COUNTY OF LIVINGSTON, NEW YORK

Financial Statements
for the Year Ended December 31, 2017
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

COUNTY OF LIVINGSTON, NEW YORK

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

July 23, 2018

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

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, 2017, 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 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. The financial statements of the Livingston County Center for Nursing and Rehabilitation were not audited in accordance with *Government Auditing Standards*. 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.

171 Sully's Trail, Suite 201
Pittsford, New York 14534
p (585) 381-1000
f (585) 381-3131

www.bonadio.com

(Continued)

Opinions
In our opinion, 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, 2017, 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.

Other Matters

Correction of an Error
As indicated in Note 3, the 2016 financial statements of the Livingston County Development Corporation and Livingston County Industrial Development Agency have been restated subsequent to their issuance to correct errors in accounting for grant income, capital assets, and improvements held for development and sale. 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, schedule of funding progress – other postemployment benefits plan, schedule of contributions - pension plans, and schedule of proportionate share of the net pension liability 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.

(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Report on Supplementary Information (Continued)
The combining and nonmajor governmental and special revenue fund financial statements 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. In our opinion, the combining and individual nonmajor governmental and special revenue fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2018, 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Bonadio & Co., LLP

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, 2017.

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 (Corporation), and the Livingston County Water and Sewer Authority (Authority) are considered to be component units of the County. Separate audited financial statements for the IDA, Corporation and Authority may be obtained by contacting the IDA, Corporation and Authority directly. The IDA and Corporation can be reached at Livingston County Government Center, 6 Court Street, Room 306, Geneseo, New York, and Authority 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 outflows of resources of the County's governmental activities exceeded liabilities/deferred inflows of resources by $106,588,838 at the close of 2017.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Table 1 - Summary Statement of Net Position

	Governmental 2017	Business-Type 2017	Governmental 2016	Business-Type 2016
Assets:				
Current assets	$ 84,155,911	$ 38,085,439	$ 84,008,379	$ 40,097,617
Capital assets, net	112,298,281	14,732,178	112,343,242	16,052,830
Total assets	196,454,192	52,817,617	196,351,621	56,150,447
Deferred outflows of resources	11,670,265	5,046,383	24,475,718	9,465,336
Liabilities:				
Current liabilities	12,778,208	18,494,252	16,468,483	18,060,725
Long-term liabilities	84,451,340	40,063,540	89,213,734	43,759,942
Total liabilities	97,229,548	58,557,792	105,682,217	61,820,667
Deferred inflow of resources	4,306,071	1,435,357	4,768,537	1,589,512
Net Position				
Net investment in capital assets	91,139,140	(12,649,689)	91,904,541	(12,763,447)
Restricted	26,316,721	4,498,117	24,531,715	-
Unrestricted	(10,867,023)	6,022,423	(6,059,671)	14,969,051
Total net position	$ 106,588,838	$ (2,129,149)	$ 110,376,585	$ 2,205,604

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, -10% and -5% in 2017 and 2016, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

The decrease in governmental capital assets, net of accumulated depreciation is mainly due to a decrease in costs associated with the County Highway Projects and purchases of several vehicles and building improvements and an increase in depreciation expense in the current year.

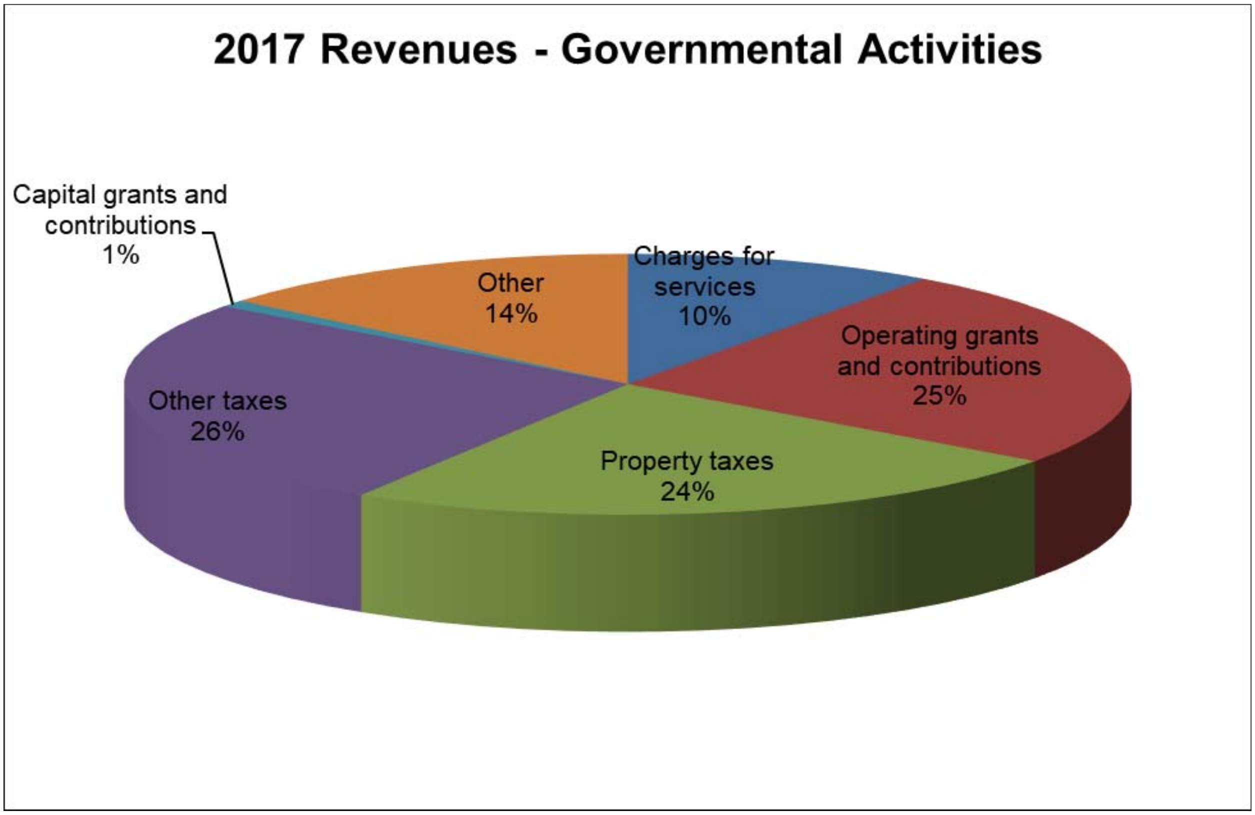
The decrease of approximately $4,762,000 in the governmental long-term liabilities is mainly due to the decrease in the Net Pension liability of approximately $10,041,000 offset by an Energy Performance Contract Lease Agreement in the current year of approximately $2,779,000.

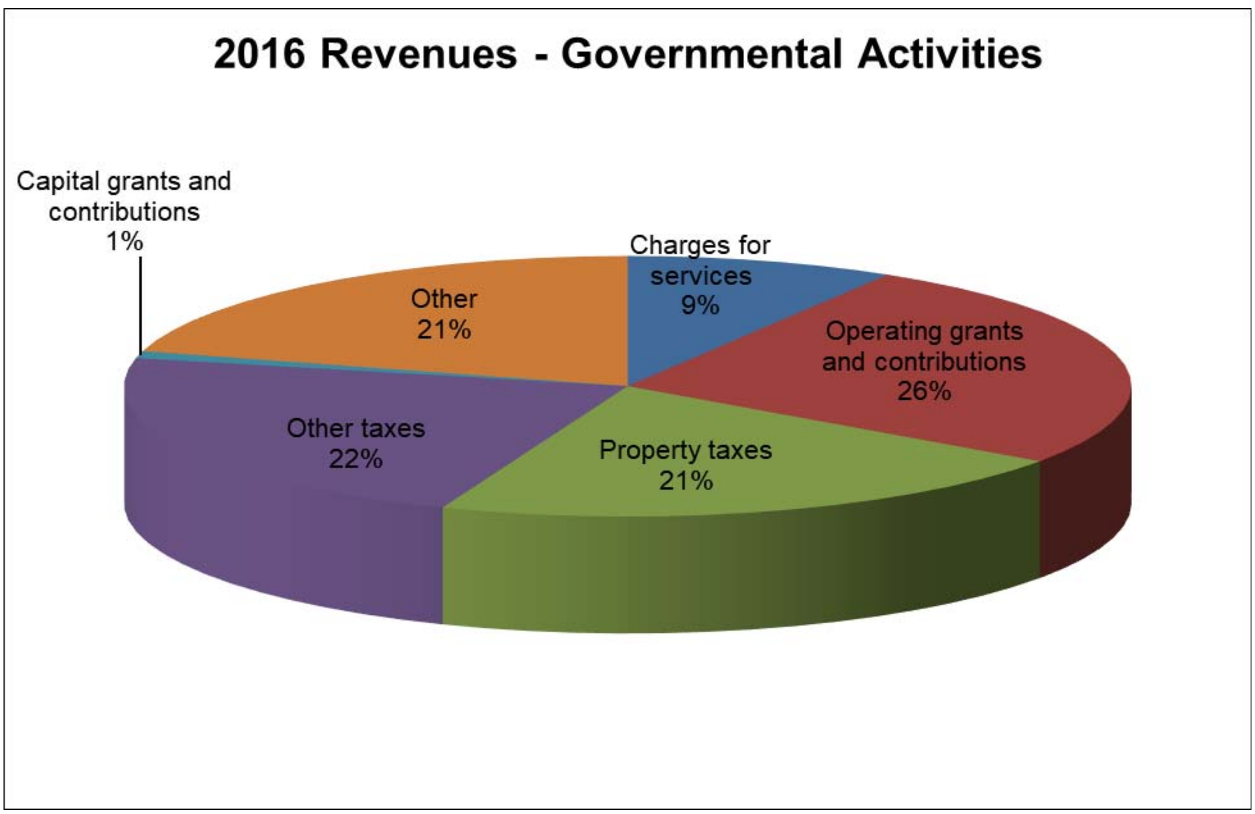
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

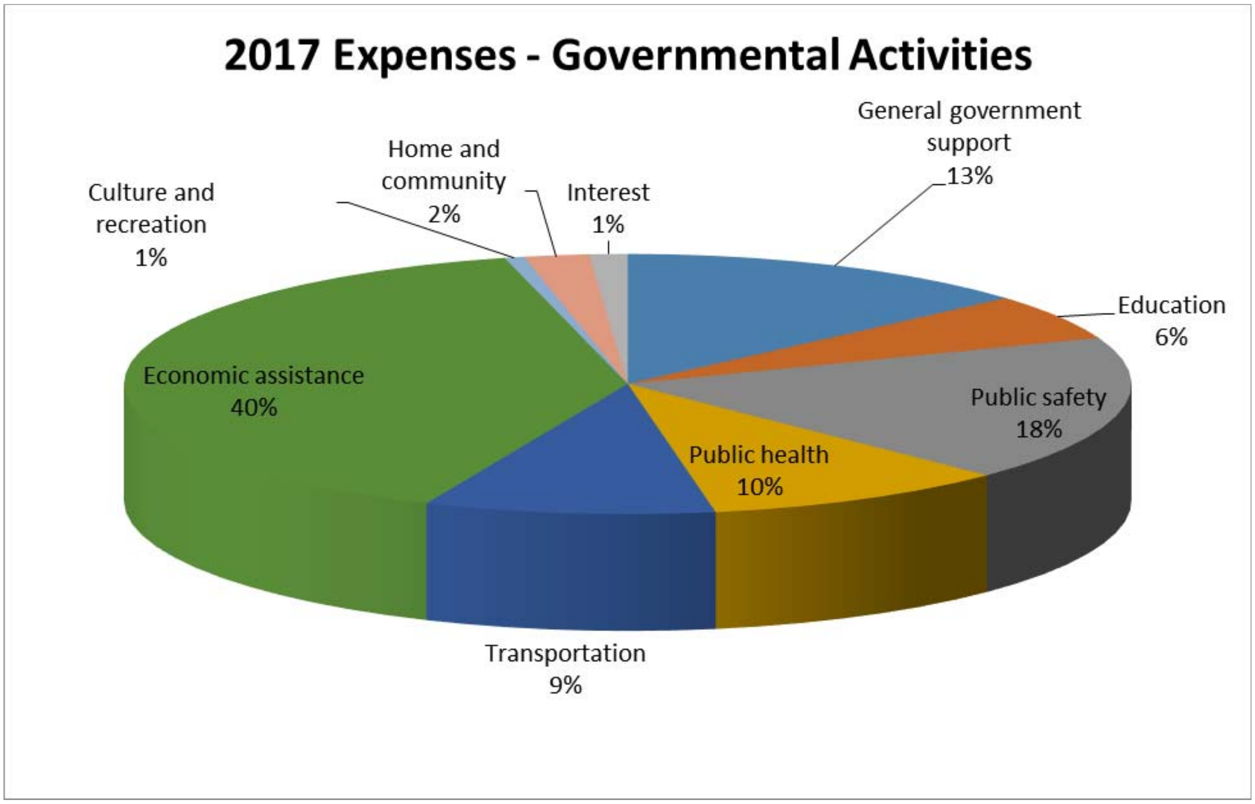
See the Summary Statement of Activities (Table 2) below for the dollar and percent changes in the governmental and business-type activities from 2016 to 2017. Additionally, the information following Table 2 presents a graphical picture of the major revenue and expense categories of the governmental and business-type activities.

