

COUNTY OF LIVINGSTON, NEW YORK

**Financial Statements
for the Year Ended December 31, 2018
Together with
Independent Auditor's Report**

COUNTY OF LIVINGSTON, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

July 25, 2019

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, 2018, 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.

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, 2018, 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

Change in Accounting Principle

As indicated in Note 3 to the financial statements, the 2018 the County adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinions are 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.

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 25, 2019, 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.

COUNTY OF LIVINGSTON, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2018

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, 2018.

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.

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 14454 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 \$42,430,270 at the close of 2018.

Table 1 - Summary Statements of Net Position

	Governmental <u>2018</u>	Business-Type <u>2018</u>	Governmental <u>2017</u>	Business-Type <u>2017</u>
Assets:				
Current assets	\$ 86,996,260	\$ 31,124,393	\$ 84,155,911	\$ 38,085,439
Capital assets, net	<u>116,100,466</u>	<u>16,464,425</u>	<u>112,298,281</u>	<u>14,732,178</u>
Total assets	<u>203,096,726</u>	<u>47,588,818</u>	<u>196,454,192</u>	<u>52,817,617</u>
Deferred outflows of resources	<u>17,907,483</u>	<u>7,115,012</u>	<u>14,056,090</u>	<u>5,046,383</u>
Liabilities:				
Current liabilities	13,025,906	11,848,740	12,778,208	18,494,252
Long-term liabilities	<u>145,179,622</u>	<u>56,810,007</u>	<u>156,712,595</u>	<u>40,063,540</u>
Total liabilities	<u>158,205,528</u>	<u>68,658,747</u>	<u>169,490,803</u>	<u>58,557,792</u>
Deferred inflows of resources	<u>20,368,411</u>	<u>6,989,313</u>	<u>4,306,071</u>	<u>1,435,357</u>
Net Position				
Net investment in capital assets	97,401,734	(9,614,627)	91,139,140	(12,649,689)
Restricted	38,785,428	5,316,529	40,235,570	4,498,117
Unrestricted	<u>(93,756,892)</u>	<u>(16,646,132)</u>	<u>(94,661,302)</u>	<u>6,022,423</u>
Total net position	<u>\$ 42,430,270</u>	<u>\$ (20,944,230)</u>	<u>\$ 36,713,408</u>	<u>\$ (2,129,149)</u>

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

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

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

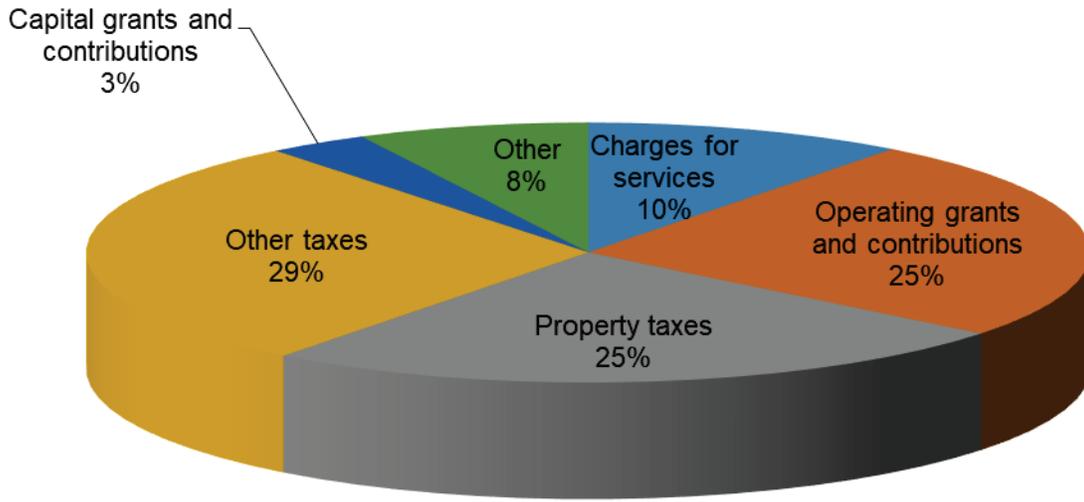
The decrease in the long-term liabilities is related the changes in the actuarial reports for both the pension liability and the other postemployment benefits liability.

