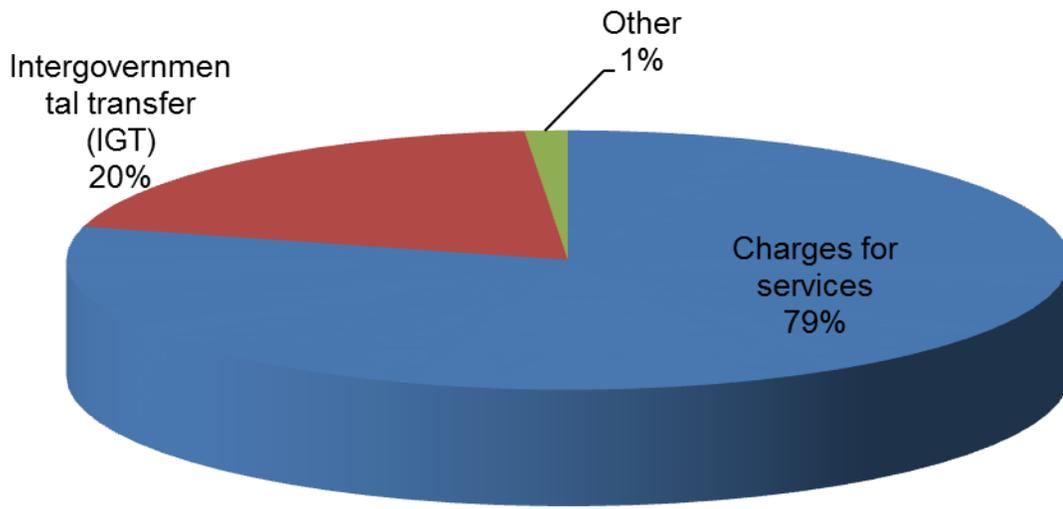
2014 Expenses - Governmental Activities



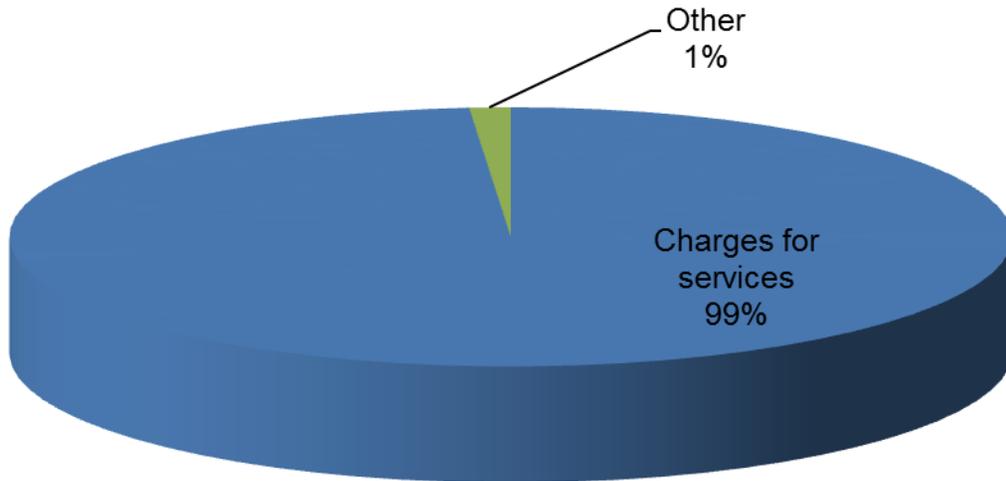
2015 Expenses - Governmental Activities



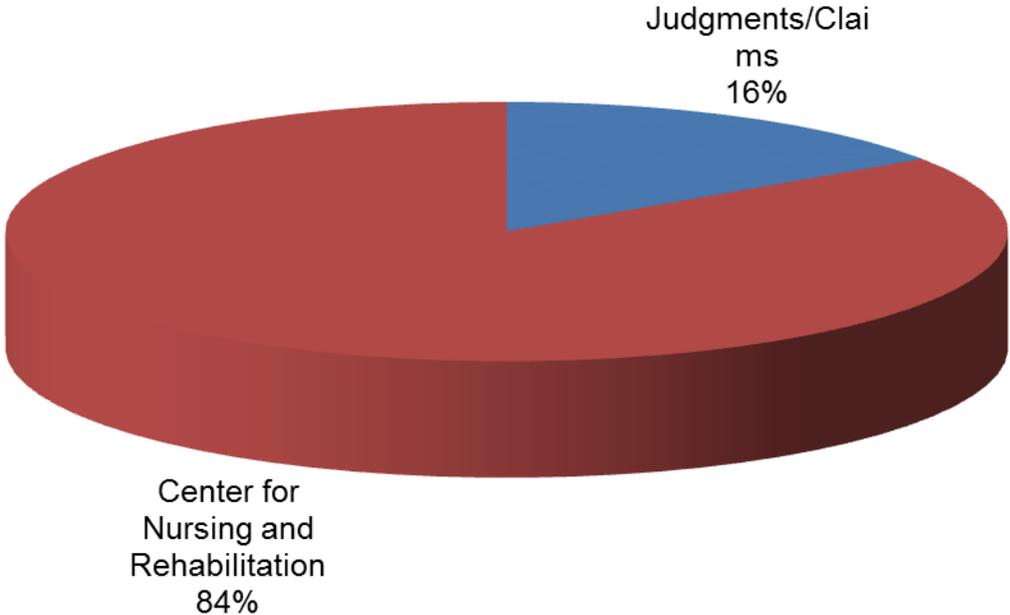
2014 Revenues - Business-Type Activities



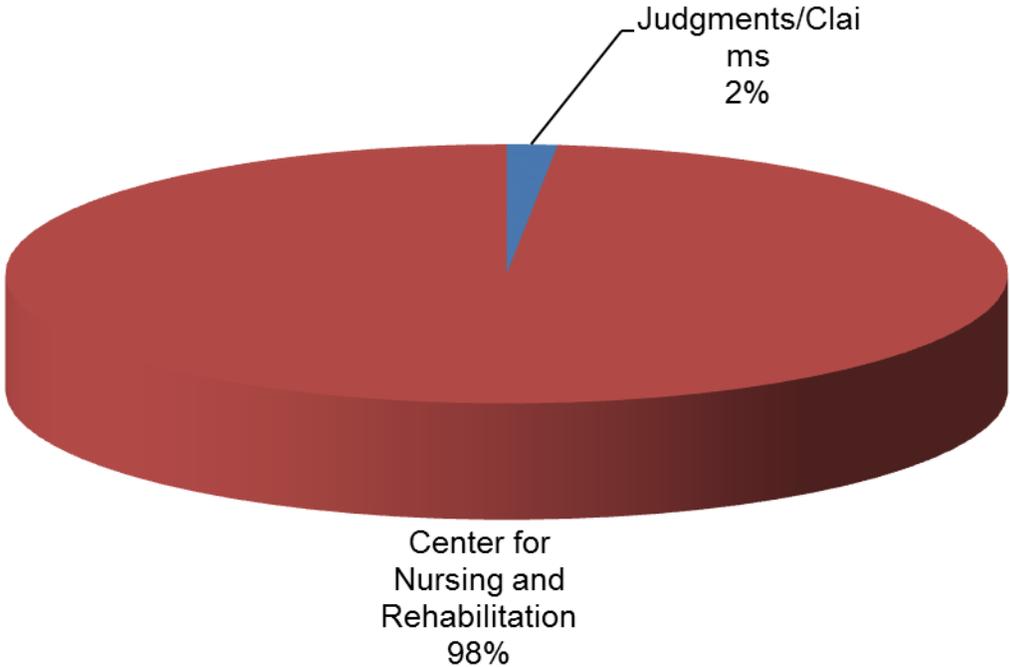
2015 Revenues - Business-Type Activities



2014 Expenses - Business-Type Activities



2015 Expenses - Business-Type Activities



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Governmental activities increased the County's net position by \$755,910. The 2015 general governmental expenses decreased by \$1,680,717 from the 2014 expenses while the total governmental revenues increased by \$1,973,556.

Other significant areas that contributed to the increase in net position:

- Operating grants increased by approximately \$2,767,000 mainly due to a Farmland Protection grant in 2015 of approximately \$2,287,000.
- The sale of the Certified Home Health Agency in 2014 resulted in a decrease in Charges for Services and Expenditures within the Public Health Department in 2015.

Business-Type Activities

Business type activities decreased the County's net position by \$2,922,145.

General Fund Budget Analysis

Revenues

There was a shortfall in state aid compared to the amount budgeted of approximately \$10.7 million for the General Fund. The budget for the SICG Grant (State Interoperable Communications Grant) amounted to \$6,001,773 but only \$1,038,936 was realized in 2015 due to the timing of the project. The County will continue to be reimbursed for this project as costs are incurred through the contract period of the grant.

Federal aid was approximately \$2,447,000 over budget due to an excess in Medicaid reimbursement, Inmate Housing and other Federal Health Revenue.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS (Continued)

General Fund Budget Analysis (Continued)

Expenditures

Many of the expenditure centers show favorable variances due to prudent spending policies on the part of management. Department heads are not of the “spend it or you won’t get it next year” mentality and carefully manage their budgets on an annual basis.

For General Government Support, the \$1,630,182 favorable variance is attributable to the following: Budget surplus of a combined 505,000 in Public Defender, Civil Services and, County Clerk because of a change in salaries and employee benefits. Central services had a budget surplus of approximately \$262,000 because of less than expected expenses. Buildings had a budget surplus of approximately \$106,000 because of prudent spending. Information and technology services has a budget surplus of approximately \$122,000 because of positions being filled with newer employees that have a lower cost to the County. There was also a budgeted contingent fund of \$260,000 that was not expended in 2015.

Public Safety had a favorable variance from budgeted to actual in the amount of \$5,821,485. The majority of this amount is due to the timing of the SICG (State Interoperable Communications Grant). The County will be reimbursed for expenditures up to the grant award of \$5,994,854. The County budgeted for the entire grant in 2015 but incurred significantly less costs during 2015 due to the delayed timing the project. The County will continue to incur expenses related to this project through the grant contract period.

Economic assistance also had a favorable variance of \$4,143,339 due to cost savings.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County’s investment in capital assets for its governmental activities as of December 31, 2015 amounted to \$111,472,656 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways and bridges.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

**Table 3 - Capital Assets - Governmental and Business-Type Activities
(Net of Depreciation)**

	Governmental <u>2015</u>	Business-Type <u>2015</u>	Governmental <u>2014</u>	Business-Type <u>2014</u>
Land	\$ 1,319,867	\$ -	\$ 1,319,867	\$ -
Buildings and improvements	54,153,311	14,472,286	51,307,943	16,216,616
Machinery and equipment	1,711,386	1,676,388	1,711,652	1,855,096
Infrastructure	46,870,612	-	47,211,730	-
Work in progress	<u>7,417,480</u>	<u>853,311</u>	<u>11,360,047</u>	<u>42,509</u>
Total	<u>\$ 111,472,656</u>	<u>\$ 17,001,985</u>	<u>\$ 112,911,239</u>	<u>\$ 18,114,221</u>

The \$46,870,612 for 2015 and \$47,211,730 for 2014 of Infrastructure represents the depreciated book value of County roads, bridges, water lines, etc.

The \$7,417,480 for 2015 and \$11,360,047 for 2014 of work in progress represents the construction on various County projects. The decrease is due to the net effect of moving completed projects from work in progress and the current year additions to projects that were not completed during the year. The completed projects are the Millennium Drive project of \$4,701,296, various County Road and County Bridge projects of \$1,867,681 and the completion of Highway Facility projects in amount of \$331,151. Additions that were made to projects; Roadway and Bridge Infrastructure \$2,263,306, Buildings and Park Upgrades \$489,417, and Special Projects \$207,838.

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

Debt Administration

Table 4 - Long-Term Debt

	Governmental <u>2015</u>	Business-Type <u>2015</u>	Governmental <u>2014</u>	Business-Type <u>2014</u>
Serial bonds-excluding LTASC	\$ 21,771,869	\$ 30,116,700	\$ 23,741,495	\$ 31,290,500
Serial bonds-LTASC	16,784,723	-	16,358,082	-
Compensated absences	866,171	-	936,997	-
Premium on bonds	-	1,643,162	-	1,816,375
Net pension liability	4,673,128	1,908,743	6,250,942	2,553,202
Other postemployment benefits	<u>25,656,959</u>	<u>5,920,811</u>	<u>22,252,466</u>	<u>5,129,581</u>
Total	<u>\$ 69,752,850</u>	<u>\$ 39,589,416</u>	<u>\$ 69,539,982</u>	<u>\$ 40,789,658</u>

The County's governmental activities and business-type activities repaid \$2,144,626 and \$1,347,013, respectively, in principal payments during 2015. The County's governmental activities and business-type activities had increases to its other postemployment benefits liability of \$5,231,000 and \$1,331,700, respectively, which were offset by contributions of \$1,826,507 and \$540,470, respectively. The County's governmental activities and business-type activities incurred a net decrease in net pension liability of \$1,577,814 and \$644,459, respectively.