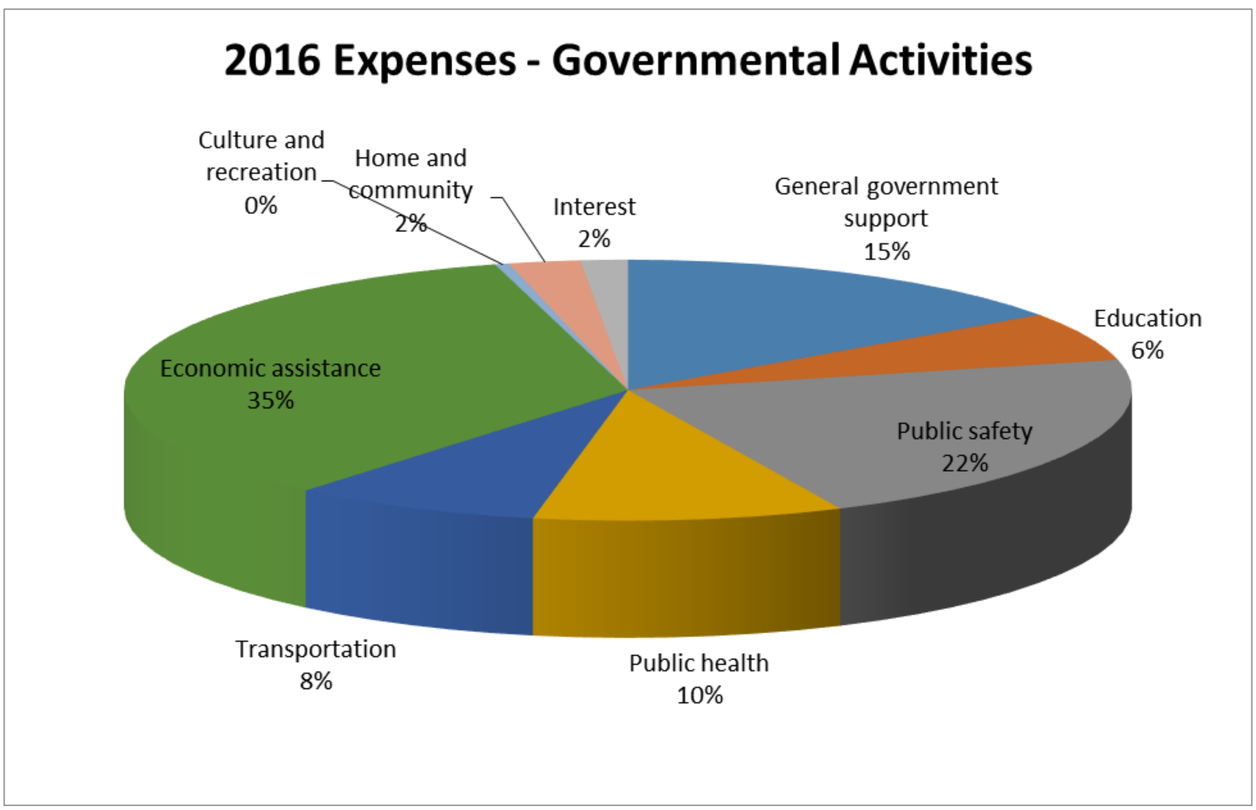
Table 2 - Summary Statement of Activities

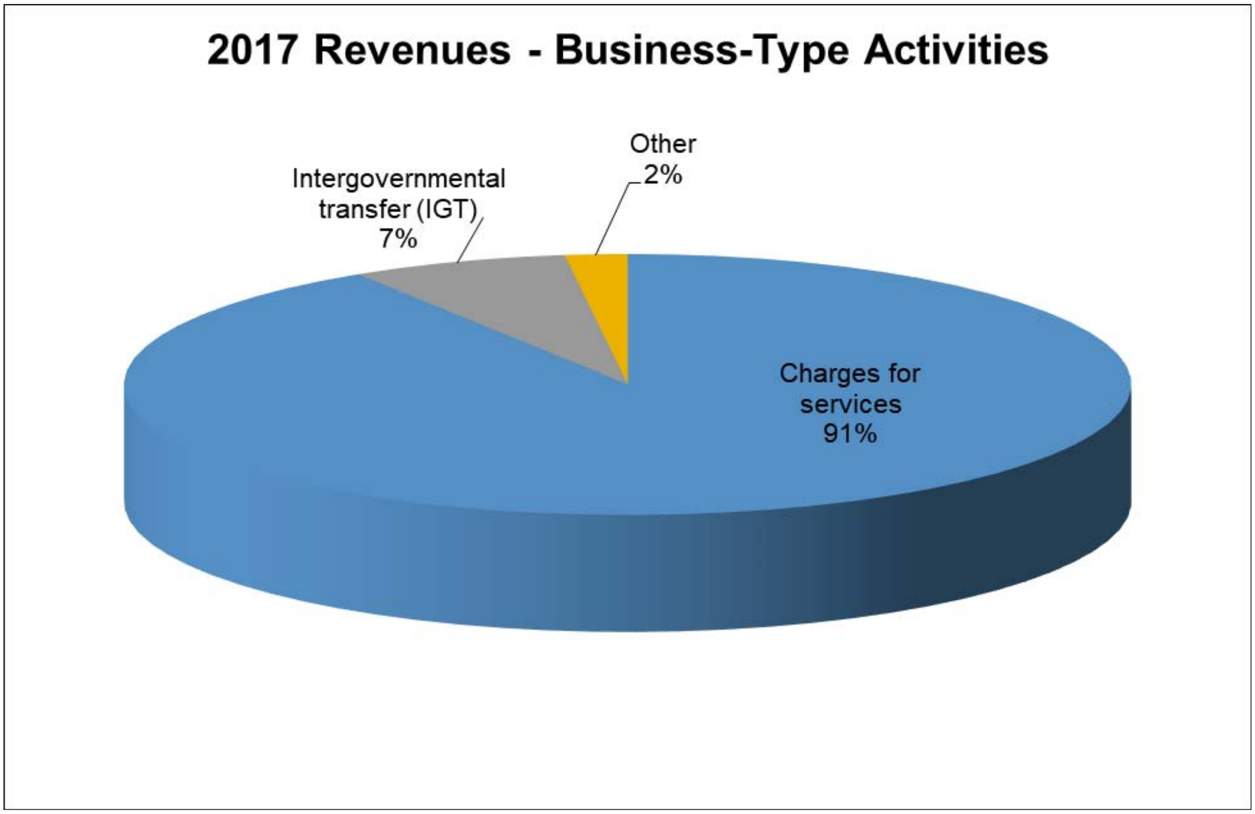
	Governmental 2017	%	Business-Type 2017	%	Governmental 2016	%	Business-Type 2016	%
Revenues:								
Program revenues -								
Charges for services	$ 12,319,587	10%	$ 27,900,979	91%	$ 11,756,971	9%	$ 24,974,199	55%
Operating grants and contributions	30,742,659	25%	-	0%	35,584,691	26%	308,822	1%
Capital grants and contributions	1,031,689	1%	-	0%	1,176,667	1%	-	0%
Total program revenues	44,093,935	36%	27,900,979	0%	48,518,329	36%	25,283,021	56%
General revenues -								
Property taxes	29,266,215	24%	-	0%	28,853,736	21%	-	0%
Other taxes	32,358,568	26%	-	0%	30,599,736	23%	-	0%
Intergovernmental transfer	-	0%	2,025,623	7%	3,213,485	2%	18,538,261	41%
Other	17,162,148	14%	647,521	2%	24,935,692	18%	1,179,403	3%
Total general revenues	78,786,931	64%	2,673,144	9%	87,602,649	64%	19,717,664	44%
Total revenues	122,880,866	100%	30,574,123	100%	136,120,978	100%	45,000,685	100%
Expenses:								
General governmental	17,131,451	14%	-	0%	18,697,582	15%	-	0%
Judgments/claims	-	0%	3,128,072	9%	-	0%	2,093,455	6%
Education	7,244,012	5%	-	0%	7,444,613	6%	-	0%
Public safety	22,991,192	18%	-	0%	26,829,053	22%	-	0%
Public health	12,431,960	10%	31,780,804	91%	12,201,756	10%	30,979,130	94%
Transportation	11,807,466	9%	-	0%	9,843,684	8%	-	0%
Economic assistance	50,070,264	40%	-	0%	42,662,987	35%	-	0%
Culture and recreation	795,055	1%	-	0%	554,092	0%	-	0%
Home and community services	2,638,577	2%	-	0%	2,825,772	2%	-	0%
Interest	1,558,636	1%	-	0%	1,862,952	2%	-	0%
Total expenses	126,668,613	100%	34,908,876	100%	122,922,491	100%	33,072,585	100%
Increase (decrease) in net position	$ (3,787,747)		$ (4,334,753)		$ 13,198,487		$ 11,928,100	

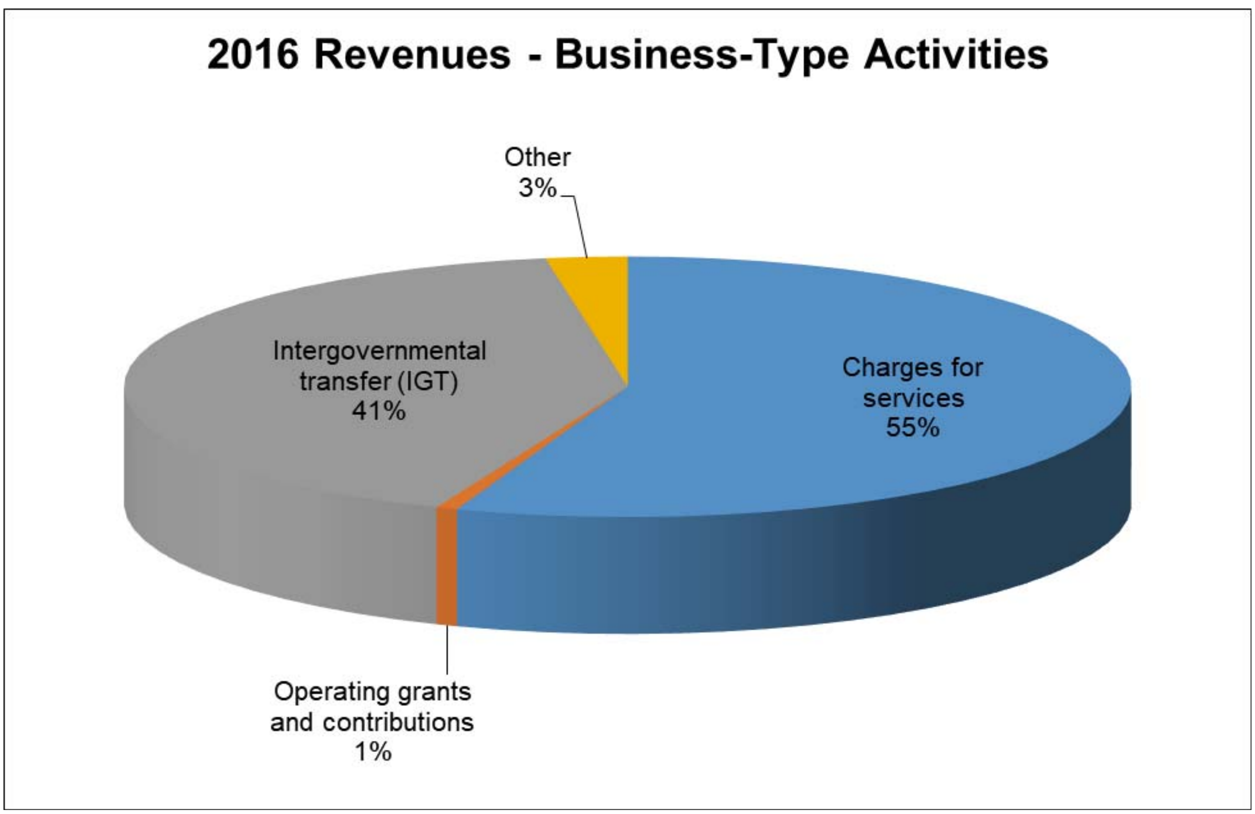

2017 Revenues - Governmental Activities
Capital grants and contributions 1%
Other 14%
Charges for services 10%
Operating grants and contributions 25%
Other taxes 26%
Property taxes 24%