See the Summary Statement of Activities (Table 2) below for the dollar and percent changes in the governmental and business-type activities from 2018 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.

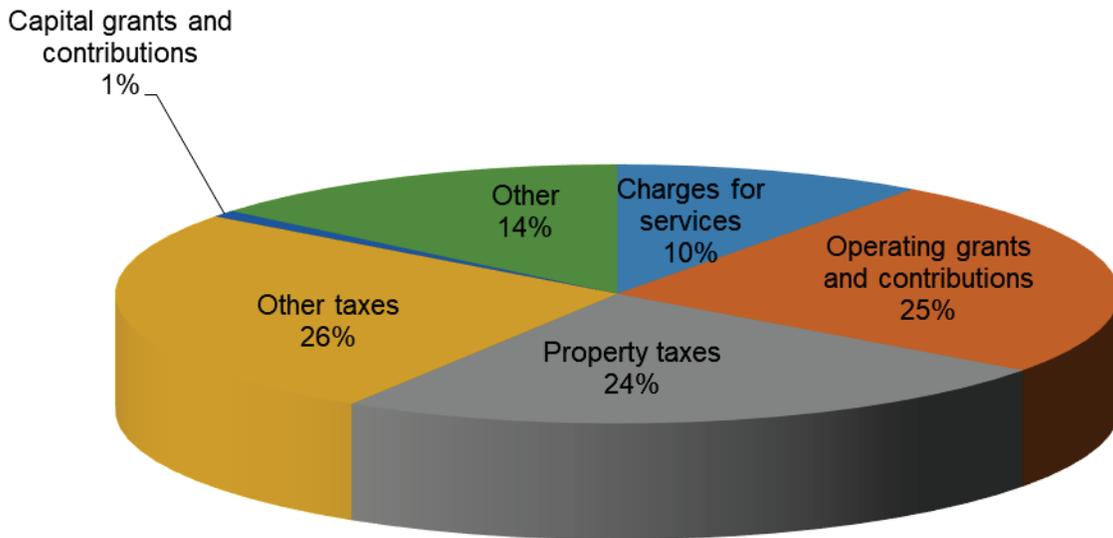
Table 2 - Summary Statement of Activities