The County continues to maintain an Aa2 rating from Moody's Investor Services and for its general obligation debt. Additional information on the County's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS

- Completed five projects representing an expected 65 new jobs, 438 retained jobs, and almost \$35 million in investment.
- Accepted two new application for assistance representing an expected 32 new jobs, 12 retained jobs and almost \$48 million in investment.
- Closed out five grants from NYS Homes and Community Renewal totaling \$690,000 and representing a total of 28 projects that leveraged more than \$650,000 in private investment.
- Received \$540,000 in New York Main Street grants through the Consolidated Funding Application to undertake renovation projects in Caledonia and Livonia and planning activities in Avon and Leicester.
- The unemployment rate at the end of 2015 for the County was 5 percent, a decrease from the 2014 rate of 5.9 percent.

ADDITIONAL FINANCIAL IMPLICATIONS

The 2015 County budget was approved November 19, 2014. The tax rate increased .07% compared to 2014 and the levy increased 2.92%. The budget was compliant with the mandated 2% property tax cap.

Sales tax collections decreased from \$31,128,489 in 2014 to \$30,414,967 in 2015.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Treasurer, 6 Court Street, Room 203, Geneseo, New York 14454

COUNTY OF LIVINGSTON, NEW YORK

**STATEMENT OF NET POSITION
DECEMBER 31, 2015**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 37,740,225	\$ 16,644,799	\$ 54,385,024	\$ 3,569,741
Restricted cash	-	-	-	2,650,454
Limited use assets	895,433	-	895,433	93,119
Accounts receivable, net	9,389,732	4,048,913	13,438,645	1,461,860
Loans receivable, net	-	-	-	576,833
Due from other funds	1,261,384	1,138,298	2,399,682	-
Due from other governments	245,604	5,622,540	5,868,144	-
State and federal aid receivable, net	13,627,872	-	13,627,872	-
Prepaid expenses and inventories	1,219,468	583,766	1,803,234	56,429
Funds held for others	-	-	-	30,657
Other assets	-	113,284	113,284	1,244,079
Capital assets, net	<u>111,472,656</u>	<u>17,001,985</u>	<u>128,474,641</u>	<u>24,769,902</u>
Total assets	<u>175,852,374</u>	<u>45,153,585</u>	<u>221,005,959</u>	<u>34,453,074</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	4,447,708	1,816,669	6,264,377	-
Deferred amount on refunding	<u>-</u>	<u>1,730,978</u>	<u>1,730,978</u>	<u>-</u>
Total deferred outflows of resources	<u>4,447,708</u>	<u>3,547,647</u>	<u>7,995,355</u>	<u>-</u>
LIABILITIES				
Accounts payable and other current liabilities	3,665,033	938,512	4,603,545	561,390
Accrued wages and benefits	2,629,792	12,131,875	14,761,667	-
Due to other funds	198,766	2,200,916	2,399,682	-
Due to other governments	4,431,281	-	4,431,281	-
Unearned revenue	297,459	-	297,459	2,035,469
Long-term liabilities -				
Due within one year	2,387,281	1,226,200	3,613,481	146,725
Due in more than one year	<u>67,365,569</u>	<u>38,363,216</u>	<u>105,728,785</u>	<u>4,336,400</u>
Total liabilities	<u>80,975,181</u>	<u>54,860,719</u>	<u>135,835,900</u>	<u>7,079,984</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related	<u>1,051,779</u>	<u>429,600</u>	<u>1,481,379</u>	<u>-</u>
Total deferred inflows of resources	<u>1,051,779</u>	<u>429,600</u>	<u>1,481,379</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	89,700,787	(13,026,899)	76,673,888	20,286,777
Restricted	5,200,773	4,060,630	9,261,403	1,059,815
Unrestricted	<u>3,371,562</u>	<u>2,377,182</u>	<u>5,748,744</u>	<u>6,026,498</u>
Total net position	<u>\$ 98,273,122</u>	<u>\$ (6,589,087)</u>	<u>\$ 91,684,035</u>	<u>\$ 27,373,090</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

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

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position						
		Program Revenue			Primary Government			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities -								
General government support	\$ 26,325,368	\$ 2,610,924	\$ 2,070,537	\$ -	\$ (21,643,907)	\$ -	\$ (21,643,907)	
Education	6,978,363	-	2,795,891	-	(4,182,472)	-	(4,182,472)	
Public safety	14,600,581	768,261	3,633,999	-	(10,198,321)	-	(10,198,321)	
Public health	9,338,850	4,426,110	4,385,126	-	(527,614)	-	(527,614)	
Transportation	11,528,324	837,899	-	102,978	(10,587,447)	-	(10,587,447)	
Economic assistance and opportunity	38,401,564	1,582,913	20,885,456	-	(15,933,195)	-	(15,933,195)	
Culture and recreation	486,127	8,798	61,790	-	(415,539)	-	(415,539)	
Home and community services	2,245,175	1,429,010	161,441	-	(654,724)	-	(654,724)	
Interest	1,923,251	-	-	-	(1,923,251)	-	(1,923,251)	
Total governmental activities	<u>111,827,603</u>	<u>11,663,915</u>	<u>33,994,240</u>	<u>102,978</u>	<u>(66,066,470)</u>	<u>-</u>	<u>(66,066,470)</u>	
Business-type activities -								
Center for Nursing and Rehabilitation	27,249,441	24,608,011	-	-	-	(2,641,430)	(2,641,430)	
Workers' Compensation Fund	449,537	(292,506)	-	-	-	(742,043)	(742,043)	
Total business-type activities	<u>27,698,978</u>	<u>24,315,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,383,473)</u>	<u>(3,383,473)</u>	
Total primary government	<u>\$ 139,526,581</u>	<u>\$ 35,979,420</u>	<u>\$ 33,994,240</u>	<u>\$ 102,978</u>	<u>(66,066,470)</u>	<u>(3,383,473)</u>	<u>(69,449,943)</u>	
COMPONENT UNITS:								
Proprietary -								
Industrial Development Agency	\$ 571,473	\$ 323,138	\$ 349,500	\$ -				\$ 101,165
Development Corporation	510,962	69,040	479,218	-				37,296
Water and Sewer Authority	3,524,045	3,151,081	44,470	-				(328,494)
Total component units	<u>\$ 4,606,480</u>	<u>\$ 3,543,259</u>	<u>\$ 873,188</u>	<u>\$ -</u>				<u>(190,033)</u>
GENERAL REVENUES:								
Real property taxes and real property tax items					28,351,639	-	28,351,639	-
Nonproperty tax items					31,149,873	-	31,149,873	-
Sale of property and compensation for loss					473,085	429,760	902,845	-
Use of money and property					2,904,837	8,905	2,913,742	22,979
Intergovernmental transfer					1,505,807	-	1,505,807	-
Miscellaneous					2,437,139	22,663	2,459,802	68,082
Total general revenues					<u>66,822,380</u>	<u>461,328</u>	<u>67,283,708</u>	<u>91,061</u>
Change in net position					755,910	(2,922,145)	(2,166,235)	(98,972)
Net position - beginning of year					99,677,975	(2,784,376)	96,893,599	27,472,062
Change in Accounting Principle (Note 3)					(2,160,763)	(882,566)	(3,043,329)	-
Net position - beginning of year, as restated					<u>97,517,212</u>	<u>(3,666,942)</u>	<u>93,850,270</u>	<u>27,472,062</u>
Net position - end of year					<u>\$ 98,273,122</u>	<u>\$ (6,589,087)</u>	<u>\$ 91,684,035</u>	<u>\$ 27,373,090</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

**BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>County Road Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 25,107,018	\$ 4,197,160	\$ 3,778,340	\$ 2,860,322	\$ 35,942,840
Limited use assets	-	-	-	895,433	895,433
Accounts receivable, net	7,953,227	-	1,958	1,434,547	9,389,732
State and federal aid receivable	13,300,328	-	327,544	-	13,627,872
Due from other governments	169,896	-	-	75,708	245,604
Prepaid expenditures	1,130,702	-	63,167	25,599	1,219,468
Due from other funds	<u>1,261,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,261,384</u>
Total assets	<u>\$ 48,922,555</u>	<u>\$ 4,197,160</u>	<u>\$ 4,171,009</u>	<u>\$ 5,291,609</u>	<u>\$ 62,582,333</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and other current liabilities	\$ 2,695,626	\$ 233,059	\$ 303,361	\$ 62,585	\$ 3,294,631
Accrued wages and benefits	1,635,978	-	30,256	5,398	1,671,632
Due to other funds	-	-	63,167	135,599	198,766
Due to other governments	4,431,281	-	-	-	4,431,281
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,414,284</u>	<u>1,414,284</u>
Total liabilities	<u>8,762,885</u>	<u>233,059</u>	<u>396,784</u>	<u>1,617,866</u>	<u>11,010,594</u>
DEFERRED INFLOWS OF RESOURCES:					
Deferred taxes	<u>3,783,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,783,155</u>
Total deferred inflows of resources	<u>3,783,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,783,155</u>
FUND BALANCES:					
Nonspendable	1,130,702	-	63,167	25,599	1,219,468
Restricted	2,854,934	-	-	2,345,839	5,200,773
Assigned	4,346,443	3,964,101	3,711,058	1,314,303	13,335,905
Unassigned	<u>28,044,436</u>	<u>-</u>	<u>-</u>	<u>(11,998)</u>	<u>28,032,438</u>
Total fund balances	<u>36,376,515</u>	<u>3,964,101</u>	<u>3,774,225</u>	<u>3,673,743</u>	<u>47,788,584</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 48,922,555</u>	<u>\$ 4,197,160</u>	<u>\$ 4,171,009</u>	<u>\$ 5,291,609</u>	<u>\$ 62,582,333</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2015

Total fund balances - governmental funds \$ 47,788,584

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

Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the funds. 111,472,656

The net position of the internal service funds are not included in the fund financial statements, but are included in the governmental activities of the statement of net position. 839,225

Tobacco settlement revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are unearned in the funds. 1,414,284

Long-term liabilities are not due in the current period and, therefore, are not reported in the funds. They are as follows:

Serial bonds - County	(21,771,869)
Serial bonds - LTASC	(16,784,723)
Other postemployment benefits	(25,656,959)
Compensated absences	(866,171)
Net pension liability	(4,673,128)

Interest is accrued on outstanding bonds in the statement of net position but not in the funds. (370,402)

Revenue related to the tax levy is recognized when earned in the statement of activities and change in net position, but deferred in the fund statements if collection exceeds sixty days after year-end. 3,485,696

Deferred outflows/inflows of resources related to pensions are applicable to future periods and; therefore are not reported in the funds.

Deferred outflow - pension related	4,447,708
Deferred inflow - pension related	<u>(1,051,779)</u>

Total net position of governmental activities \$ 98,273,122

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>County Road Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES:					
Real property taxes and tax items	\$ 20,516,224	\$ -	\$ 7,653,520	\$ 439,079	\$ 28,608,823
Nonproperty tax items	31,149,873	-	-	-	31,149,873
Departmental income	9,194,044	-	-	-	9,194,044
Intergovernmental charges	645,640	-	837,899	-	1,483,539
Use of money and property	2,896,461	-	357	7,519	2,904,337
Licenses and permits	16,592	-	-	-	16,592
Fines and forfeitures	530,661	-	-	-	530,661
Sale of property and compensation for loss	186,151	-	4,832	34,246	225,229
Miscellaneous	588,655	9,530	127,404	1,106,037	1,831,626
Interfund revenues	1,505,807	-	-	-	1,505,807
State and county	16,057,651	-	1,711,878	-	17,769,529
Federal aid	<u>15,498,903</u>	<u>-</u>	<u>102,978</u>	<u>725,808</u>	<u>16,327,689</u>
Total revenues	<u>98,786,662</u>	<u>9,530</u>	<u>10,438,868</u>	<u>2,312,689</u>	<u>111,547,749</u>
EXPENDITURES:					
Current -					
General governmental support	14,531,048	1,027,746	-	65,316	15,624,110
Education	6,978,363	-	-	-	6,978,363
Public safety	18,901,770	-	-	-	18,901,770
Public health	10,813,631	-	-	-	10,813,631
Transportation	35,145	-	8,619,763	1,395,969	10,050,877
Economic assistance and opportunity	39,924,378	-	-	726,956	40,651,334
Culture and recreation	525,620	-	-	-	525,620
Home and community services	2,290,242	-	-	710	2,290,952
Debt service -					
Principal	1,740,000	-	-	404,626	2,144,626
Interest	<u>716,890</u>	<u>-</u>	<u>-</u>	<u>633,550</u>	<u>1,350,440</u>
Total expenditures	<u>96,457,087</u>	<u>1,027,746</u>	<u>8,619,763</u>	<u>3,227,127</u>	<u>109,331,723</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,329,575</u>	<u>(1,018,216)</u>	<u>1,819,105</u>	<u>(914,438)</u>	<u>2,216,026</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers - in	479,177	2,030,282	136,303	1,585,160	4,230,922
Operating transfers - out	<u>(1,679,987)</u>	<u>(54,317)</u>	<u>(1,978,604)</u>	<u>(143,014)</u>	<u>(3,855,922)</u>
Total other financing sources (uses)	<u>(1,200,810)</u>	<u>1,975,965</u>	<u>(1,842,301)</u>	<u>1,442,146</u>	<u>375,000</u>
CHANGE IN FUND BALANCE	1,128,765	957,749	(23,196)	527,708	2,591,026
FUND BALANCE - beginning of year	<u>35,247,750</u>	<u>3,006,352</u>	<u>3,797,421</u>	<u>3,146,035</u>	<u>45,197,558</u>
FUND BALANCE - end of year	<u>\$ 36,376,515</u>	<u>\$ 3,964,101</u>	<u>\$ 3,774,225</u>	<u>\$ 3,673,743</u>	<u>\$ 47,788,584</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