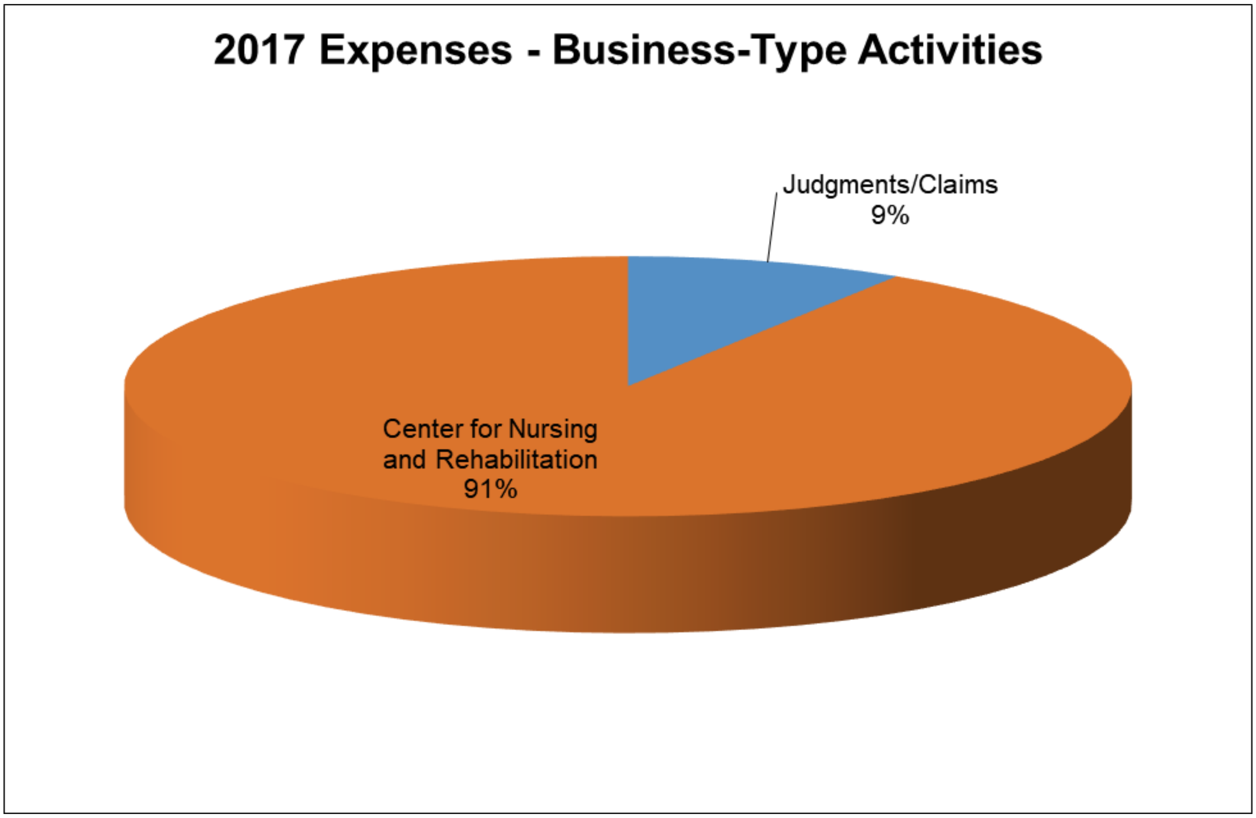

2016 Revenues - Governmental Activities
Capital grants and contributions 1%
Other 21%
Charges for services 9%
Operating grants and contributions 26%
Other taxes 22%
Property taxes 21%

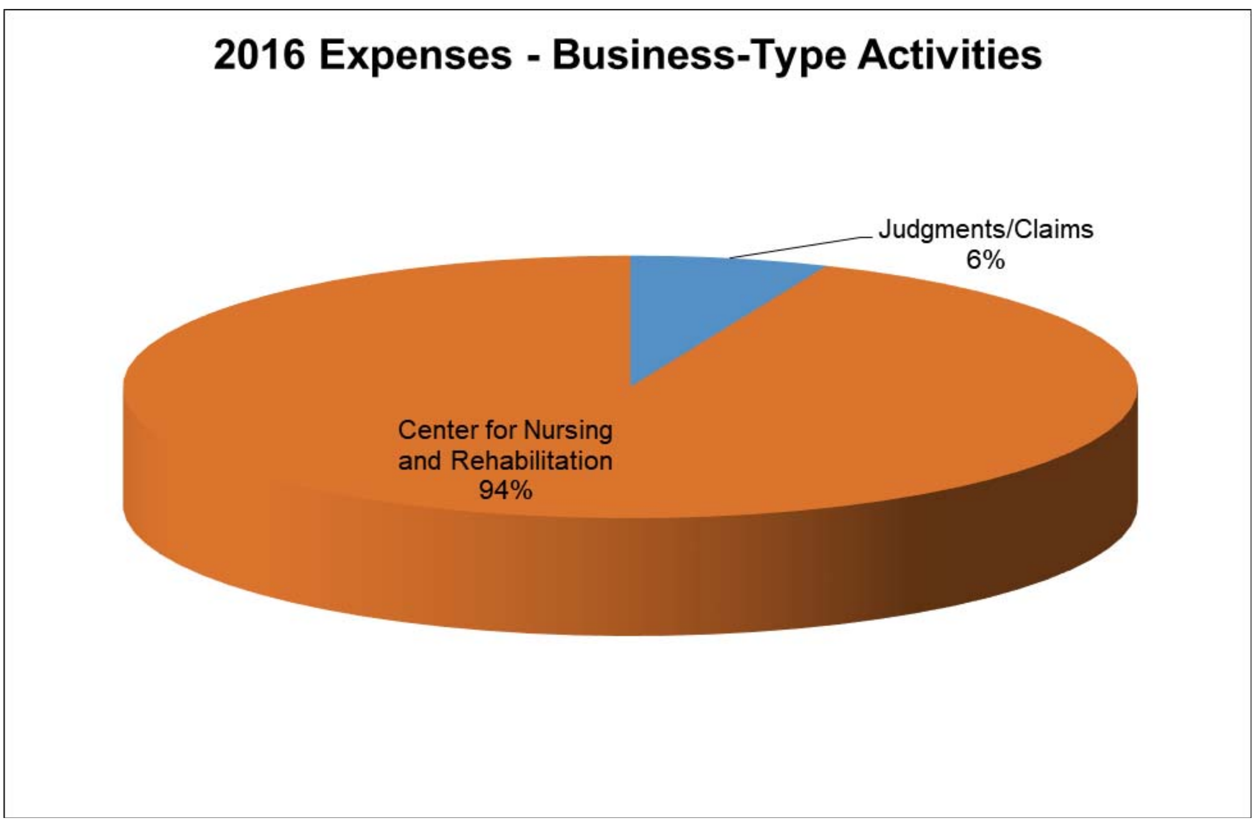

2017 Expenses - Governmental Activities
General government support 13%
Education 6%
Public safety 18%
Public health 10%
Transportation 9%
Economic assistance 40%
Culture and recreation 1%
Home and community 2%
Interest 1%


2016 Expenses - Governmental Activities
General government support 15%
Education 6%
Public safety 22%
Public health 10%
Transportation 8%
Economic assistance 35%
Culture and recreation 0%
Home and community 2%
Interest 2%


2017 Revenues - Business-Type Activities
Other
2%
Intergovernmental
transfer (IGT)
7%
Charges for
services
91%


2016 Revenues - Business-Type Activities
Other
3%
Intergovernmental
transfer (IGT)
41%
Charges for
services
55%
Operating grants
and contributions
1%


2017 Expenses - Business-Type Activities
Judgments/Claims
9%
Center for Nursing
and Rehabilitation
91%


2016 Expenses - Business-Type Activities
Judgments/Claims
6%
Center for Nursing
and Rehabilitation
94%

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Governmental activities decreased the County's net position by $3,787,747. The 2017 economic assistance and opportunity expenses increased by $7,407,277 from the 2016 expenses while total public safety expenses decreased $3,837,861 and total governmental revenues decreased by $13,240,112. The increase in economic assistance and opportunity expenses was related to an increase in IGT Payments for MMIS during 2017. The County remits these payments when letters are received from the NYS Department of Health stating the amount that the County owes. Typically these payments are a few years behind. In the current year, the County received letters requiring them to catch up on previous years payments. The decreases in public safety expenses and governmental revenues were mainly due to the completion of the SICG3 grant in the prior year and the SICG4 grant being delayed until 2018. See further details below.

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

- Operating Grants and contributions decreased by approximately $4,840,000 mainly due to the completion of the SICG3 grant in 2016, which resulted in revenue of approximately $4,900,000 in 2016 and the delay of the SICG4 grant until 2018.
- Sale of property and compensation for loss decreased by approximately $17,500,000 mainly due to a decrease in intergovernmental transfer revenue received, reimbursement from the CNR for tax levy and the settlement funds recovered in a settlement agreement with AkzoNobel in the prior year. Similar transactions did not occur in the current year.

Business-Type Activities

Business type activities decreased the County's net position by $4,334,753.

General Fund Budget Analysis

Revenues

There was a shortfall in state and federal aid compared to the amount budgeted of approximately $7.6 million for the General Fund. The county realizes revenues only for amounts expended.

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 $2,332,150 favorable variance is attributable to employee salaries and benefits being $1,250,000 less than anticipated. This was due to budgeted job vacancies that remained unfilled which resulted in lower employee benefit costs. The budgeted employee benefit costs are based on prior years cost. Benefits were overestimated due to a reduction in actual costs of $463,000. In addition, deferred building repairs along with lower than expected utility and heating costs resulted in reduced contractual expenses of $450,000.

Public Safety had a favorable variance from budgeted to actual in the amount of $2,960,826. This was due to a delay in equipment purchases in the amount of $2,500,000 related to the SICG4 grant for which a grant extension was obtained until December 31, 2018. In addition, employee benefits were overestimated in the current year and came in $400,000 less than budgeted.

Economic assistance also had a favorable variance of $2,331,699 due to the Department of Social Services having a 5% decrease in case count and personnel salaries and benefits being lower than anticipated due to job vacancies. In addition, the Office for the Aging saw lower than expected contractual expenditures due to lower participation in meals programs in the current year. Lastly, the Aquatic Weed program for CLAWS 27 was not opened until 2018, reducing contractual expenditures by $120,000.

CAPITAL ASSETS

The County's investment in capital assets for its governmental activities as of December 31, 2017 amounted to $112,298,281 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways and bridges.

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

	Governmental 2017	Business-Type 2017	Governmental 2016	Business-Type 2016
Land	$ 1,319,867	$ -	$ 1,319,867	$ -
Buildings and improvements	52,062,768	13,301,580	52,977,456	14,463,059
Machinery and equipment	2,202,804	1,414,513	1,848,178	1,589,771
Infrastructure	50,996,751	-	46,576,754	-
Work in progress	5,716,091	16,085	9,620,987	-
Total	$ 112,298,281	$ 14,732,178	$ 112,343,242	$ 16,052,830

The $50,996,751 for 2017 and $46,576,754 for 2016 of infrastructure represents the depreciated book value of County roads, bridges, water lines, etc.

The $5,716,091 for 2017 and $9,620,987 for 2016 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.

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

LONG-TERM LIABILITIES

Table 4 - Long-Term Liabilities

	Governmental 2017	Business-Type 2017	Governmental 2016	Business-Type 2016
Serial bonds-excluding LTASC	$ 17,183,293	$ 27,406,400	$ 19,122,231	$ 28,849,400
Serial bonds-LTASC	16,943,885	-	16,423,941	-
Energy performance contract	2,779,058	-	-	-
Compensated absences	1,060,103	-	1,038,759	-
Premium on bonds	1,196,790	1,320,034	1,316,470	1,480,739
Net pension liability	13,415,798	4,471,932	23,457,270	7,819,090
Other postemployment benefits	34,582,848	8,176,174	30,158,371	7,053,713
Total	$ 87,161,775	$ 41,374,540	$ 91,517,042	$ 45,202,942

The County's governmental activities and business-type activities repaid $2,108,938 and $1,443,000, respectively, in principal payments during 2017. In addition, the County entered into an energy performance contract lease agreement in the amount of $2,779,058. The County's governmental activities and business-type activities had increases to its other postemployment benefits liability of $6,810,300 and $1,805,800, respectively, which were offset by contributions of $2,385,823 and $683,340, respectively. The County's governmental activities and business-type activities incurred a net decrease in net pension liability of $10,041,473 and $3,347,158, respectively.