	Governmental		Business-Type		Governmental		Business-Type	
	<u>2018</u>	<u>%</u>	<u>2018</u>	<u>%</u>	<u>2017</u>	<u>%</u>	<u>2017</u>	<u>%</u>
Revenues:								
Program revenues -								
Charges for services	\$ 12,656,983	11%	\$ 26,409,649	79%	\$ 12,319,587	10%	\$ 27,900,979	91%
Operating grants and contributions	30,942,593	25%	25,000	0%	30,742,659	25%	-	0%
Capital grants and contributions	<u>3,947,027</u>	<u>3%</u>	<u>-</u>	<u>0%</u>	<u>1,031,689</u>	<u>1%</u>	<u>-</u>	<u>0%</u>
Total program revenues	<u>47,546,603</u>	<u>39%</u>	<u>26,434,649</u>	<u>79%</u>	<u>44,093,935</u>	<u>36%</u>	<u>27,900,979</u>	<u>91%</u>
General revenues -								
Property taxes	30,062,748	25%	-	0%	29,266,215	24%	-	0%
Other taxes	35,293,866	29%	-	0%	32,358,568	26%	-	0%
Intergovernmental transfer	423,453	0%	6,506,986	19%	-	0%	2,025,623	7%
Other	<u>8,691,676</u>	<u>7%</u>	<u>719,079</u>	<u>2%</u>	<u>17,162,148</u>	<u>14%</u>	<u>647,521</u>	<u>2%</u>
Total general revenues	<u>74,471,743</u>	<u>61%</u>	<u>7,226,065</u>	<u>21%</u>	<u>78,786,931</u>	<u>64%</u>	<u>2,673,144</u>	<u>9%</u>
Total revenues	<u>122,018,346</u>	<u>100%</u>	<u>33,660,714</u>	<u>100%</u>	<u>122,880,866</u>	<u>100%</u>	<u>30,574,123</u>	<u>100%</u>
Expenses:								
General governmental	16,067,594	14%	-	0%	17,131,451	14%	-	0%
Judgments/claims	-	0%	1,598,977	5%	-	0%	3,128,072	9%
Education	6,615,091	5%	-	0%	7,244,012	5%	-	0%
Public safety	23,001,467	20%	-	0%	22,991,192	18%	-	0%
Public health	12,625,434	11%	29,780,175	95%	12,431,960	10%	31,780,804	91%
Transportation	10,866,874	9%	-	0%	11,807,466	9%	-	0%
Economic assistance	41,246,102	35%	-	0%	50,070,264	40%	-	0%
Culture and recreation	614,893	1%	-	0%	795,055	1%	-	0%
Home and community services	3,475,224	3%	-	0%	2,638,577	2%	-	0%
Cost of sales	-	0%	11,700	0%	-	0%	-	0%
In-kind	-	0%	24,141	0%	-	0%	-	0%
Interest	<u>1,788,805</u>	<u>2%</u>	<u>-</u>	<u>0%</u>	<u>1,558,636</u>	<u>1%</u>	<u>-</u>	<u>0%</u>
Total expenses	<u>116,301,484</u>	<u>100%</u>	<u>31,414,993</u>	<u>100%</u>	<u>126,668,613</u>	<u>100%</u>	<u>34,908,876</u>	<u>100%</u>
Increase (decrease) in net position	<u>\$ 5,716,862</u>		<u>\$ 2,245,721</u>		<u>\$ (3,787,747)</u>		<u>\$ (4,334,753)</u>	