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

Net change in fund balances - governmental funds \$ 2,591,026

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays	4,895,634	
Depreciation	<u>(6,334,217)</u>	(1,438,583)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities. (305,653)

Tobacco settlement revenues will not be collected for several months after the County's fiscal year-end; therefore, they are not considered "available" revenues and are unearned in the governmental funds. This represents the current year change. 605,513

Principal payments on debt service are reported as an expenditure in the governmental funds, and therefore reduces fund balance because current financial resources have been used. These payments are not an expense in the statement of activities. 2,144,626

Accrued interest on bonds is an expenditure in the statement of activities of the government-wide statement, but is not reported an expenditure in the governmental funds. This amount represents the current year change. 28,830

The change in accrued accreted interest is reported in the statement of activities, but does not require the use of current financial resources and, therefore is not reported as an expenditure in the governmental funds. (601,641)

Compensated absences are reported in the statement of activities, but do not require the use of current financial resources and, therefore, these are not reported as expenditures in governmental funds. This represents the current year change. 70,826

Unearned property tax revenues are recorded on the modified accrual basis, but are not reported in the government-wide financial statements. 181,895

Other postemployment benefits are included in the statement of activities but are not considered an expenditure in the governmental funds. This represents the current year change. (3,404,493)

Government funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as a pension expense:

Pension contributions	4,648,604	
Cost of benefits earned, net of employee contributions	<u>(3,765,040)</u>	

Change in net position of governmental activities \$ 755,910

COUNTY OF LIVINGSTON, NEW YORK

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2015

	<u>Business Type Activities - Enterprise Funds</u>			
	Workers' Compensation Fund	Livingston County Center for Nursing and Rehabilitation	Total	Internal Service Fund
ASSETS				
Cash and cash equivalents	\$ 4,219,188	\$ 12,425,611	\$ 16,644,799	\$ 1,797,385
Accounts receivable, net	-	4,048,913	4,048,913	-
Due from other funds	148,314	989,984	1,138,298	-
Due from other governments	5,622,540	-	5,622,540	-
Prepaid expense	-	583,766	583,766	-
Capital assets, net	-	17,001,985	17,001,985	-
Other assets	-	113,284	113,284	-
Total assets	<u>9,990,042</u>	<u>35,163,543</u>	<u>45,153,585</u>	<u>1,797,385</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	-	1,816,669	1,816,669	\$ -
Deferred loss on refunding	-	1,730,978	1,730,978	-
Total deferred outflows of resources	<u>-</u>	<u>3,547,647</u>	<u>3,547,647</u>	<u>-</u>
LIABILITIES				
Accounts payable and other liabilities	-	938,512	938,512	-
Accrued liabilities	10,038,672	2,093,203	12,131,875	958,160
Due to other funds	2,200,916	-	2,200,916	-
Unearned revenue	-	-	-	-
Non-current liabilities -				
Due in one year	-	1,226,200	1,226,200	-
Due in more than one year	-	38,363,216	38,363,216	-
Total liabilities	<u>12,239,588</u>	<u>42,621,131</u>	<u>54,860,719</u>	<u>958,160</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related	-	429,600	429,600	-
Total deferred inflows of resources	<u>-</u>	<u>429,600</u>	<u>429,600</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	-	(13,026,899)	(13,026,899)	-
Restricted	4,060,630	-	4,060,630	839,225
Unrestricted	<u>(6,310,176)</u>	<u>8,687,358</u>	<u>2,377,182</u>	<u>-</u>
Total net position	<u>\$ (2,249,546)</u>	<u>\$ (4,339,541)</u>	<u>\$ (6,589,087)</u>	<u>\$ 839,225</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Business Type Activities - Enterprise Funds			
	Workers' Compensation Fund	Livingston County Center for Nursing and Rehabilitation	Total	Internal Service Fund
REVENUES:				
Charges for services	\$ 2,527,388	\$ 24,608,011	\$ 27,135,399	\$ 11,474,556
Total operating revenues	<u>2,527,388</u>	<u>24,608,011</u>	<u>27,135,399</u>	<u>11,474,556</u>
OPERATING EXPENSES:				
Judgments, claims, and insurance premiums	2,408,506	-	2,408,506	10,708,589
Nursing services	-	12,253,482	12,253,482	-
Employee benefits	-	4,332,304	4,332,304	-
Other professional services	857,170	5,032,502	5,889,672	944,976
Depreciation and amortization	-	2,239,758	2,239,758	-
Bad debts	-	511,759	511,759	-
County cost allocation	-	434,607	434,607	-
New York State assessment	-	1,317,142	1,317,142	-
Total operating expenses	<u>3,265,676</u>	<u>26,121,554</u>	<u>29,387,230</u>	<u>11,653,565</u>
Operating loss	<u>(738,288)</u>	<u>(1,513,543)</u>	<u>(2,251,831)</u>	<u>(179,009)</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest income	3,288	5,617	8,905	500
Interest expense	-	(1,127,887)	(1,127,887)	-
Sale of property and compensation for loss	430,276	(516)	429,760	247,856
Intergovernmental transfers	-	-	-	(375,000)
Other expense	(3,755)	-	(3,755)	-
Other income	-	22,663	22,663	-
Total non-operating revenues (expenses)	<u>429,809</u>	<u>(1,100,123)</u>	<u>(670,314)</u>	<u>(126,644)</u>
CHANGE IN NET POSITION	<u>(308,479)</u>	<u>(2,613,666)</u>	<u>(2,922,145)</u>	<u>(305,653)</u>
NET POSITION - beginning of year, as previously reported	(1,941,067)	(843,309)	(2,784,376)	1,144,878
CHANGE IN ACCOUNTING PRINCIPLE (NOTE 3)	-	(882,566)	(882,566)	-
NET POSITION - beginning of year, as restated	<u>(1,941,067)</u>	<u>(1,725,875)</u>	<u>(3,666,942)</u>	<u>1,144,878</u>
NET POSITION - end of year	<u>(2,249,546)</u>	<u>\$ (4,339,541)</u>	<u>\$ (6,589,087)</u>	<u>\$ 839,225</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Business Type Activity - Enterprise Funds</u>			
	<u>Workers' Compensation Fund</u>	<u>Livingston County Center for Nursing and Rehabilitation</u>	<u>Total</u>	<u>Internal Service Fund</u>
CASH FLOW FROM OPERATING ACTIVITIES:				
Cash received from providing services	\$ 7,191,319	\$ 27,837,637	\$ 35,028,956	\$ 11,543,267
Cash payments to insurance providers	(7,466,531)	-	(7,466,531)	(11,639,705)
Cash payments for salaries and benefits	-	(16,022,963)	(16,022,963)	-
Cash payments for contractual services	-	(6,903,914)	(6,903,914)	-
Net cash flow from operating activities	<u>(275,212)</u>	<u>4,910,760</u>	<u>4,635,548</u>	<u>(96,438)</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:				
Other non-operating revenues	-	22,663	22,663	-
Repayments to County general fund	-	(3,097,739)	(3,097,739)	-
Net cash flow from non-capital financing activities	<u>-</u>	<u>(3,075,076)</u>	<u>(3,075,076)</u>	<u>-</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of capital assets	-	(1,128,038)	(1,128,038)	-
Repayment of debt	-	(1,164,544)	(1,164,544)	-
Interest	-	(1,135,416)	(1,135,416)	-
Net cash flow from capital and related financing activities	<u>-</u>	<u>(3,427,998)</u>	<u>(3,427,998)</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES:				
Other income	430,276	-	430,276	247,856
Other expense	(3,755)	-	(3,755)	(375,000)
Investment income	3,288	5,617	8,905	500
Net cash flow from investing activities	<u>429,809</u>	<u>5,617</u>	<u>435,426</u>	<u>(126,644)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	154,597	(1,586,697)	(1,432,100)	(223,082)
CASH AND CASH EQUIVALENTS - beginning of year	<u>4,064,591</u>	<u>14,012,308</u>	<u>18,076,899</u>	<u>2,020,467</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 4,219,188</u>	<u>\$ 12,425,611</u>	<u>\$ 16,644,799</u>	<u>\$ 1,797,385</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating loss	\$ (738,288)	\$ (1,513,543)	\$ (2,251,831)	\$ (179,009)
Adjustments to reconcile operating loss to net cash flows from operating activities:				
Depreciation and amortization	-	2,239,758	2,239,758	-
Bad debts	-	511,759	511,759	-
Change in application of accounting principle	-	(882,566)	(882,566)	-
Changes in:				
Due from other funds	1,078,299	-	1,078,299	-
Due from other governments	3,585,632	-	3,585,632	-
Accounts receivable	-	(787,668)	(787,668)	68,711
Intergovernmental transfer receivable	-	3,421,335	3,421,335	-
Prepaid expense and other assets	-	66,797	66,797	-
Deferred outflows - pension	-	(1,816,669)	(1,816,669)	-
Accounts payable and other liabilities	-	(104,421)	(104,421)	-
Accrued liabilities	(6,401,771)	50,446	(6,351,325)	13,860
Due to other funds	2,200,916	-	2,200,916	-
Accrued other postemployment benefits	-	791,230	791,230	-
Due from third party payor	-	595,959	595,959	-
Net pension liability	-	1,908,743	1,908,743	-
Deferred inflows - pension	-	429,600	429,600	-
Net cash flow from operating activities	<u>\$ (275,212)</u>	<u>\$ 4,910,760</u>	<u>\$ 4,635,548</u>	<u>\$ (96,438)</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

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

	<u>Expendable Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 322,227	\$ 810,545
Total assets	<u>322,227</u>	<u>810,545</u>
LIABILITIES		
Other liabilities	<u>-</u>	<u>810,545</u>
Total liabilities	<u>-</u>	<u>810,545</u>
NET POSITION		
Held in trust for private purposes	<u>\$ 322,227</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Expendable <u>Trust</u>
ADDITIONS:	
Contributions	\$ (37,339)
Interest earnings	<u>77</u>
Total additions	<u>(37,262)</u>
DEDUCTIONS:	
Culture and recreation	<u>23,600</u>
Total deductions	<u>23,600</u>
CHANGE IN NET POSITION	(60,862)
NET POSITION - beginning of year	<u>383,089</u>
NET POSITION - end of year	<u><u>\$ 322,227</u></u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

**COMBINING STATEMENT OF NET POSITION - PROPRIETARY COMPONENT UNITS
DECEMBER 31, 2015**

	Livingston County Industrial Development <u>Agency</u>	Livingston County Water and Sewer <u>Authority</u>	Livingston County Development <u>Corporation</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 340,189	\$ 2,879,525	\$ 350,027	\$ 3,569,741
Restricted cash	150,000	1,937,565	562,889	2,650,454
Limited use assets	-	93,119	-	93,119
Grants receivable	150,000	-	-	150,000
Accounts receivable, net	-	1,311,860	-	1,311,860
Loans receivable, net	-	-	576,833	576,833
Prepaid expenses and inventories	-	56,429	-	56,429
Funds held for others	-	30,657	-	30,657
Land held for resale	1,244,079	-	-	1,244,079
Capital assets, net	<u>498,248</u>	<u>24,271,654</u>	<u>-</u>	<u>24,769,902</u>
Total assets	<u>2,382,516</u>	<u>30,580,809</u>	<u>1,489,749</u>	<u>34,453,074</u>
LIABILITIES				
Accounts payable and other current liabilities	139,821	267,466	4,103	411,390
Grants payable	150,000	-	-	150,000
Unearned revenue	-	1,833,695	201,774	2,035,469
Long-term liabilities	<u>-</u>	<u>4,483,125</u>	<u>-</u>	<u>4,483,125</u>
Total liabilities	<u>289,821</u>	<u>6,584,286</u>	<u>205,877</u>	<u>7,079,984</u>
NET POSITION				
Net investment in capital assets	498,248	19,788,529	-	20,286,777
Restricted	300,000	196,926	562,889	1,059,815
Unrestricted	<u>1,294,447</u>	<u>4,011,068</u>	<u>720,983</u>	<u>6,026,498</u>
Total net position	<u>\$ 2,092,695</u>	<u>\$ 23,996,523</u>	<u>\$ 1,283,872</u>	<u>\$ 27,373,090</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION - PROPRIETARY COMPONENT
UNITS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Livingston County Industrial Development Agency	Livingston County Water and Sewer Authority	Livingston County Development Corporation	Total
OPERATING REVENUE:				
Charges for services, net	\$ 310,934	\$ 3,151,081	\$ -	\$ 3,462,015
Grants	349,500	-	479,218	828,718
Other revenue	12,204	-	69,040	81,244
Total operating revenue	<u>672,638</u>	<u>3,151,081</u>	<u>548,258</u>	<u>4,371,977</u>
OPERATING EXPENSES:				
Depreciation	32,759	955,291	-	988,050
Operation and maintenance	349,500	1,892,007	421,120	2,662,627
Administration	65,008	562,960	89,842	717,810
Other professional services	124,169	-	-	124,169
Total operating expenses	<u>571,436</u>	<u>3,410,258</u>	<u>510,962</u>	<u>4,492,656</u>
OPERATING INCOME (LOSS)	<u>101,202</u>	<u>(259,177)</u>	<u>37,296</u>	<u>(120,679)</u>
NON-OPERATING REVENUE AND EXPENSES:				
Rental of real property	24,477	-	-	24,477
Interest income	42	22,759	178	22,979
Interest expense	(37)	(70,065)	-	(70,102)
Contract with New York State	-	43,605	-	43,605
Grant revenue	-	44,470	-	44,470
Grant expense	-	(43,722)	-	(43,722)
Total non-operating revenue and expenses	<u>24,482</u>	<u>(2,953)</u>	<u>178</u>	<u>21,707</u>
CHANGE IN NET POSITION	125,684	(262,130)	37,474	(98,972)
NET POSITION - beginning of year	<u>1,967,011</u>	<u>24,258,653</u>	<u>1,246,398</u>	<u>27,472,062</u>
NET POSITION - end of year	<u>\$ 2,092,695</u>	<u>\$ 23,996,523</u>	<u>\$ 1,283,872</u>	<u>\$ 27,373,090</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The County of Livingston, New York (the County) is governed by the 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 seventeen supervisors representing the towns in the County with each member's vote weighted on the basis of population in the town represented. The Chairman of the Board of Supervisors serves as chief executive officer and the County Treasurer serves as chief fiscal officer of the County.