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

ECONOMIC FACTORS

- Assisted six (6) expansion projects that invested $21 million into Livingston County, 128 new jobs and 278 retained. The incentive costs slightly exceeded $2.5 million and brought an overall benefit to the State and Region of $13.6 million.

- Closed out four (4) grants for $1,115,000 from various agencies such as Office of Community Renewal ($11 million), ESD ($15,000). The purposes of these grants were to fund strategic planning, Main Street capital improvements and small business expansion.

- The Economic Development Office received $2,435,000 in grant assistance from various sources such as Empire State Development ($1.5 million), NYMS ($520,000), and CDBG ($415,000). The purposes of the grants were also of various regard ranging from small business assistance to planning and historic renovation.

- The unemployment rate at the end of 2017 for the County was 5.1%, an increase from the 2016 rate of 4.7%.

ADDITIONAL FINANCIAL IMPLICATIONS

The 2017 County budget was approved November 16, 2016. The tax rate increased less than half of 1.0% compared to 2016 and the levy increased 1.46%. The budget was compliant with the mandated 2% property tax cap.

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, 2017

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 39,337,448	$ 22,554,691	$ 61,892,139	$ 2,567,651
Restricted cash and cash equivalents	23,414,275	4,498,117	27,912,392	707,093
Accounts receivable, net	8,672,436	5,497,759	14,170,195	946,444
Loans receivable, net	-	-	-	1,011,641
Capital contributions receivable	-	-	-	395,267
Due from other funds	1,217,034	3,780,146	4,997,180	-
Due from other governments	193,656	792,435	986,091	1,909,158
State and federal aid receivable, net	10,153,914	308,004	10,461,918	71,931
Prepaid expenses and inventories	1,167,148	544,475	1,711,623	60,850
Funds held for others	-	-	-	28,781
Other assets	-	109,812	109,812	1,350,058
Capital assets, net	112,298,281	14,732,178	127,030,459	29,075,595
Total assets	196,454,192	52,817,617	249,271,809	38,124,469
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	11,105,451	3,701,816	14,807,267	-
Deferred amount on refunding	564,814	1,344,567	1,909,381	-
Total deferred outflows of resources	11,670,265	5,046,383	16,716,648	-
LIABILITIES				
Accounts payable and other accrued liabilities	3,334,349	12,186,072	15,520,421	656,922
Accrued wages and benefits	2,065,159	-	2,065,159	-
Due to other funds	-	4,997,180	4,997,180	-
Due to other governments	4,103,348	-	4,103,348	-
Unearned revenue	564,917	-	564,917	-
Long-term liabilities -				
Due within one year	2,710,435	1,311,000	4,021,435	-
Due in more than one year	84,451,340	40,063,540	124,514,880	4,189,675
Total liabilities	97,229,548	58,557,792	155,787,340	4,846,597
DEFERRED INFLOWS OF RESOURCES				
Pension related	4,306,071	1,435,357	5,741,428	-
Total deferred inflows of resources	4,306,071	1,435,357	5,741,428	-
NET POSITION				
Net investment in capital assets	91,139,140	(12,649,689)	78,489,451	24,885,920
Restricted	26,316,721	4,498,117	30,814,838	706,077
Unrestricted	(10,867,023)	6,022,423	(4,844,600)	7,685,875
Total net position	$ 106,588,838	$ (2,129,149)	$ 104,459,689	$ 33,277,872

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

		Program Revenue			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
PRIMARY GOVERNMENT:								
Governmental activities -								
General government support	$ 17,131,451	$ 4,045,248	$ 16,780,474	$ -	$ 3,694,271	$ -	$ 3,694,271	
Education	7,244,012	-	-	-	(7,244,012)	-	(7,244,012)	
Public safety	22,991,192	286,292	2,824,444	-	(19,880,456)	-	(19,880,456)	
Public health	12,431,960	5,660,688	4,376,598	-	(2,394,674)	-	(2,394,674)	
Transportation	11,807,466	879,131	-	1,031,689	(9,896,646)	-	(9,896,646)	
Economic assistance and opportunity	50,070,264	933,285	6,447,707	-	(42,689,272)	-	(42,689,272)	
Culture and recreation	795,055	73,553	269,099	-	(452,403)	-	(452,403)	
Home and community services	2,638,577	441,390	44,337	-	(2,152,850)	-	(2,152,850)	
Interest	1,558,636	-	-	-	(1,558,636)	-	(1,558,636)	
Total governmental activities	126,668,613	12,319,587	30,742,659	1,031,689	(82,574,678)	-	(82,574,678)	
Business-type activities -								
Center for Nursing and Rehabilitation	31,780,804	25,668,377	-	-	-	(6,112,427)	(6,112,427)	
Workers' Compensation Fund	3,128,072	2,232,602	-	-	-	(895,470)	(895,470)	
Total business-type activities	34,908,876	27,900,979	-	-	-	(7,007,897)	(7,007,897)	
Total primary government	$ 161,577,489	$ 40,220,566	$ 30,742,659	$ 1,031,689	(82,574,678)	(7,007,897)	(89,582,575)	
COMPONENT UNITS:								
Proprietary -								
Industrial Development Agency	$ 129,603	$ 138,296	$ -	$ -				$ 8,693
Development Corporation	876,520	34,857	922,391	-				80,728
Water and Sewer Authority	3,661,721	3,333,836	-	5,417,870				5,089,985
Total component units	$ 4,667,844	$ 3,506,989	$ 922,391	$ 5,417,870				5,179,406
GENERAL REVENUES AND TRANSFERS:								
Real property taxes and real property tax items					29,266,215	-	29,266,215	-
Nonproperty tax items					32,358,568	-	32,358,568	-
Sale of property and compensation for loss					473,643	198,579	672,222	(211,632)
Use of money and property					2,974,604	15,020	2,989,624	40,538
Intergovernmental transfer					-	12,852,848	12,852,848	-
Transfers to Governmental Activities					10,444,209	(10,444,209)	-	-
Miscellaneous					3,269,692	50,906	3,320,598	216,246
Total general revenues					78,786,931	2,673,144	81,460,075	45,152
Change in net position					(3,787,747)	(4,334,753)	(8,122,500)	5,224,558
Net position - beginning of year, as previously reported					110,376,585	2,205,604	112,582,189	28,223,236
Correction of an error (See Note 3)					-	-	-	(169,922)
Net position - beginning of year, as restated					110,376,585	2,205,604	112,582,189	28,053,314
Net position - end of year					$ 106,588,838	$ (2,129,149)	$ 104,459,689	$ 33,277,872

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General Fund	Capital Projects Fund	County Road Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	$ 22,037,408	$ -	$ 5,184,348	$ 8,860,551	$ 36,082,307
Restricted cash and cash equivalents	15,919,270	6,604,114	-	890,891	23,414,275
Accounts receivable, net	7,824,062	-	4,751	843,623	8,672,436
State and federal aid receivable	9,719,079	-	434,835	-	10,153,914
Due from other governments	140,989	-	-	52,667	193,656
Prepaid expenditures	1,082,907	-	56,302	27,939	1,167,148
Due from other funds	2,249,579	997,694	-	-	3,247,273
Total assets	$ 58,973,294	$ 7,601,808	$ 5,680,236	$ 10,675,671	$ 82,931,009
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and other current liabilities	$ 2,462,180	$ 211,049	$ 464,257	$ 23,372	$ 3,160,858
Accrued wages and benefits	990,109	-	29,404	7,366	1,026,879
Due to other funds	1,783,010	101,060	56,302	89,867	2,030,239
Due to other governments	4,103,348	-	-	-	4,103,348
Unearned revenue	564,917	-	-	-	564,917
Total liabilities	9,903,564	312,109	549,963	120,605	10,886,241
DEFERRED INFLOWS OF RESOURCES:					
Tobacco settlement revenue	-	-	-	805,476	805,476
Deferred taxes	3,226,650	-	-	-	3,226,650
Total deferred inflows of resources	3,226,650	-	-	805,476	4,032,126
FUND BALANCES:					
Nonspendable	1,082,907	-	56,302	27,939	1,167,148
Restricted	15,919,270	7,289,699	-	890,891	24,099,860
Assigned	3,851,728	-	5,073,971	8,844,878	17,770,577
Unassigned	24,989,175	-	-	(14,118)	24,975,057
Total fund balances	45,843,080	7,289,699	5,130,273	9,749,590	68,012,642
Total liabilities, deferred inflows of resources and fund balances	$ 58,973,294	$ 7,601,808	$ 5,680,236	$ 10,675,671	$ 82,931,009

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, 2017

Total fund balances - governmental funds	$ 68,012,642
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.	112,298,281
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.	2,216,861
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.	805,476
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	(17,183,293)
Serial bonds - LTASC	(16,943,885)
Energy performance contract	(2,779,058)
Premium on refunding	(1,196,790)
Deferred amount on refunding	564,814
Other postemployment benefits	(34,582,848)
Compensated absences	(1,060,103)
Net pension liability	(13,415,798)
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(173,491)
Revenue related to the tax levy is recognized when earned in the statement of activities, but deferred in the fund statements if collection exceeds sixty days after year-end.	3,226,650
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	11,105,451
Deferred inflow - pension related	(4,306,071)
Total net position of governmental activities	$106,588,838

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, 2017

	General Fund	Capital Projects Fund	County Road Fund	Nonmajor Governmental Funds	Total
REVENUES:					
Real property taxes and tax items	$ 20,922,187	$ -	$ 8,356,871	$ 438,390	$ 29,717,448
Nonproperty tax items	32,358,568	-	-	-	32,358,568
Departmental income	9,791,344	-	-	-	9,791,344
Intergovernmental charges	709,611	-	879,131	-	1,588,742
Use of money and property	2,952,361	624	519	20,440	2,973,944
Licenses and permits	21,520	-	-	-	21,520
Fines and forfeitures	479,591	-	-	-	479,591
Sale of property and compensation for loss	90,511	-	7,263	145,342	243,116
Miscellaneous	923,069	28,020	57,612	963,992	1,972,693
Interfund revenues	1,675,603	-	-	238,473	1,914,076
State and county	13,524,335	-	2,450,197	-	15,974,532
Federal aid	13,747,744	-	1,031,689	1,020,383	15,799,816
Total revenues	97,196,444	28,644	12,783,282	2,827,020	112,835,390
EXPENDITURES:					
Current -					
General governmental support	15,122,264	1,556,193	-	72,518	16,750,975
Education	7,244,012	-	-	-	7,244,012
Public safety	20,200,596	-	-	-	20,200,596
Public health	11,502,485	-	-	-	11,502,485
Transportation	35,186	-	10,197,748	1,758,895	11,991,829
Economic assistance and opportunity	47,894,771	-	-	1,217,311	49,112,082
Culture and recreation	524,516	-	-	-	524,516
Home and community services	2,416,295	-	-	486	2,416,781
Debt service -					
Principal	1,691,100	-	-	417,838	2,108,938
Interest	540,080	-	-	549,134	1,089,214
Total expenditures	107,171,305	1,556,193	10,197,748	4,016,182	122,941,428
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,974,861)	(1,527,549)	2,585,534	(1,189,162)	(10,106,038)
OTHER FINANCING SOURCES (USES):					
Proceeds from installment debt	-	2,779,058	-	-	2,779,058
Debt issuance costs	-	(2,512)	-	-	(2,512)
Operating transfers - in	10,548,690	2,221,181	442,244	1,946,995	15,159,110
Operating transfers - out	(2,057,175)	(152,087)	(2,215,482)	(290,157)	(4,714,901)
Total other financing sources (uses)	8,491,515	4,845,640	(1,773,238)	1,656,838	13,220,755
CHANGE IN FUND BALANCE	(1,483,346)	3,318,091	812,296	467,676	3,114,717
FUND BALANCE - beginning of year	47,326,426	3,971,608	4,317,977	9,281,914	64,897,925
FUND BALANCE - end of year	$ 45,843,080	$ 7,289,699	$ 5,130,273	$ 9,749,590	$ 68,012,642

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, 2017

Net change in fund balances - governmental funds		$ 3,114,717
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	5,562,852	
Capital contributions	1,200,000	
Depreciation	(6,807,813)	(44,961)
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.		945,219
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		(22,681)
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.		2,108,938
Proceeds from the issuance of an energy performance contract is an other financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.		(2,779,058)
Amortization of bond premiums is not recorded as revenue in the governmental funds but is recorded in the statement of activities.		119,680
Amortization of deferred amounts on refunding are not due in the current period and therefore, are not reported in the funds.		(56,481)
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.		220,522
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.		(689,944)
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		(21,344)
Unearned property tax revenues are recorded on the modified accrual basis but are not reported in the government-wide financial statements		(12,843)
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.		(4,424,477)
Government funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions is reported as a pension expense:		
Pension contributions		4,674,464
Cost of benefits earned, net of employee contributions		(6,919,498)
Change in net position of governmental activities		$ (3,787,747)