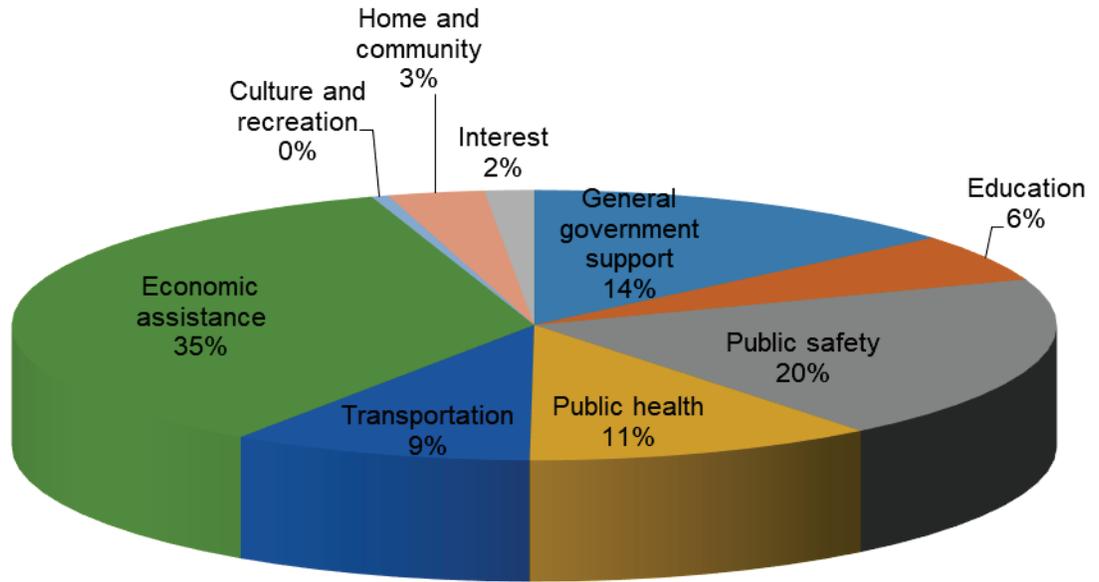
2018 Revenues - Governmental Activities



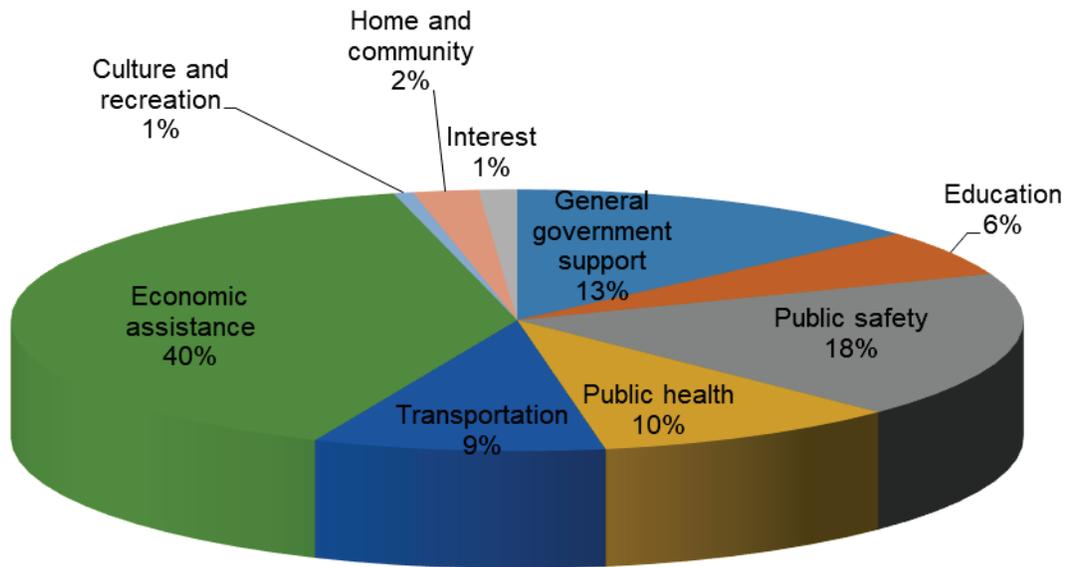
2017 Revenues - Governmental Activities



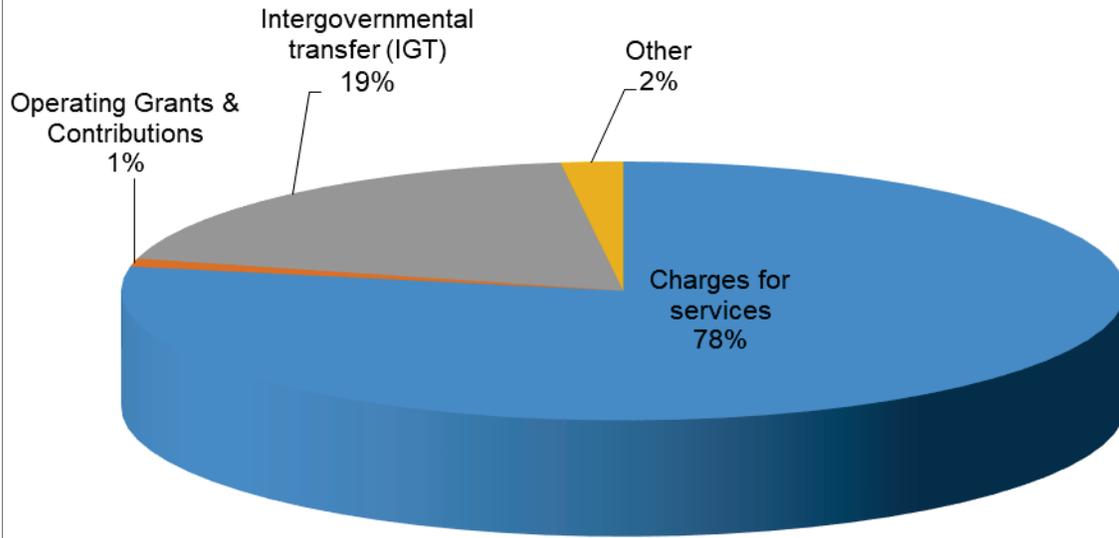