The County provides the following basic services: highway construction and maintenance, economic assistance and opportunity, educational assistance, public safety and law enforcement, public health, and home and community services.

The accompanying basic financial statements are intended to report upon the financial position and results of operations of the individual major or non-major funds in accordance with generally accepted accounting principles.

The County financial reporting entity includes organizations, functions, and activities over which County elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A component unit is included in the County's reporting entity if it is both fiscally dependent on the County and there is a potential for the component unit to provide specific financial benefits to or impose specific financial burdens on the primary government. Based on the application of these criteria, the Livingston Tobacco Asset Securitization Corporation (LTASC) has been included in these statements as a blended component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Component Units - Discretely Presented

The financial statements of the component units as mentioned below have been included in the financial reporting entity as discretely presented component units, which is the presentation of component unit financial data in a column separate from the financial data of the primary government.

- **Proprietary Fund Type**

The Livingston County Industrial Development Agency (IDA) is a public benefit corporation created by state legislation to promote the economic welfare, opportunities, and prosperity of the County's inhabitants. Members of the IDA are appointed by the Board of Supervisors; however, the directors of the IDA have sole control over the management and operation of the IDA. Separate audited financial statements for the IDA may be obtained by contacting the IDA directly.

The Livingston County Water and Sewer Authority (the Authority) is a public benefit corporation organized under the Public Authorities Law of the State of New York. The Authority was created to finance, construct, operate, and maintain water and sewage facilities for the benefit of the residents of the County. Members of the Authority are appointed by the Board of Supervisors; however, the Board of Supervisors exercises no oversight responsibility for management of the Authority or accountability for fiscal matters. The County is not liable for any Authority indebtedness. Separate audited financial statements for the Authority may be obtained by contacting the Authority.

- **Livingston County Development Corporation**

The Livingston County Development Corporation (the Corporation) was incorporated on March 11, 1987 as a Type C educational corporation pursuant to section 201 of the Not-For-Profit Corporation Law of the State of New York. The Corporation became the successor to a subrecipient agreement previously by and between the County and the IDA, dated October 31, 2000. Pursuant to the agreement, the County has received federal grant assistance from the United States Department of Housing and Urban Development through the Community Development Block Grant Program for the purpose of establishing and implementing a microenterprise assistance program. The County has contracted with the Corporation for the establishment and administration of a commercial loan fund to oversee and review the actions of another subrecipient of the County, who is responsible for implementing entrepreneurial classroom instruction and providing technical assistance to the loan recipients. The primary objectives of the commercial loan fund are to assist in the establishment and expansion of microenterprise business activity, create employment opportunities and preserve and expand the County's tax base. Separate audited financial statements for the Corporation may be obtained by contacting the Corporation directly.

Component Unit - Blended

Livingston Tobacco Asset Securitization Corporation (LTASC) is a special purpose, bankruptcy-remote local development corporation organized under the Not-For-Profit Corporation Law of the State of New York. LTASC was established on October 10, 2000. LTASC is considered a governmental fund-type component unit (blended presentation) of the County in accordance with generally accepted accounting principles and is reported as a debt service fund. Separate audited financial statements for LTASC may be obtained by contacting LTASC directly by addressing the Office of the County Treasurer, 6 Court Street, Room 203, Geneseo, New York 14454.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Excluded From Reporting Entity

The following component units are not material to the financial statements of the County and are excluded from the financial statements:

- **Livingston County Capital Resource Corporation**

The Livingston County Capital Resource Corporation (LCCRC) was formed to fill the gap in civic facilities financing caused by state-based restrictions on IDA transactions. LCCRC acts as a local development corporation for the County by conducting activities that relieve and reduce unemployment; promote and provide for additional and maximum employment; better and maintain job opportunities; instruct or train individuals; and carry on scientific research. It is expected that this entity will be reported as a component unit of the County in the event there is any significant financial activity.

- **Livingston County Soil and Water Conservation District**

The Livingston County Soil and Water Conservation District (SWCD) was established in September 1940, in accordance with the Soil and Water Conservation Districts Law, to provide for the conservation of the County's soil and water resources. Members of the SWCD's board of directors are appointed by the Board of Supervisors, and administrative costs of the SWCD are funded primarily through County appropriations. The SWCD derives other revenues and performs other activities outside the County's general oversight responsibilities.

Summary financial information for the SWCD as of and for the year ended December 31, 2015 are as follows:

Total assets	\$	197,080
Total liabilities	\$	15,000
Net position	\$	182,080
Total revenues	\$	267,696
Total expenses	\$	189,329

The following activities are excluded from the financial statements:

- **GLOW Region Solid Waste Management Committee**

The County participates with the Counties of Genesee, Orleans, and Wyoming in the joint maintenance of the GLOW Region Solid Waste Management Committee (GLOW). The cost of operating and maintaining GLOW is assessed upon the lands lying within GLOW, and is levied and collected on the respective tax rolls for the four counties. The Livingston County Treasurer acts as the fiscal officer for GLOW.

Summary financial information from GLOW's unaudited financial statements as of and for the year ended December 31, 2015 is as follows:

Total assets	\$	303,443
Total liabilities	\$	41,222
Fund balance	\$	262,222
Total revenues	\$	117,261
Total expenditures	\$	111,503

Basis of Presentation

- **Government-wide Financial Statements**

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

The government-wide Statement of Net Position is presented on a consolidated basis and is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

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

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

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

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

- **Fund Financial Statements**

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

• Fund Financial Statements (Continued)

a) Major Governmental Funds

- General Fund - is the principal fund of the County and includes all operations not required to be recorded in other funds.
- Capital Projects Fund - used to account for financial resources to be used for the acquisition, construction or renovation of capital facilities; or the acquisition of equipment.
- County Road Fund - used to account for financial resources to be used for the repair and maintenance and construction of the County roads.

b) Non-major Governmental Funds

Other funds which do not meet the major fund criteria are aggregated and reported as non-major governmental funds. The following are reported as non-major governmental funds:

- Special Revenue Funds - used to account for taxes, user fees, or other revenues, which are raised or received to provide special services to areas that may or may not encompass the whole County. The following are non-major special revenue funds utilized by the County:
 - Road Machinery Fund
 - Water Fund
 - Sewer Fund
 - Special Grant Fund
- Debt Service Fund - used to account for current payments of principal and interest on general obligation long-term debt and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness not being financed by proprietary funds.

c) Proprietary Fund Types

These funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred. Proprietary funds of the County include the following fund types:

- Enterprise Funds - used to account for those operations that are financed and operated in a manner similar to private business. The County's major enterprise funds include the Workers' Compensation Fund and the County Center for Nursing and Rehabilitation (CNR).
- Internal Service Fund - used to account for the accumulation of resources for payment of medical insurance as authorized by Section 6m of the General Municipal Law.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

• Fund Financial Statements (Continued)

c) Proprietary Fund Types (Continued)

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

d) Fiduciary Funds

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 cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. These funds are used to account for assets held by the local government in a trustee or custodial capacity. The following is reported as the County's fiduciary fund:

- Trust and Agency Fund - are used to account for monies received and held in the capacity of trustee, custodian or agent.
- Expendable Trust Fund – are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Basis of Accounting/Measurement Focus

• Accrual

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

• 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 they are deemed measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes receivable, which use a 60-day available period.

Material revenues that are accrued include real property taxes, state and federal aid, distributed sales taxes, certain user charges, and some departmental fees. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting/Measurement Focus (Continued)

- **Modified Accrual (Continued)**

Expenditures are recorded when incurred except that:

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

Property Taxes

County property taxes are levied annually no later than December 31st and become a lien on January 1. Accordingly, property tax is recognized as revenue in the year for which the levy is made, and to the extent that such taxes are received within the reporting period or sixty days thereafter. Delinquent property taxes not collected at year-end (excluding collections in the 60-day subsequent period) are included as a deferred inflow of resources. The County assumes enforcement responsibility for all taxes levied in the towns. All unpaid school district and village taxes are turned over to the County and are relieved as County taxes in the subsequent year.

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.

Limited Use Assets

The County's limited use assets, which are funds held in the TASC, are stated at cost, which approximates fair value.

Accounts Receivable

- **Governmental Funds**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

- **Enterprise Funds**

Accounts receivable are stated net of an allowance for doubtful accounts. CNR estimates the allowance based on its analysis of specific balances, taking into consideration the age of past due accounts, the status of the billing process with third-party payers, the value of remaining assets held by residents, and anticipated collections resulting from legal action. No allowance is required for the Workers' Compensation Fund.

Due To/From Other Funds

The amounts reported on the governmental funds Balance Sheet for due to and due from other funds represents amounts due between different fund types (General, County Road and Non-major funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements, as applicable.

Revenue Recognition - CNR

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

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

Capital Assets

• Governmental Funds

Capital assets purchased or acquired with an original cost of \$15,000 or more are stated at cost. Contributed capital assets are recorded at fair value at the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Buildings and improvements	10 - 40 years
Machinery and equipment	3 - 30 years
Infrastructure (roads, sidewalks, curbing, light systems, water distribution systems and bridges)	5 - 50 years

• Proprietary Fund

Property, plant and equipment acquired by the proprietary fund is stated at cost. Contributed capital assets are recorded at fair value at the date received. Depreciation has generally been provided using the straight-line method over the following estimated useful lives:

Machinery and equipment	5 - 25 years
Buildings and improvements	10 - 40 years

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

• Proprietary Fund (Continued)

When capital assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts, and any resulting gain or loss is reflected as a component of non-operating income for the period. Amortization of capital leases is computed using the straight-line method over the lease term or the estimated useful lives of the assets, whichever is shorter. Maintenance and repairs are charged to expense as incurred; significant renewals and improvements are capitalized.

In accordance with generally accepted accounting principles, CNR's policy is to record an impairment loss against the balance of a long-lived asset in the period when it is determined that the carrying amount of the asset may not be recoverable. This determination is based on an evaluation of such factors as the occurrence of a significant event, a significant change in the environment in which the business operates, or if the expected non-discounted cash flows of the business was determined to be less than the carrying value of the assets. If impairment is deemed to exist, the assets will be written down to fair value. Management also evaluates events and circumstances to determine whether revised estimates of useful lives are warranted.

Postemployment Benefits

The County provides certain health care benefits for retired employees of the County and CNR. The County administers the Retirement Benefits Plan (the "Retirement Plan") as a single-employer defined benefit Other Postemployment Benefit Plan (OPEB). In general, the County provides health insurance coverage for retired employees and their survivors. Substantially all the County's employees may become eligible for this benefit if they retire with 25 years of service to the County. On the government-wide statements, these amounts attributable to past service have been recorded as a liability.

Sales Tax Revenues

In April of 2003, the New York State Legislature authorized the County to impose an additional one percent local sales tax rate for the period beginning June 1, 2003, and ending November 30, 2009. The additional one percent local sales tax collection was extended to November 30, 2015 with the enactment of Resolution 2013-282 dated January 14, 2012. The net collections from the additional one percent rate of sales and compensating use taxes must be used to pay the County's expenses for Medicaid. Such net collection shall be kept separate and apart from any other funds and accounts of the County. The amount of the additional one percent sales tax collected in 2015 was \$7,596,608. The amount distributed to Towns and Villages for the year ended December 31, 2015 totaled \$1,087,642 and \$462,249, respectively.

Insurance

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

Compensated Absences

Pursuant to resolutions of the governing board and contractual agreements, County employees are entitled to accrue up to 23 days of vacation leave. Any individual, in certain employee groups, who leaves the employment of the County, is entitled to be paid for unused vacation leave, but no individuals are paid for unused sick or personal leave. Certain employees who qualify for more than three weeks of vacation may elect to be paid in lieu of such time up to a maximum of one week. Any liability for vacation leave applicable to governmental fund operations is earned, vested, and recorded as due in one year or due in more than one year on the government-wide statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a use of resources that applies to a future period and so will be recognized as an outflow (expense/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

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 government-wide statements.