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business Type Activities - Enterprise Funds			
	Workers' Compensation Fund	Livingston County Center for Nursing and Rehabilitation	Total	Internal Service Fund
ASSETS				
Cash and cash equivalents	$ 139,637	$ 22,415,054	$ 22,554,691	$ -
Restricted cash and cash equivalents	4,498,117	-	4,498,117	3,255,141
Accounts receivable, net	-	5,497,759	5,497,759	-
Due from other funds	3,780,146	-	3,780,146	-
Due from state and federal	-	308,004	308,004	-
Due from other governments	792,435	-	792,435	-
Prepaid expense	-	544,475	544,475	-
Capital assets, net	-	14,732,178	14,732,178	-
Resident funds held in trust	-	109,812	109,812	-
Total assets	9,210,335	43,607,282	52,817,617	3,255,141
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	-	3,701,816	3,701,816	-
Deferred loss on refunding	-	1,344,567	1,344,567	-
Total deferred outflows of resources	-	5,046,383	5,046,383	-
LIABILITIES				
Accounts payable and other liabilities	-	2,644,692	2,644,692	-
Accrued liabilities	8,957,515	583,865	9,541,380	1,038,280
Due to other funds	1,175,000	3,822,180	4,997,180	-
Non-current liabilities -				
Due in one year	-	1,311,000	1,311,000	-
Due in more than one year	-	40,063,540	40,063,540	-
Total liabilities	10,132,515	48,425,277	58,557,792	1,038,280
DEFERRED INFLOWS OF RESOURCES				
Pension related	-	1,435,357	1,435,357	-
Total deferred inflows of resources	-	1,435,357	1,435,357	-
NET POSITION				
Net investment in capital assets	-	(12,649,689)	(12,649,689)	-
Restricted	4,498,117	-	4,498,117	2,216,861
Unrestricted	(5,420,297)	11,442,720	6,022,423	-
Total net position	$ (922,180)	$ (1,206,969)	$ (2,129,149)	$ 2,216,861

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, 2017

	Business Type Activities - Enterprise Funds			
	Workers' Compensation Fund	Livingston County Center for Nursing and Rehabilitation	Total	Internal Service Fund
REVENUES:				
Charges for services	$ 2,232,602	$ 25,668,377	$ 27,900,979	$ 13,611,259
Intergovernmental transfers	-	12,852,848	12,852,848	-
Total operating revenues	2,232,602	38,521,225	40,753,827	13,611,259
OPERATING EXPENSES:				
Judgments, claims, and insurance premiums	3,128,072	-	3,128,072	12,897,227
Nursing services	-	12,469,832	12,469,832	-
Employee benefits	-	8,697,069	8,697,069	-
Other professional services	-	5,424,638	5,424,638	-
Depreciation and amortization	-	1,634,652	1,634,652	-
Bad debts	-	690,628	690,628	-
County cost allocation	-	507,145	507,145	-
New York State assessment	-	1,329,384	1,329,384	-
Total operating expenses	3,128,072	30,753,348	33,881,420	12,897,227
Operating income (loss)	(895,470)	7,767,877	6,872,407	714,032
NON-OPERATING REVENUES (EXPENSES):				
Interest income	8,147	6,873	15,020	660
Interest expense	-	(1,027,456)	(1,027,456)	-
Sale of property and compensation for loss	198,579	-	198,579	230,527
Other income	120	50,786	50,906	-
Total non-operating revenues (expenses)	206,846	(969,797)	(762,951)	231,187
CHANGE IN NET POSITION BEFORE TRANSFERS TO COUNTY	(688,624)	6,798,080	6,109,456	945,219
TRANSFERS TO COUNTY	-	(10,444,209)	(10,444,209)	-
CHANGE IN NET POSITION	(688,624)	(3,646,129)	(4,334,753)	945,219
NET POSITION - beginning of year	(233,556)	2,439,160	2,205,604	1,271,642
NET POSITION - end of year	(922,180)	(1,206,969)	(2,129,149)	2,216,861

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, 2017

	Business Type Activity - Enterprise Funds			
	Workers' Compensation Fund	Livingston County Center for Nursing and Rehabilitation	Total	Internal Service Fund
CASH FLOW FROM OPERATING ACTIVITIES:				
Cash received from providing services	$ 2,123,840	$ 47,092,057	$ 49,215,897	$ 13,611,259
Cash payments to insurance providers	(2,752,998)	-	(2,752,998)	(12,896,117)
Cash payments for salaries and benefits	-	(19,268,369)	(19,268,369)	-
Cash payments for contractual services	-	(7,333,778)	(7,333,778)	-
Net cash flow from operating activities	(629,158)	20,489,910	19,860,752	715,142
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:				
Other non-operating revenues	-	50,142	50,142	-
Repayments to County general fund	-	(10,348,786)	(10,348,786)	-
Net cash flow from non-capital financing activities	-	(10,298,644)	(10,298,644)	-
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of capital assets	-	(314,000)	(314,000)	-
Repayment of debt	-	(1,434,410)	(1,434,410)	-
Interest expense	-	(1,036,044)	(1,036,044)	-
Net cash flow from capital and related financing activities	-	(2,784,454)	(2,784,454)	-
CASH FLOW FROM INVESTING ACTIVITIES:				
Other income	198,699	-	198,699	230,527
Investment income	8,147	7,517	15,664	660
Net cash flow from investing activities	206,846	7,517	214,363	231,187
CHANGE IN CASH AND CASH EQUIVALENTS	(422,312)	7,414,329	6,992,017	946,329
CASH AND CASH EQUIVALENTS - beginning of year	5,060,066	15,000,725	20,060,791	2,308,812
CASH AND CASH EQUIVALENTS - end of year	$ 4,637,754	$ 22,415,054	$ 27,052,808	$ 3,255,141
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating income (loss)	$ (895,470)	$ 7,767,877	$ 6,872,407	$ 714,032
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation and amortization	-	1,634,652	1,634,652	-
Bad debts	-	690,628	690,628	-
Changes in:				
Due from other funds	(114,079)	-	(114,079)	-
Due from other governments	5,317	-	5,317	-
Accounts receivable	-	(1,526,471)	(1,526,471)	-
Intergovernmental transfer receivable	-	9,952,626	9,952,626	-
Prepaid expense and other assets	-	(8,735)	(8,735)	-
Deferred outflows of resources - pension	-	4,249,658	4,249,658	-
Accounts payable and other liabilities	-	(65,145)	(65,145)	-
Accrued liabilities	450,074	28,995	479,069	1,110
Due to other funds	(75,000)	-	(75,000)	-
Accrued other postemployment benefits	-	1,122,461	1,122,461	-
Due from third party payor	-	144,677	144,677	-
Net pension liability	-	(3,347,158)	(3,347,158)	-
Deferred inflows of resources - pension	-	(154,155)	(154,155)	-
Net cash flow from operating activities	$ (629,158)	$ 20,489,910	$ 19,860,752	$ 715,142

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2017

	Expendable Trust	Agency Funds
ASSETS		
Cash and cash equivalents	$ 353,718	$ 787,140
Total assets	353,718	787,140
LIABILITIES		
Other liabilities	-	787,140
Total liabilities	-	$ 787,140
NET POSITION		
Held in trust for private purposes	$ 353,718	

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, 2017

	Expendable Trust
ADDITIONS:	
Contributions	$ 34,065
Interest earnings	73
Total additions	34,138
DEDUCTIONS:	
Culture and recreation	46,425
Total deductions	46,425
CHANGE IN NET POSITION	(12,287)
NET POSITION - beginning of year	366,005
NET POSITION - end of year	$ 353,718

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, 2017

	Livingston County Industrial Development Agency	Livingston County Water and Sewer Authority	Livingston County Development Corporation	Total
ASSETS				
Cash and cash equivalents	$ 451,300	$ 1,936,350	$ 180,001	$ 2,567,651
Restricted cash	80,000	143,744	483,349	707,093
Capital contributions receivable	-	395,267	-	395,267
Grants receivable	-	-	71,931	71,931
Accounts receivable, net	106,412	840,032	-	946,444
Due from New York State	-	1,909,158	-	1,909,158
Loans receivable, net	-	-	1,011,641	1,011,641
Prepaid expenses and inventories	-	56,799	4,051	60,850
Funds held for others	-	28,781	-	28,781
Land held for development or sale	1,350,058	-	-	1,350,058
Capital assets, net	6,994	29,068,601	-	29,075,595
Total assets	1,994,764	34,378,732	1,750,973	38,124,469
LIABILITIES				
Accounts payable and other current liabilities	-	655,487	1,435	656,922
Long-term liabilities	-	4,189,675	-	4,189,675
Total liabilities	-	4,845,162	1,435	4,846,597
NET POSITION				
Net investment in capital assets	6,994	24,878,926	-	24,885,920
Restricted	80,000	142,728	483,349	706,077
Unrestricted	1,907,770	4,511,916	1,266,189	7,685,875
Total net position	$ 1,994,764	$ 29,533,570	$ 1,749,538	$ 33,277,872

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, 2017

	Livingston County Industrial Development Agency	Livingston County Water and Sewer Authority	Livingston County Development Corporation	Total
OPERATING REVENUE:				
Charges for services, net	$ 138,296	$ 3,333,836	$ 34,857	$ 3,506,989
Grants	-	-	922,391	922,391
Other revenue	2,773	65,473	148,000	216,246
Total operating revenue	141,069	3,399,309	1,105,248	4,645,626
OPERATING EXPENSES:				
Depreciation	1,135	971,288	-	972,423
Operation and maintenance	38,143	2,039,931	876,520	2,954,594
Administration	39,741	578,152	-	617,893
Other professional services	50,584	-	-	50,584
Total operating expenses	129,603	3,589,371	876,520	4,595,494
OPERATING INCOME (LOSS)	11,466	(190,062)	228,728	50,132
NON-OPERATING REVENUE AND EXPENSES:				
Rental of real property	19,042	-	-	19,042
Gain (loss) on sale of assets	(211,632)	-	-	(211,632)
Interest income	294	20,027	1,175	21,496
Interest expense	-	(72,350)	-	(72,350)
Total non-operating revenue and expenses	(192,296)	(52,323)	1,175	(243,444)
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	(180,830)	(242,385)	229,903	(193,312)
CAPITAL CONTRIBUTIONS	-	5,417,870	-	5,417,870
CHANGE IN NET POSITION	(180,830)	5,175,485	229,903	5,224,558
NET POSITION - beginning of year, as previously reported	2,571,587	24,358,085	1,293,564	28,223,236
CORRECTION OF AN ERROR (See Note 3)	(395,993)	-	226,071	(169,922)
NET POSITION - beginning of year, as restated	2,175,594	24,358,085	1,519,635	28,053,314
NET POSITION - end of year	$ 1,994,764	$ 29,533,570	$ 1,749,538	$ 33,277,872

The accompanying notes are an integral part of these statements.

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.

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.

  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 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 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, 2017 are as follows:

Total assets	$	201,160
Total deferred inflows of resources	$	15,000
Net position	$	186,160
Total revenues	$	242,326
Total expenses	$	261,245

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, 2017 is as follows:

Total assets	$	298,344
Total liabilities	$	17,070
Fund balance	$	281,274
Total revenues	$	127,451
Total expenditures	$	114,845

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 governmental 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. The Debt Service fund is currently used only to report the activity of the LTASC.

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:

- Agency Funds - 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.
  d) Net pension liability is charged as an expenditure when paid.
  e) Other post-employment benefits 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 relevied 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.

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. 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.

Resident Accounts Receivable and Revenue Recognition - CNR

Net resident service revenue is reported at estimated net realizable amounts from patients, residents, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement arrangements with third-party payers. Final determination of the amounts earned is subject to review by third-party payers or their agents. 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.

Resident accounts receivable are stated net of an allowance for doubtful accounts. The CNR maintains allowances for doubtful accounts for estimated losses resulting from the inability of its residents to make required payments. The 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 payors, the value of remaining assets held by residents, and anticipated collections resulting from legal action.