2018 Expenses - Governmental Activities



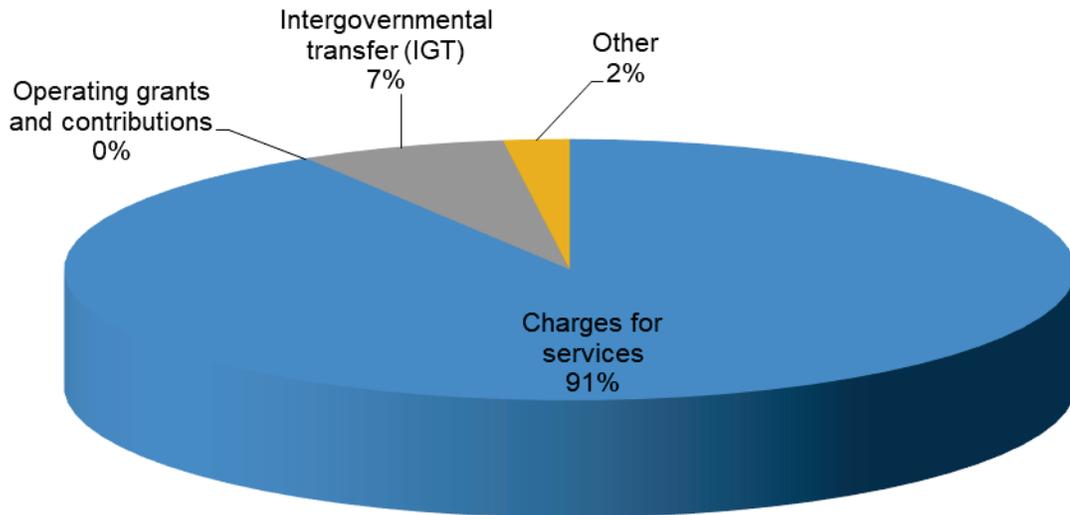
2017 Expenses - Governmental Activities



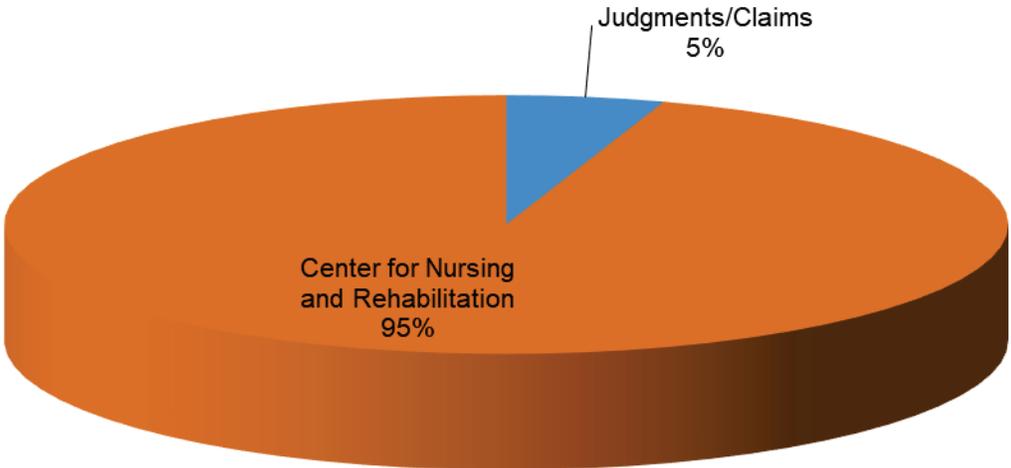
2018 Revenues - Business-Type Activities