Encumbrances

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

Interfund Transfers

The operations of the County give rise to certain transactions between funds, including transfers of expenditures and transfers of revenues to provide services and construct assets.

Equity Classifications

- **Government-Wide Statements**

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

- **Fund Statements**

Accounting standards generally accepted in the United States provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable Fund Balances**

These are amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

- **Restricted Fund Balances**

These are amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

- **Committed Fund Balances**

These are amounts that can be used only for specific purposes determined by a formal action of the Board of Supervisors prior to year-end. The Board of Supervisors is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Supervisors. The County did not have any committed fund balance at December 31, 2015.

- **Assigned Fund Balances**

These are amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. It is at the discretion of the Board of Supervisors or its designee to make assignments as it sees fit.

- **Unassigned Fund Balances**

These are all other spendable amounts.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Supervisors has provided otherwise in its commitment or assignment actions. The County's policy is to maintain unassigned fund balance in its General Fund of twenty percent (20%) of regular General Fund operating expenditures, net of local sales tax distribution. The County was in compliance with this policy at December 31, 2015.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

The County generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements as required supplementary information for the general and county road funds:

- a) No later than November 15, the budget officer submits a tentative budget to the Board of Supervisors for the year commencing the following January 1. The tentative budget includes appropriations and the proposed means of financing them including a tentative tax levy amount.
- b) After public hearings are conducted to obtain taxpayer comments, but no later than December 20, the Board of Supervisors adopts the County budget.
- c) The annual budget, as amended, sets limitations on the amount of resources which can be expended during the year except for the following:
 - **Capital Projects**
Budgetary controls are established for the capital projects fund through resolutions as adopted by the Board of Supervisors authorizing individual projects which remain in effect for the life of the project.
- d) Budgetary controls for the Special Grant Fund are established in accordance with the grant agreement which covers a period other than that of the County's year. However, the County does not account for the Special Grant Funds on a County year basis.

Budget Basis of Accounting

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

Budget Reconciliation/Budget Modifications

A reconciliation of budgeted expenditures for the 2015 General and County Road Fund budgets are as follows:

Original adopted budget – General Fund	\$ 102,782,035
December 31, 2014 carryover of encumbrances and amendments	<u>9,628,082</u>
Final revised budget – General Fund	<u>\$ 112,410,117</u>
Original adopted budget – County Road Fund	\$ 10,858,625
Amendments	<u>516,509</u>
Final revised budget – County Road Fund	<u>\$ 11,375,134</u>

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Deficit Net Position - CNR

The County has reported a net position deficit totaling \$4,339,541 in CNR, which is a result of the accumulated operating losses and acceleration of depreciation for third-party reimbursement purposes. CNR is maximizing Medicare revenue and trying to reduce expenses in order to create positive net position in the future.

3. CHANGE IN ACCOUNTING PRINCIPLE

The County adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71. Statement No. 68 and Statement No. 71 established accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68 and Statement No. 71, as well as for non-employer governments that have a legal obligation to contribute to those plans. Accordingly, Beginning Net Position and Net Pension Liability (Asset) on the Statement of Net Position was adjusted as noted in the following table:

	Governmental Activities		
	Net Pension Liability	Deferred Outflows	Net Position
Balance at December 31, 2014, as previously reported	\$ -	\$ -	\$ 99,677,975
Restatement of beginning balance - Adoption of GASB Statement No. 68			
Contributions subsequent to measurement date	-	4,090,179	4,090,179
NYS Employee Retirement System Plan	(6,250,942)	-	(6,250,942)
	<u>(6,250,942)</u>	<u>4,090,179</u>	<u>(2,160,763)</u>
Balance at December 31, 2014, as restated	<u>\$ (6,250,942)</u>	<u>\$ 4,090,179</u>	<u>\$ 97,517,212</u>
	Business - Type Activities		
	Net Pension Liability	Deferred Outflows	Net Position
Balance at December 31, 2014, as previously reported	\$ -	\$ -	\$ (2,784,376)
Restatement of beginning balance - Adoption of GASB Statement No. 68			
Contributions subsequent to measurement date	-	1,670,636	1,670,636
NYS Employee Retirement System Plan	(2,553,202)	-	(2,553,202)
	<u>(2,553,202)</u>	<u>1,670,636</u>	<u>(882,566)</u>
Balance at December 31, 2014, as restated	<u>\$ (2,553,202)</u>	<u>\$ 1,670,636</u>	<u>\$ (3,666,942)</u>

4. CASH AND CASH EQUIVALENTS

The County currently follows an investment and deposit policy as directed by State statutes, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the County Treasurer.

Interest rate risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The County's investment policy, governed by the State statutes, does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

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. Deposits of the primary government, including workers' compensation and trust funds, with financial institutions are categorized as follows:

	Bank Balance	Carrying Balance
Primary Government:		
County	\$ 38,683,231	\$ 37,740,225
CNR	12,572,872	12,425,611
Worker's compensation	4,219,188	4,219,188
Fiduciary Funds	<u>1,383,498</u>	<u>1,132,772</u>
Cash and Cash Equivalents	<u>\$ 56,858,789</u>	<u>\$ 55,517,796</u>

The collateral related to those above are as follows:

FDIC insured	\$ 1,281,796
Collateralized with securities held by the pledge financial institution, or its trust department or agent, but not the County's name	<u>63,803,210</u>
	<u>\$ 65,085,006</u>

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

5. LIMITED USE ASSETS

The County's limited use assets at December 31, 2015 relate to LTASC and are as follows:

	<u>Cost</u>	<u>Market</u>
Money market funds (U.S. Treasuries)	<u>\$ 895,433</u>	<u>\$ 895,433</u>

LTASC's money market funds are fully insured and collateralized at December 31, 2015.

6. RECEIVABLES

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>General</u>	<u>Capital Projects fund</u>	<u>County Road Fund</u>	<u>Nonmajor Fund</u>	<u>Total Primary Government</u>	<u>CNR</u>	<u>Workers' Compensation</u>
Accounts receivable net							
Taxes Receivable:							
Taxes	\$ 3,581,143	\$ -	\$ -	\$ -	\$ 3,581,143	\$ -	\$ -
School taxes	2,871,934	-	-	-	2,871,934	-	-
Village taxes	385,475	-	-	-	385,475	-	-
Tax acquired property	<u>240,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,845</u>	<u>-</u>	<u>-</u>
	7,079,397	-	-	-	7,079,397	-	-
Other receivables:							
Trade	873,830	-	1,958	1,434,547	2,310,335	5,861,513	-
Less: Allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,812,600)</u>	<u>-</u>
	<u>\$ 7,953,227</u>	<u>\$ -</u>	<u>\$ 1,958</u>	<u>\$ 1,434,547</u>	<u>\$ 9,389,732</u>	<u>\$ 4,048,913</u>	<u>\$ -</u>
Due from other governments:							
Miscellaneous	\$ 151,215	\$ -	\$ -	\$ 75,708	\$ 226,923	\$ -	\$ -
Towns/Villages	<u>18,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,681</u>	<u>-</u>	<u>5,622,540</u>
	<u>\$ 169,896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,708</u>	<u>\$ 245,604</u>	<u>\$ -</u>	<u>\$ 5,622,540</u>
State and federal aid:							
Social service	\$ 7,517,493	\$ -	\$ -	\$ -	\$ 7,517,493	\$ -	\$ -
Other state agencies	<u>5,782,835</u>	<u>-</u>	<u>327,544</u>	<u>-</u>	<u>6,110,379</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,300,328</u>	<u>\$ -</u>	<u>\$ 327,544</u>	<u>\$ -</u>	<u>\$ 13,627,872</u>	<u>\$ -</u>	<u>\$ -</u>

6. RECEIVABLES (Continued)

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

The returned school and delinquent village taxes represent the unpaid portion of taxes from other governments which will be added to the County levy on the succeeding January 1. These assets are offset by deferred inflows of tax revenue of \$3,423,889 that represents the amount of taxes not expected to be collected within 60 days after year end.

Interfund Transactions

Interfund receivables, payables, revenues and expenditures for the year ended December 31, 2015 were as follows:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General fund	\$ 1,261,384	\$ -	\$ 479,177	\$ 1,679,987
Capital projects fund	-	-	2,030,282	54,317
Nonmajor funds	-	135,599	1,585,160	143,014
Workers' compensation	148,314	2,200,916	-	-
Internal service fund	-	-	-	375,000
County road fund	-	63,167	136,303	1,978,604
CNR	989,984	-	-	-
Total	<u>\$ 2,399,682</u>	<u>\$ 2,399,682</u>	<u>\$ 4,230,922</u>	<u>\$ 4,230,922</u>

Interfund transactions between governmental activities are eliminated on the Statement of Net Position. The County typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

7. CAPITAL ASSETS

The County's capital assets for 2015 are as follows:

<u>Governmental Activities</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance December 31</u>
Land	\$ 1,319,867	\$ -	\$ -	\$ -	\$ 1,319,867
Work-in-progress	<u>11,360,047</u>	<u>2,960,561</u>	<u>-</u>	<u>(6,903,128)</u>	<u>7,417,480</u>
Total non-depreciable assets	<u>12,679,914</u>	<u>2,960,561</u>	<u>-</u>	<u>(6,903,128)</u>	<u>8,737,347</u>
Buildings and improvements	74,005,895	13,907	-	5,035,447	79,055,249
Machinery and equipment	11,620,493	688,579	(277,371)	-	12,031,701
Infrastructure	<u>94,959,753</u>	<u>1,232,587</u>	<u>-</u>	<u>1,867,681</u>	<u>98,060,021</u>
Total depreciable assets	<u>180,586,141</u>	<u>1,935,073</u>	<u>(277,371)</u>	<u>6,903,128</u>	<u>189,146,971</u>
Less: Accumulated depreciation:					
Buildings and improvements	(22,697,952)	(2,203,986)	-	-	(24,901,938)
Machinery and equipment	(9,908,841)	(688,845)	277,371	-	(10,320,315)
Infrastructure	<u>(47,748,023)</u>	<u>(3,441,386)</u>	<u>-</u>	<u>-</u>	<u>(51,189,409)</u>
Total accumulated depreciation	<u>(80,354,816)</u>	<u>(6,334,217)</u>	<u>277,371</u>	<u>-</u>	<u>(86,411,662)</u>
Net depreciable assets	<u>100,231,325</u>	<u>(4,399,144)</u>	<u>-</u>	<u>6,903,128</u>	<u>102,735,309</u>
Capital assets, net	<u>\$ 112,911,239</u>	<u>\$(1,438,583)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,472,656</u>

7. CAPITAL ASSETS (Continued)

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

Government activities:	
Transportation	\$ 3,519,081
Public safety	1,196,393
General government support	1,262,976
Home and community services	229,173
Public health	81,796
Economic assistance and opportunity	32,122
Culture and recreation	<u>12,676</u>
 Total depreciation expense	 <u>\$ 6,334,217</u>

<u>Business-Type Activities</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Work-in-progress	\$ 42,509	\$ 810,802	\$ -	\$ 853,311
Total non-depreciable assets	<u>42,509</u>	<u>810,802</u>	<u>-</u>	<u>853,311</u>
Buildings and improvements	34,771,282	10,478	-	34,781,760
Machinery and equipment	<u>6,601,741</u>	<u>306,758</u>	<u>(2,016)</u>	<u>6,906,483</u>
Total depreciable assets	<u>41,373,023</u>	<u>317,236</u>	<u>(2,016)</u>	<u>41,688,243</u>
Less: Accumulated depreciation:				
Buildings and improvements	(18,554,666)	(1,754,808)	-	(20,309,474)
Machinery and equipment	<u>(4,746,645)</u>	<u>(484,950)</u>	<u>1,500</u>	<u>(5,230,095)</u>
Total accumulated depreciation	<u>(23,301,311)</u>	<u>(2,239,758)</u>	<u>1,500</u>	<u>(25,539,569)</u>
Net depreciable assets	<u>18,071,712</u>	<u>(1,922,522)</u>	<u>(516)</u>	<u>16,148,674</u>
Capitel assets, net	<u>\$ 18,114,221</u>	<u>\$ (1,111,720)</u>	<u>\$ (516)</u>	<u>\$ 17,001,985</u>

7. CAPITAL ASSETS (Continued)

Component Units

Component units' capital assets at December 31, 2015 consisted of:

Land	\$ 150,285
Construction work-in-progress	375,922
Buildings	5,167,310
Infrastructure	30,742,395
Machinery and equipment	<u>3,113,010</u>
	39,548,922
Less: Accumulated depreciation	<u>(14,779,020)</u>
Total capital assets, net	<u>\$ 24,769,902</u>

8. PENSION PLANS

The County participates in the New York State and Local Employees' Retirement System (the System) and the Public Employees' Group Life Insurance Plan. This is a cost sharing multiple employer retirement system. The System 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 serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that included financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

8. PENSION PLANS (Continued)

Funding Policy

Membership, benefits, and employer and employee obligations to contribute are described in the NYSRSSL using the tier concept. Pension legislation established tier membership by the date a member last joined the Retirement System. They are as follows:

- Tier 1 - Those persons who last became members of the System before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally those persons who are State correction officers who last became members on or after July 27, 1976, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983.
- Tier 5 - Those persons who last became members of the System on or after January 1, 2010.
- Tier 6 - Those persons who last became members of the System on or after April 1, 2012.