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**

  Capital assets acquired by the proprietary fund are stated at cost. Contributed capital assets are recorded at fair value at the date received. Depreciation is computed using the straight-line method over the following estimated useful lives:

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

  Maintenance and repairs are charged to expense as incurred. The cost of capital assets returned or otherwise disposed of and their related accumulated depreciation are written off and any related gains or losses are recorded.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Postemployment Benefits
The County provides certain health care benefits for retired employees of the County and CNR. The County administers the Retirement Benefits Plan (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, 2020 with the enactment of Resolution 2017-270 dated August 9, 2017. 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 collection shall be kept separate and apart from any other funds and accounts of the County. The amount distributed to Towns and Villages for the year ended December 31, 2017 totaled $1,101,806 and $464,585, 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 provide 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, 2017.

  - **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, 2017.

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.

3. CORRECTION OF AN ERROR

During 2017, the IDA corrected errors related to capital assets, improvements held for development and sale, and the recognition of grant income in the prior year. These adjustments increased the change in net position by $92,276 for 2016. The remaining change in net position, a decrease of $488,269, related to 2015 and prior.

The Corporation corrected errors related to the recognition of grant income and deferred revenue in the prior year. These adjustments increased the change in net position by $226,071 for 2016.

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.

4. CASH AND CASH EQUIVALENTS (Continued)

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	$ 63,269,242	$ 62,771,326
CNR	22,462,073	22,415,054
Worker's compensation	4,657,798	4,637,754
Fiduciary Funds	1,327,697	1,140,858
Cash and Cash Equivalents	$ 91,716,810	$ 90,964,992

The collateral related to those above are as follows:

FDIC insured	$ 18,863,203
Collateralized with securities held by the pledge financial insitution, or its trust department or agent, but not the County's name	75,466,601
	$ 94,329,804

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

Custodial Credit Risk

Total cash and cash equivalents and marketable securities by type as of December 31, controlled by the Trustee are as follows:

	2017
United States Treasury obligation	$ 881,844
Money Market funds	9,047
	$ 890,891

United States Treasury obligations are considered level 1 investments. LTASC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

LTASC has the following fair value measurements as of December 31, 2017:

- U.S. Treasury obligations are valued using quoted market prices (Level 1 inputs).

5. 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:

	General	Capital Projects Fund	County Road Fund	Nonmajor Fund	Total Primary Government	CNR	Workers' Compensation
Accounts receivable net							
Taxes Receivable:							
Taxes	$ 3,551,064	$ -	$ -	$ -	$ 3,551,064	$ -	$ -
School taxes	2,788,385	-	-	-	2,788,385	-	-
Village taxes	326,008	-	-	-	326,008	-	-
Tax acquired property	68,743	-	-	-	68,743	-	-
	6,734,200	-	-	-	6,734,200	-	-
Other receivables:							
Patient	-	-	-	-	-	7,630,248	-
Trade	1,089,862	-	4,751	843,623	1,938,236	-	-
Less: Allowance	-	-	-	-	-	(2,132,489)	-
	$ 7,824,062	$ -	$ 4,751	$ 843,623	$ 8,672,436	$ 5,497,759	$ -
Due from other governments:							
Miscellaneous	$ 125,714	$ -	$ -	$ 52,667	$ 178,381	$ -	$ -
Towns/Villages	15,275	-	-	-	15,275	-	792,435
	$ 140,989	$ -	$ -	$ 52,667	$ 193,656	$ -	$ 792,435
State and federal aid:							
Social service	$ 4,938,387	$ -	$ -	$ -	$ 4,938,387	$ -	$ -
Other state agencies	4,780,692	-	434,835	-	5,215,527	-	-
	$ 9,719,079	$ -	$ 434,835	$ -	$ 10,153,914	$ -	$ -

5. 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 on the succeeding January 1. These assets are offset by the liability within due to other governments of $3,532,524 and $378,447, respectively.

Interfund Transactions

Interfund receivables, payables, revenues and expenditures for the year ended December 31, 2017 were as follows:

	Receivable	Payable	In	Out
General fund	$ 2,249,579	$ 1,783,010	$ 10,548,690	$ 2,057,175
Capital projects fund	997,694	101,060	2,221,181	152,087
Nonmajor funds	-	89,867	1,946,995	290,157
Workers' compensation	3,780,146	1,175,000	-	-
County road fund	-	56,302	442,244	2,215,482
CNR	-	3,822,180	-	10,444,209
Total	$ 7,027,419	$ 7,027,419	$ 15,159,110	$ 15,159,110

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.

6. CAPITAL ASSETS

The County's capital assets for 2017 are as follows:

Governmental Activities	Balance January 1	Increases	Decreases	Transfers	Balance December 31
Land	$ 1,319,867	$ -	$ -	$ -	$ 1,319,867
Work-in-progress	9,620,987	3,304,984	(366,290)	(6,843,590)	5,716,091
Total non-depreciable assets	10,940,854	3,304,984	(366,290)	(6,843,590)	7,035,958
Buildings and improvements	80,100,878	47,127	-	1,309,685	81,457,690
Machinery and equipment	12,546,926	1,140,277	(694,258)	-	12,992,945
Infrastructure	101,274,498	2,636,754	-	5,533,905	109,445,157
Total depreciable assets	193,922,302	3,824,158	(694,258)	6,843,590	203,895,792
Less: Accumulated depreciation:					
Buildings and improvements	(27,123,422)	(2,271,500)	-	-	(29,394,922)
Machinery and equipment	(10,698,748)	(816,188)	724,795	-	(10,790,141)
Infrastructure	(54,697,744)	(3,763,114)	12,452	-	(58,448,406)
Total accumulated depreciation	(92,519,914)	(6,850,802)	737,247	-	(98,633,469)
Net depreciable assets	101,402,388	(3,026,644)	42,989	6,843,590	105,262,323
Capital assets, net	$ 112,343,242	$ 278,340	$ (323,301)	$ -	$ 112,298,281

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

Government activities:	
Transportation	$ 3,945,582
Public safety	1,321,379
General government support	1,286,448
Home and community services	229,173
Public health	31,646
Economic assistance and opportunity	23,898
Culture and recreation	12,676
Total depreciation expense	$ 6,850,802

6. CAPITAL ASSETS (Continued)

Business-Type Activities	Balance January 1	Increases	Decreases	Balance December 31
Work-in-progress	$ -	$ 65,872	$ (49,787)	$ 16,085
Total non-depreciable assets	-	65,872	(49,787)	16,085
Buildings and improvements	35,875,869	73,057	-	35,948,926
Machinery and equipment	7,213,536	224,858	-	7,438,394
Total depreciable assets	43,089,405	297,915	-	43,387,320
Less: Accumulated depreciation:				
Buildings and improvements	(21,412,810)	(1,234,536)	-	(22,647,346)
Machinery and equipment	(5,623,765)	(400,116)	-	(6,023,881)
Total accumulated depreciation	(27,036,575)	(1,634,652)	-	(28,671,227)
Net depreciable assets	16,052,830	(1,336,737)	-	14,716,093
Capital assets, net	$ 16,052,830	$ (1,270,865)	$ (49,787)	$ 14,732,178

Component Units

Component units' capital assets at December 31, 2017 consisted of:

Land	$ 150,285
Construction work-in-progress	5,356,748
Buildings	5,342,500
Infrastructure	31,386,814
Machinery and equipment	3,413,776
	45,650,123
Less: Accumulated depreciation	(16,574,528)
Total capital assets, net	$ 29,075,595

7. 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 includes 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.

7. 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 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 2017, 2016 and 2015 were equal to the required contributions for the plan fiscal year as follows:

	County	CNR
2017	$ 4,674,464	$ 1,558,155
2016	$ 4,751,808	$ 1,583,936
2015	$ 4,710,170	$ 1,837,159

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

7. PENSION PLANS (Continued)

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

At December 31, 2017, the County and CNR reported a net pension liability of $13,415,798 and $4,471,932, 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, 2017, 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, 2017, the County's proportionate share was 0.1903715%, which was a decrease from its proportionate share of 0.1948649% measured at December 31, 2016.

For the year ended December 31, 2017, the County and CNR recognized pension expense of $6,904,524 and $2,301,508, respectively. At December 31, 2017, the County and CNR reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

County	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 336,187	$ 2,037,265
Changes in assumptions	4,583,328	-
Net difference between projected and actual earnings on pension plan investments	2,679,679	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	408	2,268,806
Contributions subsequent to the measurement date	3,505,849	-
Total	$ 11,105,451	$ 4,306,071

CNR	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 112,063	$ 679,088
Changes in assumptions	1,527,776	-
Net difference between projected and actual earnings on pension plan investments	893,226	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	136	756,269
Contributions subsequent to the measurement date	1,168,615	-
Total	$ 3,701,816	$ 1,435,357

7. 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:	County	CNR
2018	$ 1,758,988	$ 586,330
2019	1,758,989	586,329
2020	1,788,705	596,235
2021	(2,013,151)	(671,050)
2022	-	-
Thereafter	-	-
	$ 3,293,531	$ 1,097,844

The County and CNR recognized $3,505,849 and $1,168,615, respectively as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2017 which will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.8% indexed by service
Projected COLAs	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.0% compounded annually, net of investment expenses

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

7. PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic equity	36	4.55
International equity	14	6.35
Private equity	10	7.75
Real estate	10	5.80
Absolute return strategies	2	4.00
Opportunistic portfolio	3	5.89
Real assets	3	5.54
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation-indexed bonds	4	1.50
	100%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. 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 7.0%, 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 (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
County Proportionate Share of Net Pension liability (asset)	$ 42,847,399	$ 13,415,798	$ (11,468,567)
CNR Proportionate Share of Net Pension liability (asset)	$ 14,282,466	$ 4,471,932	$ (3,822,856)

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2016 were as follows:

Total pension liability	$ 177,400,586
Net position	(168,004,363)
Net pension liability (asset)	$ 9,396,223
ERS net position as a percentage of total pension liability	94.7%

8. LONG-TERM LIABILITIES

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%.

8. LONG-TERM LIABILITIES (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 Liabilities

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.

Net pension liability – represents the County's and the CNR's proportionate share of the NYS ERS net pension liability.

Other postemployment benefits – represents the cost of health care benefits provided to retirees.

Summary of Long-Term Liabilities

The following is a summary of all long-term obligations outstanding at December 31, 2017:

	Balance January 1	Increases	Decreases	Due in One Year	Due in More Than One Year
Governmental activities:					
Serial Bonds - excluding LTASC	$ 19,122,231	$ -	$ (1,938,938)	$ 1,937,938	$ 15,245,355
Serial Bonds - LTASC	16,423,941	689,944	(170,000)	235,000	16,708,885
Energy performance lease agreement	-	2,779,058	-	152,792	2,626,266
Premium	1,316,470	-	(119,680)	119,679	1,077,111
Compensated absences	1,038,759	21,344	-	265,026	795,077
Net pension liability	23,457,270	-	(10,041,472)	-	13,415,798
Other postemployment benefits	30,158,371	4,424,477	-	-	34,582,848
Total governmental activities	91,517,042	7,914,823	(12,270,090)	2,710,435	84,451,340
Business-type activities:					
Serial Bonds	28,849,400	-	(1,443,000)	1,311,000	26,095,400
Premium	1,480,739	-	(160,705)	-	1,320,034
Net pension liability	7,819,090	-	(3,347,158)	-	4,471,932
Other postemployment benefits	7,053,713	1,122,461	-	-	8,176,174
Total business-type activities	45,202,942	1,122,461	(4,950,863)	1,311,000	40,063,540
Total primary government	$ 136,719,984	$ 9,037,284	$(17,220,953)	$ 4,021,435	$ 124,514,880

8. LONG-TERM LIABILITIES (Continued)

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

	Issue Date	Final Maturity	Interest Rate	2017 Payments	Outstanding December 31
Government activities:					
Serial Bonds-excluding LTASC					
County Jail	2009	2024	3.00 - 4.00%	$ 1,445,000	$ 1,505,000
2016 Refunding Bond	2016	2027	3.00%	71,100	10,000,000
Water - NYS EFC	1999	2019	2.78 - 4.91%	85,000	175,000
ARS - Sewer Project	2002	2020	7.00 - 7.10%	40,000	135,000
Sewer - NYS EFC	2004	2033	1.02 - 4.63%	10,000	195,000
Easter Lake Water System	2012	2033	2.00 - 5.00%	56,100	1,310,000
Water Transmission System	2012	2033	2.00 - 5.00%	2,100	48,100
Route 20 Water Main	2012	2033	2.00 - 5.00%	7,700	185,500
Groveland Sewer - NYS EFC	2006	2035	0.00%	34,000	609,000
Rural Development	2005	2039	4.13%	10,000	376,000
Rural Development	2005	2039	4.13%	3,000	103,000
Scottsburg Zone 5 Rd.	2006	2040	4.50%	12,000	490,000
Millenium Drive	2011	2026	2.00%	135,000	1,465,000
Conesus Sewer - NYS EFC	2008	2038	0.00%	27,938	586,693
					17,183,293
Serial Bonds - LTASC	2000	2042	5.13 - 6.625%	170,000	6,765,000
	2005	2060	6.00 - 7.85%	-	4,556,860
Add: Accretion of capital appreciation bonds					5,622,025
					16,943,885
Energy performance lease agreement	2017	2032	2.67%	-	2,779,058
Business type activities:					
Nursing Facilities Construction	2016	2027	2.00 - 5.00%	353,900	2,000,000
Nursing Facilities Construction	2012	2033	4.25 - 4.50%	1,089,100	25,406,400
					27,406,400
					$ 64,312,636

8. LONG-TERM LIABILITIES (Continued)

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

	Governmental Activities		Business-Type Activities	
	Bonds	Interest	Bonds	Interest
2018	$ 1,937,938	$ 589,556	$ 1,311,000	$ 974,994
2019	1,956,038	494,108	1,362,900	923,216
2020	1,946,438	428,136	1,429,500	861,970
2021	1,965,138	350,593	1,495,800	797,217
2022	2,047,138	273,360	1,571,800	728,981
2023 - 2027	5,318,890	573,560	8,813,800	2,732,280
2028 - 2032	1,170,990	271,828	9,351,700	1,117,459
2033 - 2037	653,788	72,412	2,069,900	31,048
2038 - 2040	186,935	12,686	-	-
	$ 17,183,293	$ 3,066,239	$ 27,406,400	$ 8,167,165

Interest
Interest expense on bonds payable for the County and CNR, including LTASC, was $1,558,636 and $1,027,456 in 2017, respectively. In 2017, cash paid for interest for the County and CNR was $1,089,214 and $1,036,044, 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:

	Required Maturities		
	Principal	Interest/ Accretion	Total
2018	$ 235,000	$ 1,196,602	$ 1,431,602
2019	250,000	1,236,038	1,486,038
2020	-	1,286,037	1,286,037
2021	-	1,347,720	1,347,720
2022	-	1,414,938	1,414,938
2023 - 2027	-	8,256,051	8,256,051
2028 - 2032	1,415,000	10,637,903	12,052,903
2033 - 2037	2,155,000	13,625,379	15,780,379
2038 - 2042	3,947,489	14,601,165	18,548,654
2043 - 2047	-	19,996,238	19,996,238
2048 - 2052	1,025,287	26,381,599	27,406,886
2053 - 2057	593,061	32,391,502	32,984,563
2058 - 2061	1,701,023	19,804,941	21,505,964
Plus: Accretion	5,622,025	-	5,622,025
	$ 16,943,885	$ 152,176,113	$ 169,119,998

8. LONG-TERM LIABILITIES (Continued)

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, 2017. A principal payment in the amount of $170,000 was made during 2017 in accordance with the Series 2000 Bonds.

Interest
Interest expense on LTASC bonds payable was $1,130,037 in 2017. In 2017, cash paid for interest was $440,723.

In 2016, the County issued a 2016 serial bond for $12,425,000. Of this amount, $10,071,100 related to County held debt and $2,353,900 related to the CNR. This issuance refunded the 2007 and 2009 serial bonds which resulted in defeased amounts of $2,613,900 and $10,410,000, respectively. The County is expected to realize, as a result of the issuance of the Bonds, and in accordance with the Refunding Financial Plan, cumulative dollar and present value debt service savings of $1,020,380. The bond premium in the amount of $1,316,470 has increased debt for governmental activities. As a result, the County recognized a loss on refunding of $621,295 which is amortized over 11 years.

In 2017, the County entered into an Energy Performance Contract Lease Agreement for $2,779,058 at a rate of 2.677% per annum through November 21, 2032.

9. 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, 2017:

Purpose	Restricted By	Amount
General fund	Law	$ 15,919,270
Capital projects fund	Capital	7,289,699
Internal service fund	Law	2,216,861
Nonmajor funds:		
Debt service	Debt agreements	890,891
		$ 26,316,721

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.

9. NET POSITION AND FUND EQUITY (Continued)

The Expendable Trust Fund maintains expendable reserves which can only be utilized for specific purposes. The expendable trust balance as of December 31, 2017 is as follows:

Hospice Trust	$	240,444
Resident Memorial - HRF		54,846
WIC Donation		58,428
	$	353,718

10. 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.

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 $23,679,302 at December 31, 2017. Employees contributed $1,068,875 into the Plan in 2017.

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 $155,470 into the 401(a) plan in 2017.

11. 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 (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, 2017 was 218. 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.

11. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

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 2017 by the County and CNR was $3,069,163.

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:

	County	CNR	Total
Annual required contribution	$ 6,928,200	$ 1,833,300	$ 8,761,500
Interest on net OPEB obligation	884,600	205,900	1,090,500
Adjustment to ARC	(1,002,500)	(233,400)	(1,235,900)
Annual OPEB cost	6,810,300	1,805,800	8,616,100
Contributions made	(2,385,823)	(683,339)	(3,069,162)
Increase in net OPEB obligation	4,424,477	1,122,461	5,546,938
Net OPEB obligation - beginning of year	30,158,371	7,053,713	37,212,084
Net OPEB obligation - end of year	$ 34,582,848	$ 8,176,174	$ 42,759,022
Percentage of Annual OPEB Cost Contributed	35.0%	37.8%	35.6%

The following table provides trend information for the Retirement Plan:

	Annual OPEB Cost	Annual Contributions	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation at December 31
2017	$ 8,616,100	$ 3,069,162	35.6%	$ 42,759,022
2016	$ 8,381,900	$ 2,747,586	32.8%	$ 37,212,084
2015	$ 6,562,700	$ 2,366,977	36.1%	$ 31,577,770

11. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

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.

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, 2015 actuarial valuation, the following methods and assumptions were used:

Actuarial cost method	Projected Unit Credit Cost Method
Discount rate*	3.0%
Medical care cost trend rate	7.7%, or 6.2% initially, based on type of plan chosen. The rate is reduced by decrements to an ultimate rate of 4.1% in 2078.
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.

12. 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, 2017.

12. 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, 2017 there were three (3) series of Industrial Development Bonds outstanding with an approximate aggregate amount payable of $6.2 million.

13. 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, 2017 is $4,498,117.

- **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, 2017 amounted to $8,957,515.

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

	2017
Balance - beginning of year	$ 8,507,441
Insured claims	12,462,122
Claims payments	(12,012,048)
Balance - end of year	$ 8,957,515

No claims were settled during 2017 by purchasing annuity contracts.

13. 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:

	Contribution Revenue	Actual Claims Expense
2017	$ 2,232,602	$ 3,128,072
2016	1,504,872	2,093,455
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
	$ 26,341,325	$ 30,005,710

- **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 2017 year totaled $22,233 which was liquidated with available financial resources. The balance of the Fund at December 31, 2017 was $376,026 and is recorded in the General Fund. In addition, as of December 31, 2017, 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:

	2017
Balance - beginning of year	$ 1,037,170
Change in estimates/claims payments	1,110
Balance - end of year	$ 1,038,280

13. OTHER INFORMATION (Continued)

Risk Management (Continued)

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, 2020. The union represents greater than 75% of the County's workforce.

14. FUND BALANCES

As of December 31, 2017, fund balances were composed of the following:

	General Fund	Capital Projects Fund	County Road Fund	Nonmajor Funds	Total
Nonspendable:					
Prepaid expenditures	$ 1,082,907	$ -	$ 56,302	$ 27,939	$ 1,167,148
Restricted:					
Debt service	-	-	-	890,891	890,891
Law	15,919,270	-	-	-	15,919,270
Capital	-	7,289,699	-	-	7,289,699
Assigned:					
Appropriations	2,950,000	-	350,000	-	3,300,000
General governmental support	56,168	-	-	-	56,168
Public safety	-	-	-	-	-
Public health	669,730	-	-	-	669,730
Transportation	94,539	-	287,239	221,876	603,654
Economic assistance	-	-	-	-	-
Culture and recreation	81,291	-	-	-	81,291
Other spendable amounts	-	-	4,436,732	8,623,002	13,059,734
Unassigned	24,989,175	-	-	(14,118)	24,975,057
Total	$ 45,843,080	$ 7,289,699	$ 5,130,273	$ 9,749,590	$ 68,012,642

15. 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.

16. 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.

16. FEDERAL AND STATE FUNDED PROGRAMS (Continued)

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.

17. TAX ABATEMENT

The County has a number of real property tax abatement agreements entered into by the IDA under Article 18-A of the General Municipal Law.

The IDA has adopted a uniform, countywide policy to provide a real property tax abatement for eligible expanding businesses. The policy applies to that portion of a tax bill, which reflects taxes derived from the dollar value added to a property by virtue of investment made by an expanding company. The IDA offers programs for various projects including manufacturing, warehouse, and distribution; agriculture; tourism, community development; retail; energy production; and housing. All projects are required to create or retain jobs, some increase property values, and increase local tax bases.

Abatements are permitted as follows:

New Construction Projects

Taxing Jurisdiction	Year in Program	Abatement (on added value)
County/Town/School	Year 1-5	100%
	Year 6	80% *
	Year 7	60%
	Year 8	40%
	Year 9	20%
	Year 10	0% (fully taxable)
Taxing Jurisdiction	Year in Program	Abatement (on added value)
Village	Year 1-6	75%
	Year 7	60% *
	Year 8	40%
	Year 9	20%
	Year 10	0% (fully taxable)

Renovation of Existing Buildings:

Taxing Jurisdiction	Year in Program	Abatement (on added value)
County/Town/School/Village	Year 1-7	Property tax freeze

The IDA reserves the right to deviate from this policy and from the types of projects identified herein based upon consideration of jobs created and investment made in a project. If a policy deviation is proposed, the affected taxing jurisdictions will be notified. Their input will be sought in advance of adoption of any deviation, and any PILOT policy deviation will be noted in a required Public Hearing.

17. **TAX ABATEMENT (Continued)**

The IDA may recapture the value of all or any exemptions granted if any one of the following items occur: Sale or closure of facility; significant employment reduction, significant change in use of the facility; significant change in business activities of the project applicant or operator; material noncompliance with or breach of terms of IDA transaction documents or of zoning or land use laws or regulations; federal, state or local environmental laws or regulations; or failure to comply with Section 875(3) of the General Municipal Law.

The following is a listing of PILOT agreements in place at December 31, 2017:

COMPANY NAME	TAXABLE ASSESSED VALUE	TAX RATE	TAX VALUE	PILOT RECEIVED	TAXES ABATED
American Rock Salt, LLC	$ 45,326,751.00	0.008385891	$ 380,105.19	$ 191,735.23	$ 188,369.96
Barilla America NY, Inc.	$ 16,318,699.00	0.007862026	$ 128,298.04	$ 128,298.04	$ -
1370 Rochester Road LLC/Bristol Graphics, Inc.	$ 975,600.00	0.007920394	$ 7,727.14	$ 2,258.06	$ 5,469.08
Bulk Products Development Corporation	$ 279,900.00	0.006950230	$ 1,945.37	$ 1,740.20	$ 205.17
Coast Professional Properties LLC	$ 1,253,700.00	0.007204553	$ 9,032.35	$ 9,032.35	$ -
Commodity Resources Corp.	$ 694,800.00	0.008370751	$ 13,739.36	$ 13,739.36	$ -
	$ 994,400.00	0.007967987			
Covered Wagon Tours, LLC	$ 670,000.00	0.007438901	$ 4,984.06	$ 4,867.22	$ 116.84
Fox & West	$ 743,800.00	0.007438901	$ 5,533.05	$ 546.76	$ 4,986.29
Geneseo Hospitality, LLC	$ 3,154,100.00	0.007644944	$ 24,112.92	$ 2,097.77	$ 22,015.15
Gray Metal Products, Inc. 2013 Facility	$ 5,495,241.00	0.007862026	$ 43,518.39	$ 25,175.18	$ 18,343.21
	$ 42,300.00	0.007438901			
Livingston Associates, Inc.	$ 1,216,120.00	0.007967987	$ 9,690.03	$ 3,439.78	$ 6,250.25
Mattice Brothers Properties (Gigglin' Pig)	$ 130,000.00	0.007967987	$ 1,035.84	$ 989.03	$ 46.81
Montgomery Maximus	$ 673,400.00	0.007862026	$ 5,294.29	$ 3,340.10	$ 1,954.19
Sweeteners Plus , Inc. 2008 Facility	$ 3,452,600.00	0.006950230	$ 23,996.36	$ 17,587.42	$ 6,408.94
Valley Energy Services, LLC	$ 734,300.00	0.006911969	$ 5,075.46	$ 1,393.11	$ 3,682.35
WNY Enterprise 2013 Facility	$ 1,573,000.00	0.008616276	$ 13,553.40	$ 325.50	$ 13,227.90
Dansville Properties LLC	$ 3,483,400.00	0.006911969	$ 24,077.15	$ 24,077.15	$ -
		TOTALS:	**$ 701,718.40**	**$ 430,642.26**	**$ 271,076.14**

The IDA also offers sales and use tax exemptions on the purchase of materials, equipment rentals and purchases of project related equipment. Mortgage recording exemptions are also available on all project related financing or refinancing. The amount of sales tax and mortgage recording exemptions for the year ended December 31, 2017 were $849,397 and $67,307, respectively.