The System is noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in the System contribute 3% of their salary throughout their active membership. The Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund. Employees who joined on or after April 1, 2012 contribute 3% of their reportable salary. Beginning April 1, 2013, the contribution rate for Tier 6 members varies between 3-6% based on each member's annual compensation.

The System cannot be diminished or impaired. Benefits can be reduced for future membership only by an act of the New York State Legislature. The County's contributions for the years 2015, 2014 and 2013 were equal to the required contributions for the plan fiscal year as follows:

	ERS	
	County	CNR
2015	<u>\$ 4,710,170</u>	<u>\$ 1,837,159</u>
2014	<u>\$ 5,619,147</u>	<u>\$ 2,061,940</u>
2013	<u>\$ 5,264,925</u>	<u>\$ 2,040,833</u>

The County makes the payment to the System on behalf of the County and CNR. Since the CNR is a fund of the County, the pension related costs are allocated to the CNR on a basis of total salaries paid compared to the total.

8. PENSION PLANS (Continued)

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

At December 31, 2015, the County and CNR reported a net pension liability of \$4,673,128 and \$1,908,743, respectively for their proportionate share of the New York State Employees Retirement System (NYS ERS) net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuations as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2015, the County's proportionate share was 0.1948311%, which was unchanged from its proportionate share measured at December 31, 2014.

For the year ended December 31, 2015, the County and CNR recognized pension expense of \$3,966,282 and \$1,620,030, respectively. At December 31, 2015, the County and CNR reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
ERS - County		
Differences between expected and actual experience	\$ 149,592	\$ -
Net difference between projected and actual earnings on pension plan investments	811,663	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	1,051,779
Contributions subsequent to the measurement date	<u>3,486,453</u>	<u>-</u>
Total	<u>\$ 4,447,708</u>	<u>\$ 1,051,779</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
ERS - CNR		
Differences between expected and actual experience	\$ 61,101	\$ -
Net difference between projected and actual earnings on pension plan investments	331,524	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	429,600
Contributions subsequent to the measurement date	<u>1,424,044</u>	<u>-</u>
Total	<u>\$ 1,816,669</u>	<u>\$ 429,600</u>

8. PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:	<u>County</u>	<u>CNR</u>
2016	\$ (22,631)	\$ (9,244)
2017	(22,631)	(9,244)
2018	(22,631)	(9,244)
2019	(22,631)	(9,243)
2020	-	-
Thereafter	-	-
	<u>\$ (90,524)</u>	<u>\$ (36,975)</u>

The County and CNR recognized \$3,486,453 and \$1,424,044, respectively as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2015 which will be recognized as a reduction of the net pension liability in the year ended December 31, 2016.

Actuarial Assumptions

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The total pension liability for the March 31, 2014 measurement date was determined by using an actuarial valuation as of April 1, 2014.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary scale	4.9% indexed by service
Projected COLAs	1.4% compounded annually
Decrements	Developed from the Plan's 2010 experience study of the period April 1, 2005 through March 31, 2010
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.5% compounded annually, net of investment expenses

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

8. PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below:

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	38	7.30
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return	3	6.75
Opportunistic Portfolio	3	8.60
Real Asset	3	8.65
Bonds & Mortgages	18	4.00
Cash	2	2.25
Inflation-Indexed Bonds	2	4.00
	<u>100%</u>	

Discount Rate

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

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

The following presents the County and CNR's combined proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease <u>6.50%</u>	Current Discount <u>7.50%</u>	1% Increase <u>8.50%</u>
ERS Proportionate Share of Net Pension liability (asset)	<u>\$ 43,871,016</u>	<u>\$ 6,581,871</u>	<u>\$ (24,877,414)</u>

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2015 were as follows:

Total pension liability	\$ 164,591,504
Net position	<u>(161,213,259)</u>
Net pension liability (asset)	<u>\$ 3,378,245</u>
ERS net position as a percentage of total pension liability	-97.9%

9. FINANCING ARRANGEMENTS

Serial Bonds - Excluding LTASC

The County borrows money in order to acquire land or high cost equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the County. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Serial Bonds - LTASC

The original purchase price for the County's future rights, title and interest in the TSRs was financed through the issuance of Series 2000 Bonds in the amount of \$11,065,000 with interest at rates ranging from 5.80% to 6.625%. The Series 2000 Bonds are secured by a perfected security interest in, and pledge of, the Trust Estate, as defined in the Indenture, which includes, among other things, the TSRs and all investment earnings on amounts on deposit in the accounts established under the Indenture (collectively, the Collections). Among the accounts so established are the Liquidity Reserve Account and the Debt Service Account. LTASC retains TSRs in an amount sufficient to service its debt and pay its operating expenses.

The Series 2005 bonds are payable solely from and secured solely by the future right, title and interest of LTASC in the collection of TSRs previously purchased by LTASC from the County. The Series 2005 Bonds are subordinate and subject to the rights of the holders of the Series 2000 Bonds previously issued by LTASC. This series consists of subordinate turbo capital appreciation bonds (CAB) that provide long-dated financing for LTASC and take advantage of current market conditions where interest rates are low, investors have a favorable view of litigation events and where institutional investors are looking for high yield investments. LTASC is required by covenant not to issue additional bonds or refunding bonds that would extend the term of the CABs or other outstanding bonds. LTASC remitted the net proceeds from issuance of the Series 2005 Bonds to the County to be used for the expansion of the County jail facilities.

The Series 2000 Bonds are composed of the following:

- \$725,000 Tobacco Settlement Asset-Backed Bonds, Series 2000 (Tax Exempt Turbo Bonds), maturity date is June 1, 2019, interest rate of 6.40%.
- \$1,195,000 Tobacco Settlement Asset-Backed Bonds, Series 2000 (Tax Exempt Turbo Bonds), maturity date is June 1, 2023, interest rate of 5.80%.
- \$1,935,000 Tobacco Settlement Asset-Backed Bonds, Series 2000 (Tax Exempt Turbo Bonds), maturity date is June 1, 2028, interest rate of 6.25%.
- \$2,940,000 Tobacco Settlement Asset-Backed Bonds, Series 2000 (Tax Exempt Turbo Bonds), maturity date is June 1, 2035, interest rate of 6.50%.
- \$3,490,000 Tobacco Settlement Asset-Backed Bonds, Series 2000 (Tax Exempt Turbo Bonds), maturity date is June 1, 2042, interest rate of 6.625%.

9. FINANCING ARRANGEMENTS (Continued)

Serial Bonds – LTASC (Continued)

The Series 2005 Bonds are composed of the following:

- \$1,607,765 Tobacco Settlement Asset-Backed Bonds, Series 2005 S1 (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2038, with an accreted value at maturity of \$7,667,235.
- \$1,025,287 Tobacco Settlement Asset-Backed Bonds, Series 2005 S2 (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2050, with an accreted value at maturity of \$13,844,714.
- \$593,061 Tobacco Settlement Asset-Backed Bonds, Series 2005 S3 (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2055, with an accreted value at maturity of \$16,051,939.
- \$1,701,024 Tobacco Settlement Asset-Backed Bonds, Series 2005 S4B (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2060, with an accreted value at maturity of \$111,398,976.

Other Long-Term Obligations

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

Compensated Absences - represents the value of earned and unused vacation leave and compensatory time. The amounts below are disclosed on a net basis, as it is impractical to report on the gross basis.

Summary of Long-Term Obligations

The following is a summary of all long-term obligations outstanding at December 31, 2015:

	Balance January 1	Increases	Decreases	Due in One Year	Due in More Than One Year
<u>Governmental activities:</u>					
Serial Bonds - excluding LTASC	\$ 23,741,495	\$ -	\$ (1,969,626)	\$ 2,050,738	\$ 19,721,131
Serial Bonds - LTASC	16,358,082	601,641	(175,000)	120,000	16,664,723
Compensated Absences	936,997	-	(70,826)	216,543	649,628
Net pension liability	6,250,942	-	(1,577,814)	-	4,673,128
Other postemployment benefits	22,252,466	5,231,000	(1,826,507)	-	25,656,959
Total governmental activities	<u>69,539,982</u>	<u>5,832,641</u>	<u>(5,619,773)</u>	<u>2,387,281</u>	<u>67,365,569</u>
<u>Business-type activities:</u>					
Serial Bonds	31,290,500	-	(1,173,800)	1,226,200	28,890,500
Premium	1,816,375	-	(173,213)	-	1,643,162
Net pension liability	2,553,202	-	(644,459)	-	1,908,743
Other postemployment benefits	5,129,581	1,331,700	(540,470)	-	5,920,811
Total business-type activities	<u>40,789,658</u>	<u>1,331,700</u>	<u>(2,531,942)</u>	<u>1,226,200</u>	<u>38,363,216</u>
Total primary government	<u>\$ 110,329,640</u>	<u>\$ 7,164,341</u>	<u>\$ (8,151,715)</u>	<u>\$ 3,613,481</u>	<u>\$ 105,728,785</u>

9. FINANCING ARRANGEMENTS (Continued)

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

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>2015 Payments</u>	<u>Outstanding December 31</u>
Government activities:					
Serial Bonds-excluding LTASC					
County Jail	2009	2024	3.00 - 4.00%	\$ 1,335,000	\$ 14,750,000
Barilla infrastructure	2007	2017	3.63 - 3.85%	245,000	515,000
Water - NYS EFC	1999	2019	2.78 - 4.91%	75,000	340,000
ARS - Sewer Project	2002	2020	7.00 - 7.10%	35,000	210,000
Sewer - NYS EFC	2004	2033	1.02 - 4.63%	10,000	215,000
Easter Lake Water System	2012	2033	2.00 - 5.00%	52,200	1,420,400
Water Transmission System	2012	2033	2.00 - 5.00%	1,900	52,200
Route 20 Water Main	2012	2033	2.00 - 5.00%	7,100	200,700
Groveland Sewer - NYS EFC	2006	2035	0.00%	34,000	677,000
Rural Development	2005	2039	4.13%	10,000	396,000
Rural Development	2005	2039	4.13%	3,000	109,000
Scottsburg Zone 5 Rd.	2006	2040	4.50%	11,000	514,000
Millenium Drive	2011	2026	2.00%	125,000	1,730,000
Conesus Sewer - NYS EFC	2008	2038	0.00%	25,426	642,569
Serial Bonds - LTASC	2000	2042	5.13 - 6.625%	175,000	7,820,000
	2005	2060	6.00 - 7.85%	-	4,676,860
Add: Accretion of capital appreciation bonds					4,287,863
Business type activities:					
Nursing Facilities Construction	2012	2033	4.25 - 4.50%	980,600	27,551,700
Nursing Facilities Construction	2005	2027	3.65 - 4.10%	155,000	<u>2,565,000</u>
					<u>\$ 68,673,292</u>

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
2016	\$ 2,050,738	\$ 782,009	\$ 1,226,200	\$ 1,083,688
2017	2,127,838	709,251	1,264,100	1,039,422
2018	1,937,938	638,371	1,326,000	987,890
2019	2,016,038	568,007	1,382,900	933,993
2020	2,006,438	494,431	1,449,500	871,390
2021 - 2025	9,011,090	1,257,656	8,296,600	3,356,886
2026 - 2030	1,291,590	271,375	9,120,100	1,807,796
2031 - 2035	973,390	112,502	6,051,300	275,453
2036 - 2040	356,809	33,934	-	-
	<u>\$ 21,771,869</u>	<u>\$ 4,867,536</u>	<u>\$ 30,116,700</u>	<u>\$ 10,356,518</u>

9. FINANCING ARRANGEMENTS (Continued)

Interest

Interest expense on bonds payable for the County and CNR, excluding LTASC, was \$808,714 and \$1,127,887 in 2015, respectively. In 2015, cash paid for interest for the County and CNR was \$835,627 and \$1,135,416, respectively.

The following is a summary of maturing debt service requirements for the LTASC. Principal and interest payments (including accretion on capital appreciation bonds) based upon the required maturities are as follows for the years ended December 31:

	<u>Required Maturities</u>		
	<u>Principal</u>	<u>Interest/ Accretion</u>	<u>Total</u>
2016	120,000	1,173,696	\$ 1,293,696
2017	120,000	1,213,340	1,333,340
2018	235,000	1,252,464	1,487,464
2019	250,000	1,291,901	1,541,901
2020	-	1,284,026	1,284,026
2021 - 2025	-	7,736,489	7,736,489
2026 - 2030	1,550,000	9,726,030	11,276,030
2031 - 2035	2,055,000	12,291,872	14,346,872
2036 - 2040	3,732,489	14,242,014	17,974,503
2041 - 2045	1,115,000	17,362,641	18,477,641
2046 - 2050	1,025,287	24,428,333	25,453,620
2051 - 2055	593,061	29,909,372	30,502,433
2056 - 2060	<u>1,701,023</u>	<u>33,120,204</u>	<u>34,821,227</u>
Plus: Accretion	<u>4,287,863</u>	<u>-</u>	<u>4,287,863</u>
	<u>\$ 16,784,723</u>	<u>\$155,032,382</u>	<u>\$171,817,105</u>

Required maturities for the Series 2000 Bonds are dependent on the extent of actual collections from the TSRs and availability of funds in accordance with a flexible amortization payment schedule. Required maturities for the Series 2005 Bonds represent the minimum amount of principal that LTASC must pay as of the specific distribution dates in order to avoid a default. Turbo (accelerated) amortization payments are required to be made against outstanding principal providing that LTASC receives sufficient TSRs to make the Turbo payments. The interest payment requirements shown are based on the required principal maturity schedule and include the accreted value portion of capital appreciation bonds in the year in which they are required to be redeemed. Under the terms of the Indenture, LTASC is required to maintain certain deposits to fund debt service payments, if needed. Such deposits are included investments in the basic financial statements. In addition, LTASC is subject to various debt covenants, including limitations on expenses/expenditures, and compliance with Indenture agreement requirements. LTASC was in compliance with all covenants and Indenture agreement requirements at December 31, 2015. A principal payment in the amount of \$175,000 was made during 2015 in accordance with the Series 2000 Bonds.