18. IMPACT OF FUTURE GASB PRONOUNCEMENTS

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 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.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. The County is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement apply to the financial statements of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The County is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In March 2017, the GASB issued Statement No. 85, *Omnibus*. This Statement establishes practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The County is required to adopt the provisions of this Statement for the year ending December 31, 2018.

18. IMPACT OF FUTURE GASB PRONOUNCEMENTS (Continued)

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The County is required to adopt the provisions of this Statement for the year ending December 31, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement establishes accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The County is required to adopt the provisions of this Statement for the year ending December 31, 2020.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* This Statement improves the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The County is required to adopt the provisions of this Statement for the year ending December 31, 2019.

COUNTY OF LIVINGSTON, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Including Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Favorable (Unfavorable) Variance
REVENUES:					
Real property taxes and tax items	$ 20,985,545	$ 20,985,545	$ 20,922,187	$ -	$ (63,358)
Non-property tax items	32,052,000	32,089,707	32,358,568	-	268,861
Departmental income	9,953,510	9,955,705	9,791,344	-	(164,361)
Intergovernmental charges	853,412	858,010	709,611	-	(148,399)
Use of money and property	2,906,540	2,906,540	2,952,361	-	45,821
Licenses and permits	20,000	20,000	21,520	-	1,520
Fines and forfeitures	525,000	548,477	479,591	-	(68,886)
Sale of property and compensation for loss	59,875	90,408	90,511	-	103
Miscellaneous	595,715	614,920	923,069	-	308,149
Interfund revenues	1,587,527	1,587,527	1,675,603	-	88,076
State aid	17,121,279	18,663,902	13,524,335	-	(5,139,567)
Federal aid	15,963,703	16,252,543	13,747,744	-	(2,504,799)
Total revenues	102,624,106	104,573,284	97,196,444	-	(7,376,840)
EXPENDITURES:					
Current -					
General governmental support	17,386,364	17,510,582	15,122,264	56,168	2,332,150
Education	6,906,500	7,253,900	7,244,012	-	9,888
Public safety	22,771,618	23,831,152	20,200,596	669,730	2,960,826
Public health	12,570,290	12,708,414	11,502,485	94,539	1,111,390
Transportation	35,000	35,186	35,186	-	-
Economic assistance and opportunity	38,167,865	50,307,761	47,894,771	81,291	2,331,699
Culture and recreation	570,940	572,894	524,516	-	48,378
Home and community services	2,793,354	2,801,099	2,416,295	-	384,804
Debt service -					
Principal - bonds	1,875,000	1,875,000	1,691,100	-	183,900
Interest	595,000	595,000	540,080	-	54,920
Total expenditures	103,671,931	117,490,988	107,171,305	901,728	9,417,955
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,047,825)	(12,917,704)	(9,974,861)	(901,728)	2,041,115
OTHER FINANCING SOURCES (USES):					
Operating transfers - in	50,000	10,494,209	10,548,690	-	54,481
Operating transfers - out	(2,052,175)	(2,052,175)	(2,057,175)	-	(5,000)
Total other financing sources (uses)	(2,002,175)	8,442,034	8,491,515	-	49,481
CHANGE IN FUND BALANCE	$ (3,050,000)	$ (4,475,670)	(1,483,346)	$ (901,728)	$ 2,090,596
FUND BALANCE - beginning of year, as restated			47,326,426		
FUND BALANCE - end of year			$ 45,843,080		

COUNTY OF LIVINGSTON, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - COUNTY ROAD FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Including Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Favorable (Unfavorable) Variance
REVENUES:					
Real property taxes and tax items	$ 8,356,871	$ 8,356,871	$ 8,356,871	$ -	$ -
Intergovernmental charges	820,000	820,000	879,131	-	59,131
Use of money and property	-	-	519	-	519
Sale of property and compensation for loss	5,100	5,100	7,263	-	2,163
Miscellaneous	20,000	20,000	57,612	-	37,612
State aid	2,385,599	2,409,412	2,450,197	-	40,785
Federal aid	1,954,680	964,965	1,031,689	-	66,724
Total revenues	13,542,250	12,576,348	12,783,282	-	206,934
EXPENDITURES:					
Current -					
Transportation	12,153,075	11,422,132	10,197,748	287,239	937,145
Total expenditures	12,153,075	11,422,132	10,197,748	287,239	937,145
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,389,175	1,154,216	2,585,534	(287,239)	1,144,079
OTHER FINANCING SOURCES (USES):					
Operating transfers - in	207,820	491,522	442,244	-	(49,278)
Operating transfers - out	(1,946,995)	(2,213,062)	(2,215,482)	-	(2,420)
Total other financing sources (uses)	(1,739,175)	(1,721,540)	(1,773,238)	-	(51,698)
CHANGE IN FUND BALANCE	$ (350,000)	$ (567,324)	812,296	$ (287,239)	$ 1,092,381
FUND BALANCE - beginning of year			4,317,977		
FUND BALANCE - end of year			$ 5,130,273		

COUNTY OF LIVINGSTON, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN (IN 000's) (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Actuarial Valuation Date	Year Ended	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a percentage of Covered Payroll
October 1, 2015	December 31, 2017	$ -	$ 144,999	$ 144,999	0.00%	$ 41,714	348%
October 1, 2015	December 31, 2016	$ -	$ 144,999	$ 144,999	0.00%	$ 38,129	380%
October 1, 2013	December 31, 2015	$ -	$ 97,652	$ 97,652	0.00%	$ 42,908	228%

COUNTY OF LIVINGSTON, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	0.1904%	0.1949%	0.1948%	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.						
Proportionate share of the net pension liability (asset)	$ 17,888	$ 31,276	$ 6,582							
Covered-employee payroll	$ 41,714	$ 38,129	$ 42,908							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.88%	82.03%	15.34%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.70%	90.70%	97.90%							

COUNTY OF LIVINGSTON, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 6,336	$ 6,547	$ 7,681							
Contributions in relation to the contractually required contribution	6,336	6,547	7,681							
Contribution deficiency (excess)	$ -	$ -	$ -							
Covered-employee payroll	$ 38,129	$ 38,880	$ 40,675							
Contributions as a percentage of covered-employee payroll	16.62%	16.84%	18.88%							

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, 2017

	Debt Service Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 40,718	$ 8,819,833	$ 8,860,551
Restricted cash and cash equivalents	890,891	-	890,891
Accounts receivable, net	805,476	38,147	843,623
Due from other governments	-	52,667	52,667
Prepaid expenses	-	27,939	27,939
Total assets	$ 1,737,085	$ 8,938,586	$ 10,675,671
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other current liabilities	$ -	$ 23,372	$ 23,372
Accrued wages and benefits	-	7,366	7,366
Due to other funds	-	89,867	89,867
Total liabilities	-	120,605	120,605
DEFERRED INFLOWS OF RESOURCES:			
Tobacco settlement revenue	805,476	-	805,476
Total deferred inflows of resources	805,476	-	805,476
FUND BALANCES:			
Nonspendable	-	27,939	27,939
Restricted	890,891	-	890,891
Assigned	40,718	8,804,160	8,844,878
Unassigned	-	(14,118)	(14,118)
Total fund balances	931,609	8,817,981	9,749,590
Total liabilities, deferred inflows of resources and fund balances	$ 1,737,085	$ 8,938,586	$ 10,675,671

COUNTY OF LIVINGSTON, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Debt Service Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:			
Real property taxes and tax items	$ -	$ 438,390	$ 438,390
Use of money and property	9,115	11,325	20,440
Sale of property and compensation for loss	-	145,342	145,342
Interfund revenues	-	238,473	238,473
Miscellaneous	672,594	291,398	963,992
Federal aid	-	1,020,383	1,020,383
Total revenues	681,709	2,145,311	2,827,020
EXPENDITURES:			
Current -			
General governmental support	69,722	2,796	72,518
Transportation	-	1,758,895	1,758,895
Economic assistance and opportunity	-	1,217,311	1,217,311
Home and community services	-	486	486
Debt service -			
Principal	170,000	247,838	417,838
Interest	440,723	108,411	549,134
Total expenditures	680,445	3,335,737	4,016,182
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,264	(1,190,426)	(1,189,162)
OTHER FINANCING SOURCES:			
Operating transfers - in	-	1,946,995	1,946,995
Operating transfers - out	-	(290,157)	(290,157)
Total other financing sources	-	1,656,838	1,656,838
CHANGE IN FUND BALANCE	1,264	466,412	467,676
FUND BALANCE - beginning of year	930,345	8,351,569	9,281,914
FUND BALANCE - end of year	$ 931,609	$ 8,817,981	$ 9,749,590

COUNTY OF LIVINGSTON, NEW YORK

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017

	Road Machinery Fund	Water Fund	Special Grant Fund	Sewer Fund	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and cash equivalents	$ 2,152,157	$ 6,338,963	$ 21,885	$ 306,828	$ 8,819,833
Accounts receivable, net	38,147	-	-	-	38,147
Due from other governments	-	-	52,667	-	52,667
Prepaid expenditures	11,057	-	16,882	-	27,939
Total assets	$ 2,201,361	$ 6,338,963	$ 91,434	$ 306,828	$ 8,938,586
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and other current liabilities	$ 13,512	$ -	$ 9,860	$ -	$ 23,372
Accrued wages and benefits	7,366	-	-	-	7,366
Due to other funds	11,057	-	78,810	-	89,867
Total liabilities	31,935	-	88,670	-	120,605
FUND BALANCES:					
Nonspendable	11,057	-	16,882	-	27,939
Assigned	2,158,369	6,338,963	-	306,828	8,804,160
Unassigned	-	-	(14,118)	-	(14,118)
Total fund balances	2,169,426	6,338,963	2,764	306,828	8,817,981
Total liabilities and fund balances	$ 2,201,361	$ 6,338,963	$ 91,434	$ 306,828	$ 8,938,586

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, 2017

	Road Machinery Fund	Water Fund	Special Grant Fund	Sewer Fund	Total Nonmajor Special Revenue Funds
REVENUES:					
Real property taxes and tax items	$ -	$ 344,562	$ -	$ 93,828	$ 438,390
Use of money and property	198	11,127	-	-	11,325
Sale of property and compensation for loss	145,342	-	-	-	145,342
Miscellaneous	94,657	-	196,741	-	291,398
Interfund revenues	238,473	-	-	-	238,473
Federal aid	-	-	1,020,383	-	1,020,383
Total revenues	478,670	355,689	1,217,124	93,828	2,145,311
EXPENDITURES:					
Current -					
General governmental support	-	2,796	-	-	2,796
Transportation	1,758,895	-	-	-	1,758,895
Economic assistance and opportunity	-	-	1,217,311	-	1,217,311
Home and community services	-	-	-	486	486
Debt service -					
Principal	-	175,900	-	71,938	247,838
Interest	-	105,000	-	3,411	108,411
Total expenditures	1,758,895	283,696	1,217,311	75,835	3,335,737
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,280,225)	71,993	(187)	17,993	(1,190,426)
OTHER FINANCING SOURCES:					
Operating transfers - in	1,946,995	-	-	-	1,946,995
Operating transfers - out	(290,157)	-	-	-	(290,157)
Total other financing sources	1,656,838	-	-	-	1,656,838
CHANGE IN FUND BALANCE	376,613	71,993	(187)	17,993	466,412
FUND BALANCE - beginning of year	1,792,813	6,266,970	2,951	288,835	8,351,569
FUND BALANCE - end of year	$ 2,169,426	$ 6,338,963	$ 2,764	$ 306,828	$ 8,817,981

Bonadio & Co., LLP
Certified Public Accountants

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*

July 23, 2018

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 23, 2018. The financial statements of the Livingston County Center for Nursing and Rehabilitation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Livingston County Center for Nursing and Rehabilitation.

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.

171 Sully's Trail, Suite 201
Pittsford, New York 14534
p (585) 381-1000
f (585) 381-3131

www.bonadio.com

(Continued)

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

Internal Control over Financial Reporting (Continued)

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

Compliance and Other Matters

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

Purpose of this Report

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

Bonadio & Co., LLP