Interest

Interest expense on LTASC bonds payable was \$1,114,537 in 2015. In 2015, cash paid for interest was \$514,813.

10. NET POSITION AND FUND EQUITY

Net Position - Restricted

The following table shows the net position restricted for other purposes as shown on the Statement of Net Position at December 31, 2015:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
General fund	Law	\$ <u>2,854,934</u>
Nonmajor funds:		
Special districts -		
Sewer	Law	\$ 270,744
Water	Law	1,179,662
Debt service	Debt agreements	<u>895,433</u>
		\$ <u>2,345,839</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first.

The Expendable Trust Fund maintains expendable reserves which can only be utilized for specific purposes. The expendable trust balance as of December 31, 2015 is as follows:

Resident Memorial - SNF	\$ 12,527
Hospice Trust	232,978
Lindsay Memorial	1,000
Resident Memorial - HRF	16,077
WIC Donation	<u>59,645</u>
	\$ <u>322,227</u>

11. DEFERRED COMPENSATION PLANS

The County offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. Nationwide Trust Company FSB is the trustee of the Plan.

11. DEFERRED COMPENSATION PLANS (Continued)

Employees contribute to the Plan through voluntary salary deductions. Participation in the Plan is voluntary and the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plan is administered by an independent firm which is responsible for administering the fund's investments and record keeping. Investments and related net position for employee's contributions totaled \$18,940,463 at December 31, 2015. Employees contributed \$952,302 into the Plan in 2015.

The County has also instituted an IRC 401(a) plan to provide for employee matching of collective bargaining unit members deferred compensation plan contribution, with the match not to exceed two percent (2%) of an employee's wages per pay period. Bargaining unit members hired before November 8, 2006 elected to participate in the 401(a) plan if they made an irrevocable waiver of their right to retiree health insurance benefits. Employees hired after November 8, 2006, must be with the County for one year with no breaks in service before becoming eligible. The County contributed \$108,332 into the 401(a) plan in 2015.

12. POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description

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

In general, the County provides health insurance coverage for retired employees and their survivors. Substantially all the County's employees may become eligible for this benefit if they retire with 25 years of service to the County.

The Retirement Plan can be amended by action of the County subject to applicable collective bargaining and employment agreements. The number of retired employees currently eligible to receive benefits at December 31, 2015 was 208. The Retirement Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Funding Policy

The obligations of the Retirement Plan are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required premium contribution rates of retirees range from 0% to 20%, depending on when the employee was hired. The County will pay its portion of the premium for the retiree and spouse for the lifetime of the retiree. The costs of administering the Retirement Plan are paid by the County. The County currently contributes enough money to the Retirement Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. The amount paid during 2015 by the County and CNR was \$2,366,977.

12. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

	<u>County</u>	<u>CNR</u>	<u>Total</u>
Annual required contribution	\$ 5,104,400	\$ 1,302,900	\$ 6,407,300
Interest on net OPEB obligation	876,200	199,400	1,075,600
Adjustment to ARC	<u>(749,600)</u>	<u>(170,600)</u>	<u>(920,200)</u>
Annual OPEB cost	5,231,000	1,331,700	6,562,700
Contributions made	<u>(1,826,507)</u>	<u>(540,470)</u>	<u>(2,366,977)</u>
Increase in net OPEB obligation	3,404,493	791,230	4,195,723
Net OPEB obligation - beginning of year	<u>22,252,466</u>	<u>5,129,581</u>	<u>27,382,047</u>
Net OPEB obligation - end of year	<u>\$ 25,656,959</u>	<u>\$ 5,920,811</u>	<u>\$ 31,577,770</u>
Percentage of Annual OPEB Cost Contributed	34.9%	40.6%	36.1%

The following table provides trend information for the Retirement Plan:

	<u>Annual OPEB Cost</u>	<u>Annual Contributions</u>	<u>Percent of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation at December 31</u>
2015	\$ 6,562,700	\$ 2,366,977	36.1%	\$ 31,577,770
2014	\$ 6,280,400	\$ 1,893,768	30.2%	\$ 27,382,047
2013	\$ 6,459,500	\$ 1,653,891	25.6%	\$ 22,995,415

Funded Status and Funding Progress

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

12. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Actuarial Methods and Assumptions

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

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

Actuarial cost method	Projected Unit Credit Cost Method
Discount rate*	4.0%
Medical care cost trend rate	6.1%, or 7.6% initially, based on type of plan chosen. The rate is reduced by decrements to an ultimate rate of 4.6% in 2081.
Unfunded actuarial accrued liability:	
Amortization period	30 years
Amortization method	Level dollar
Amortization basis	Open

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

The Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. On March 30, 2010 the Health Care and Education Reconciliation Act of 2010 (HCERA), which amends certain aspects of PPACA was signed into law. The new laws are expected to have a financial impact on employers who sponsor postretirement health care benefit plans and therefore may affect the valuation of the plan. As of the date of this statement, the County could not reasonably conclude which provisions would impact the financial accounting of the Retirement Plan. Upon release of further regulatory guidance, the impact of PPACA and HCERA will be appropriately reflected in the valuation.

13. LIVINGSTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Revolving Loan Fund

The IDA has entered into an agreement with the Livingston County Board of Supervisors to act as the Administrative Agency of the County for the administration of a Revolving Loan Fund. The purpose of the Revolving Loan Fund is to make operating and capital loans to existing and potential new industries located, or locating operations, in Livingston County, New York. These loans are to create and retain jobs, expand the tax base and assist in retaining rail transportation. There are no outstanding loans at December 31, 2015.

13. LIVINGSTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY (Continued)

Industrial Revenue Bond and Note Transactions

In connection with its efforts to promote economic growth in Livingston County, New York, the IDA has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entities served by the bond issuance. The IDA is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the IDA's financial statements. As of December 31, 2014 there were three (3) series of Industrial Development Bonds outstanding with an approximate aggregate amount payable of \$8.5 million.

14. OTHER INFORMATION

Risk Management

- **Liability**

The County assumes the liability for some risk including, but not limited to, general and personal injury liability. The County's risk relating to general liability is limited to \$250,000 per incident plus amounts in excess of \$1,750,000 per incident and \$3,000,000 in the aggregate. The balance of the workers' compensation reserve at December 31, 2015 is \$4,060,630.

- **Workers' Compensation - Risk Pool**

The County together with 17 towns and 9 villages have joined together to self-insure for workers' compensation coverage which is maintained and administered by the County. The County also utilizes a third party administrator who is responsible for processing claims and estimating liabilities. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effect of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The claims liabilities at December 31, 2015 amounted to \$10,038,672.

The change in claims liabilities for the year ended December 31 was as follows:

	<u>2015</u>
Balance - beginning of year	\$ 16,440,443
Insured claims	9,990,041
Claims payments	<u>(16,391,812)</u>
Balance - end of year	<u>\$ 10,038,672</u>

No claims were settled during 2015 by purchasing annuity contracts.

14. OTHER INFORMATION (Continued)

Risk Management (Continued)

- **Workers' Compensation - Risk Pool (Continued)**

Statistical information from the third-party administrator for prior years is not readily available; therefore, all disclosures required are not presented. Only the following is presented:

	<u>Contribution Revenue</u>	<u>Actual Claims Expense</u>
2015	\$ 2,527,388	\$ 2,408,506
2014	2,931,375	4,798,405
2013	2,742,908	3,351,245
2012	2,689,177	3,652,732
2011	2,954,614	2,648,120
2010	2,922,435	2,917,254
2009	2,616,016	2,349,929
2008	3,219,938	2,657,992
2007	2,938,939	2,329,994
2006	<u>3,049,434</u>	<u>3,393,168</u>
	<u>\$ 28,592,224</u>	<u>\$ 30,507,345</u>

- **Unemployment**

County employees are entitled to coverage under the New York State Unemployment Insurance Law. The County has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the Fund for benefits paid from the Fund to former employees. The claim and judgment expenditures of this program for the 2015 year totaled \$57,212 which was liquidated with available financial resources. The balance of the Fund at December 31, 2015 was \$363,248 and is recorded in the General Fund. In addition, as of December 31, 2015, no loss contingencies existed or were considered probable or estimable.

- **Self-Insurance**

The County self-insures for medical coverage which is maintained and administered by the County. The County also utilizes a third party administrator who is responsible for processing claims and estimating liabilities. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The change in claims liabilities for the year ended December 31 was as follows:

	<u>2015</u>
Balance - beginning of year	\$ 944,300
Change in estimates/claims payments	<u>13,860</u>
Balance - end of year	<u>\$ 958,160</u>

Concentrations

The County had a three-year agreement with the full-time and part-time members of its employees' union which expires on December 31, 2016. The union represents greater than 75% of the County's workforce.

15. FUND BALANCES

As of December 31, 2015, fund balances were composed of the following:

	General Fund	Capital Projects Fund	County Road Fund	Nonmajor Fund	Total
Nonspendable:					
Prepaid expenditures	\$ 1,130,702	\$ -	\$ 63,167	\$ 25,599	\$ 1,219,468
Restricted:					
Debt service	-	-	-	895,433	895,433
Special districts	-	-	-	1,450,406	1,450,406
Law	2,854,934	-	-	-	2,854,934
Assigned:					
Appropriations	3,050,000	-	350,000	-	3,400,000
General governmental support	72,237	-	-	-	72,237
Public safety	98,630	-	-	-	98,630
Public health	28,933	-	-	-	28,933
Transportation	-	-	456,800	-	456,800
Economic assistance	37,251	-	-	-	37,251
Culture and recreation	158	-	-	-	158
Other spendable amounts	1,059,234	3,964,101	2,904,258	1,314,303	9,241,896
Unassigned:	<u>28,044,436</u>	<u>-</u>	<u>-</u>	<u>(11,998)</u>	<u>28,032,438</u>
Total	<u>\$ 36,376,515</u>	<u>\$ 3,964,101</u>	<u>\$ 3,774,225</u>	<u>\$ 3,673,743</u>	<u>\$ 47,788,584</u>

16. 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.

17. 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.

Third-party payers, especially government funders, have substantially increased their scrutiny of payments made to their designated service providers. Specific areas for review by the governmental payers and their investigative personnel include appropriate billing practices, reimbursement maximization strategies, technical regulation compliance, etc. The stated purpose for these reviews is to recover reimbursements, which the payers believe may have been inappropriate.

The County has reviewed its internal records and policies with respect to such matters. However, due to the nature of these matters, it is difficult to estimate the ultimate liability, if any, which it may incur related to such matters.

18. IMPACT OF FUTURE GASB PRONOUNCEMENTS

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The County is required to adopt the provisions of this Statement for the year ending December 31, 2016. The County's management has not yet assessed the impact of this statement on its future financial statements.

In June 2015, the GASB issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The County is required to adopt the provisions of these Statements for the year ending December 31, 2018, with early adoption encouraged.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* which supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraphs 64, 74, and 82. Statement No. 76 reduces the number of categories of authoritative generally accepted accounting principles (GAAP) hierarchy and the framework for selecting those principles to two categories. The primary category "Category A" will consist of officially established GASB Statements and GASB Interpretations heretofore issued and currently in effect. The second category "Category B" will consist of GASB Technical Bulletins, GASB Implementation Guides when presented in the form of a *Comprehensive Implementation Guide*, and literature of the AICPA cleared by the GASB. The goal of Statement No. 76 is to help governments apply financial reporting guidance with less variability, therefore improving usefulness and comparability of financial statement information among state and local governments. The County is required to adopt the provisions of Statement No. 76 for the year ending December 31, 2016, and should be adopted retroactively, with early adoption permitted.

18. IMPACT OF FUTURE GASB PRONOUNCEMENTS (Continued)

In August 2015, the GASB issued Statement No. 77 *Tax Abatement Disclosures*. This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions of this Statement should be applied to all state and local governments subject to such tax abatement agreements. The County is required to adopt the provisions of these Statements for the year ending December 31, 2016, with early adoption encouraged.

In March 2016, GASB issued Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, Financial Reporting for pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GAS 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The Statement addresses issues related to the presentation of payroll related measures in required supplementary information, selection of assumptions and the treatment of deviations and classification of payments made by employers to meet employee contribution requirements. The Statement takes effect for reporting periods beginning after June 15, 2016 except for the selection of assumptions in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end in which the effective date is on or after June 15, 2017. Earlier adoption is encouraged.

COUNTY OF LIVINGSTON, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget (Including Carryover <u>Encumbrances</u>)	Budget (<u>Amended</u>)	<u>Actual</u>	<u>Encumbrances</u>	Favorable (Unfavorable) <u>Variance</u>
REVENUES:					
Real property taxes and tax items	\$ 20,863,905	\$ 20,863,905	\$ 20,516,224	\$ -	\$ (347,681)
Non-property tax items	31,799,300	31,969,629	31,149,873	-	(819,756)
Departmental income	8,680,099	8,943,925	9,194,044	-	250,119
Intergovernmental charges	487,255	662,229	645,640	-	(16,589)
Use of money and property	3,091,492	3,096,479	2,896,461	-	(200,018)
Licenses and permits	19,000	19,000	16,592	-	(2,408)
Fines and forfeitures	415,000	581,782	530,661	-	(51,121)
Sale of property and compensation for loss	25,675	118,489	186,151	-	67,662
Miscellaneous	699,800	739,014	588,655	-	(150,359)
Interfund revenues	1,543,045	1,543,045	1,505,807	-	(37,238)
State aid	19,228,713	26,729,689	16,057,651	-	(10,672,038)
Federal aid	12,828,049	13,052,182	15,498,903	-	2,446,721
Total revenues	<u>99,681,333</u>	<u>108,319,368</u>	<u>98,786,662</u>	<u>-</u>	<u>(9,532,706)</u>
EXPENDITURES:					
Current -					
General governmental support	15,920,115	16,244,083	14,531,048	72,237	1,640,798
Education	6,306,500	6,979,746	6,978,363	-	1,383
Public safety	18,114,299	24,723,255	18,901,770	98,630	5,722,855
Public health	10,639,488	11,487,142	10,813,631	28,933	644,578
Transportation	36,000	36,000	35,145	-	855
Economic assistance and opportunity	43,586,235	44,067,717	39,924,378	37,251	4,106,088
Culture and recreation	561,446	574,440	525,620	158	48,662
Home and community services	3,080,952	3,080,747	2,290,242	-	790,505
Debt service -					
Principal - bonds	1,740,000	1,740,000	1,740,000	-	-
Interest	717,000	717,000	716,890	-	110
Total expenditures	<u>100,702,035</u>	<u>109,650,130</u>	<u>96,457,087</u>	<u>237,209</u>	<u>12,955,834</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,020,702)</u>	<u>(1,330,762)</u>	<u>2,329,575</u>	<u>(237,209)</u>	<u>3,423,128</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers - in	50,000	431,008	479,177	-	48,169
Operating transfers - out	(2,080,000)	(2,759,987)	(1,679,987)	-	1,080,000
Total other financing sources (uses)	<u>(2,030,000)</u>	<u>(2,328,979)</u>	<u>(1,200,810)</u>	<u>-</u>	<u>1,128,169</u>
CHANGE IN FUND BALANCE	<u>\$ (3,050,702)</u>	<u>\$ (3,659,741)</u>	<u>1,128,765</u>	<u>\$ (237,209)</u>	<u>\$ 4,551,297</u>
FUND BALANCE - beginning of year			<u>35,247,750</u>		
FUND BALANCE - end of year			<u>\$ 36,376,515</u>		

COUNTY OF LIVINGSTON, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - COUNTY ROAD FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Original Budget (Including Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Favorable (Unfavorable) Variance
REVENUES:					
Real property taxes and tax items	\$ 7,653,520	\$ 7,653,520	\$ 7,653,520	\$ -	\$ -
Intergovernmental charges	825,000	825,000	837,899	-	12,899
Use of money and property	-	-	357	-	357
Sale of property and compensation for loss	5,100	8,000	4,832	-	(3,168)
Miscellaneous	21,000	73,100	127,404	-	54,304
State aid	1,655,205	1,827,704	1,711,878	-	(115,826)
Federal aid	348,800	348,800	102,978	-	(245,822)
Total revenues	10,508,625	10,736,124	10,438,868	-	(297,256)
EXPENDITURES:					
Current -					
Transportation	9,273,605	9,396,530	8,619,763	456,800	319,967
Total expenditures	9,273,605	9,396,530	8,619,763	456,800	319,967
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,235,020	1,339,594	1,819,105	(456,800)	22,711
OTHER FINANCING SOURCES (USES):					
Operating transfers - in	-	136,303	136,303	-	-
Operating transfers - out	(1,585,020)	(1,978,604)	(1,978,604)	-	-
Total other financing sources (uses)	(1,585,020)	(1,842,301)	(1,842,301)	-	-
CHANGE IN FUND BALANCE	\$ (350,000)	\$ (502,707)	(23,196)	\$ (456,800)	\$ 22,711
FUND BALANCE - beginning of year			3,797,421		
FUND BALANCE - end of year			<u>\$ 3,774,225</u>		

COUNTY OF LIVINGSTON, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN (IN 000's)
 FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Actuarial Valuation Date</u>	<u>Year Ended</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL)</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>((b-a)/c) UAAL as a percentage of Covered Payroll</u>
October 1, 2013	December 31, 2015	\$ -	\$ 97,652	\$ 97,652	0.00%	\$ 42,908	228%
October 1, 2013	December 31, 2014	\$ -	\$ 97,652	\$ 97,652	0.00%	\$ 41,928	233%
October 1, 2011	December 31, 2013	\$ -	\$ 87,562	\$ 87,562	0.00%	\$ 41,948	209%

COUNTY OF LIVINGSTON, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 FOR THE YEAR ENDED DECEMBER 31, 2015

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Proportion of the net pension liability (asset)	0.195%									
Proportionate share of the net pension liability (asset)	\$ 6,582									
Covered-employee payroll	\$ 42,908									
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.34%									
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.90%									

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

COUNTY OF LIVINGSTON, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS - PENSION PLANS
 FOR THE YEAR ENDED DECEMBER 31, 2015

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 7,681									
Contributions in relation to the contractually required contribution	7,681									
Contribution deficiency (excess)	\$ -									
Covered-employee payroll	\$ 42,908									
Contributions as a percentage of covered-employee payroll	17.90%									

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

COUNTY OF LIVINGSTON, NEW YORK

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	Debt Service <u>Fund</u>	Special Revenue <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 84,937	\$ 2,775,385	\$ 2,860,322
Limited use assets	895,433	-	895,433
Accounts receivable, net	1,414,284	20,263	1,434,547
Due from other governments	-	75,708	75,708
Prepaid expenses	-	25,599	25,599
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,394,654</u>	<u>\$ 2,896,955</u>	<u>\$ 5,291,609</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other current liabilities	\$ 40,000	\$ 22,585	\$ 62,585
Accrued wages and benefits	-	5,398	5,398
Due to other funds	-	135,599	135,599
Unearned revenue	1,414,284	-	1,414,284
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,454,284</u>	<u>163,582</u>	<u>1,617,866</u>
FUND BALANCES:			
Nonspendable	-	25,599	25,599
Restricted	895,433	1,450,406	2,345,839
Assigned	44,937	1,269,366	1,314,303
Unassigned	-	(11,998)	(11,998)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>940,370</u>	<u>2,733,373</u>	<u>3,673,743</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 2,394,654</u>	<u>\$ 2,896,955</u>	<u>\$ 5,291,609</u>

COUNTY OF LIVINGSTON, NEW YORK

**COMBINING STATEMENT OF CHANGES IN REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Debt Service Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:			
Real property taxes and tax items	\$ -	\$ 439,079	\$ 439,079
Use of money and property	16	7,503	7,519
Sale of property and compensation for loss	-	34,246	34,246
Miscellaneous	760,497	345,540	1,106,037
Federal aid	-	725,808	725,808
	<u>760,513</u>	<u>1,552,176</u>	<u>2,312,689</u>
EXPENDITURES:			
Current -			
General governmental support	63,944	1,372	65,316
Transportation	-	1,395,969	1,395,969
Economic assistance and opportunity	-	726,956	726,956
Home and community services	-	710	710
Debt service -			
Principal	175,000	229,626	404,626
Interest	514,813	118,737	633,550
	<u>753,757</u>	<u>2,473,370</u>	<u>3,227,127</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,756</u>	<u>(921,194)</u>	<u>(914,438)</u>
OTHER FINANCING SOURCES:			
Operating transfers - in	-	1,585,160	1,585,160
Operating transfers - out	-	(143,014)	(143,014)
	<u>-</u>	<u>1,442,146</u>	<u>1,442,146</u>
CHANGE IN FUND BALANCE	6,756	520,952	527,708
FUND BALANCE - beginning of year	<u>933,614</u>	<u>2,212,421</u>	<u>3,146,035</u>
FUND BALANCE - end of year	<u>\$ 940,370</u>	<u>\$ 2,733,373</u>	<u>\$ 3,673,743</u>

COUNTY OF LIVINGSTON, NEW YORK

**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015**

	Road Machinery <u>Fund</u>	Water Fund	Special Grant <u>Fund</u>	Sewer Fund	Total Nonmajor Special Revenue <u>Funds</u>
ASSETS					
Cash and cash equivalents	\$ 1,277,921	\$ 1,179,662	\$ 47,058	\$ 270,744	\$ 2,775,385
Accounts receivable, net	20,263	-	-	-	20,263
Due from other governments	-	-	75,708	-	75,708
Prepaid expenditures	<u>8,215</u>	<u>-</u>	<u>17,384</u>	<u>-</u>	<u>25,599</u>
Total assets	<u>\$ 1,306,399</u>	<u>\$ 1,179,662</u>	<u>\$ 140,150</u>	<u>\$ 270,744</u>	<u>\$ 2,896,955</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and other current liabilities	\$ 15,205	\$ -	\$ 7,380	\$ -	\$ 22,585
Accrued wages and benefits	5,398	-	-	-	5,398
Due to other funds	<u>8,215</u>	<u>-</u>	<u>127,384</u>	<u>-</u>	<u>135,599</u>
Total liabilities	<u>28,818</u>	<u>-</u>	<u>134,764</u>	<u>-</u>	<u>163,582</u>
FUND BALANCES:					
Nonspendable	8,215	-	17,384	-	25,599
Restricted	-	1,179,662	-	270,744	1,450,406
Assigned	1,269,366	-	-	-	1,269,366
Unassigned	<u>-</u>	<u>-</u>	<u>(11,998)</u>	<u>-</u>	<u>(11,998)</u>
Total fund balances	<u>1,277,581</u>	<u>1,179,662</u>	<u>5,386</u>	<u>270,744</u>	<u>2,733,373</u>
Total liabilities and fund balances	<u>\$ 1,306,399</u>	<u>\$ 1,179,662</u>	<u>\$ 140,150</u>	<u>\$ 270,744</u>	<u>\$ 2,896,955</u>

COUNTY OF LIVINGSTON, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Road Machinery Fund	Water Fund	Special Grant Fund	Sewer Fund	Total Nonmajor Special Revenue Funds
REVENUES:					
Real property taxes and tax items	\$ -	\$ 344,003	\$ -	\$ 95,076	\$ 439,079
Use of money and property	83	709	-	6,711	7,503
Sale of property and compensation for loss	34,246	-	-	-	34,246
Miscellaneous	345,540	-	-	-	345,540
Federal aid	-	-	725,808	-	725,808
	<u>379,869</u>	<u>344,712</u>	<u>725,808</u>	<u>101,787</u>	<u>1,552,176</u>
Total revenues					
EXPENDITURES:					
Current -					
General governmental support	-	1,372	-	-	1,372
Transportation	1,395,969	-	-	-	1,395,969
Economic assistance and opportunity	-	-	726,956	-	726,956
Home and community services	-	-	-	710	710
Debt service -					
Principal	-	160,200	-	69,426	229,626
Interest	-	114,359	-	4,378	118,737
	<u>1,395,969</u>	<u>275,931</u>	<u>726,956</u>	<u>74,514</u>	<u>2,473,370</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,016,100)</u>	<u>68,781</u>	<u>(1,148)</u>	<u>27,273</u>	<u>(921,194)</u>
OTHER FINANCING SOURCES:					
Operating transfers - in	1,585,020	-	-	140	1,585,160
Operating transfers - out	<u>(136,303)</u>	<u>-</u>	<u>-</u>	<u>(6,711)</u>	<u>(143,014)</u>
Total other financing sources	<u>1,448,717</u>	<u>-</u>	<u>-</u>	<u>(6,571)</u>	<u>1,442,146</u>
CHANGE IN FUND BALANCE	432,617	68,781	(1,148)	20,702	520,952
FUND BALANCE - beginning of year	<u>844,964</u>	<u>1,110,881</u>	<u>6,534</u>	<u>250,042</u>	<u>2,212,421</u>
FUND BALANCE - end of year	<u>\$ 1,277,581</u>	<u>\$ 1,179,662</u>	<u>\$ 5,386</u>	<u>\$ 270,744</u>	<u>\$ 2,733,373</u>

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

September 6, 2016

To the Board of Supervisors of the
County of Livingston, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Livingston, New York (the County) as of and for the year ended December 31, 2015, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 6, 2016. Our report includes a reference to other auditors who audited the financial statements of the Livingston County Industrial Development Agency and Livingston County Development Corporation, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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