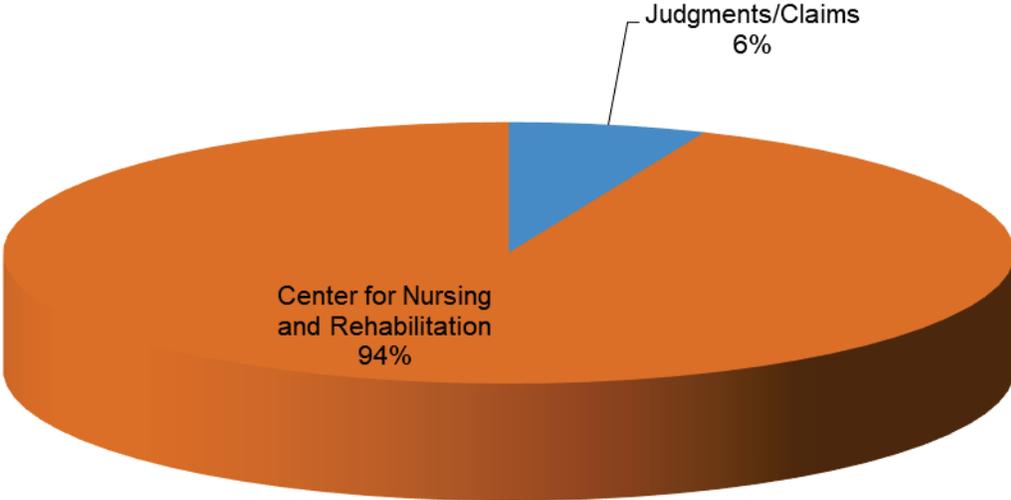
2017 Revenues - Business-Type Activities



2018 Expenses - Business-Type Activities



2017 Expenses - Business-Type Activities



Governmental Activities

Governmental activities increased the County's net position by \$5,716,862. The 2018 economic assistance and opportunity expenses decreased by \$8,824,162 from 2017, while total education expenses decreased \$628,921, and general governmental expenses decreased \$1,063,857. Program revenues increased by \$3,452,668 and total general revenues decreased by \$4,315,188. The decrease in economic assistance and opportunity expenses was related to a decrease in IGT Payments for MMIS during 2018. 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 prior year, the County received letters requiring them to catch up on previous years' payments. In the current year, only the 2018 MMIS payment was made. The decrease in general governmental expenses is mainly related to the decrease in employee benefit expenditures, as the net pension liability decreased from the prior year and expenditures related to the other postemployment benefits liability were less than in the prior year. The decrease in education expenses was related to a decrease in enrollment of children in the County's pre-k program.

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

- Sales tax collections exceeded that budgeted and the amount received in the prior year by approximately \$2,000,000
- Gain from sale of real property and payment in lieu of taxes
- IGT revenue received, and reimbursement from CNR for tax levy

Business-Type Activities

Business type activities increased the County's net position by \$2,245,721.

General Fund Budget Analysis

Revenues

There was a shortfall in state and federal aid compared to the amount budgeted of approximately \$6.2 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 \$1,795,186 favorable variance is attributable to employee salaries and benefits being less than anticipated. The remaining budgeted surpluses can be attributed to conservative spending by department heads.

Public Safety had a favorable variance from budgeted to actual in the amount of 1,962,158. This was mainly due to purchases related to the SICG4 grant. In addition, employee benefits were overestimated in the current year and came in less than budgeted.

Economic assistance also had a favorable variance of \$3,991,579 due to the Department of Social Services having a 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.

CAPITAL ASSETS

The County's investment in capital assets for its governmental activities as of December 31, 2018 amounted to \$116,100,466 (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 <u>2018</u>	Business-Type <u>2018</u>	Governmental <u>2017</u>	Business-Type <u>2017</u>
Land	\$ 1,319,867	\$ -	\$ 1,319,867	\$ -
Buildings and improvements	55,193,476	13,364,835	52,062,768	13,301,580
Machinery and equipment	2,455,256	1,384,171	2,202,804	1,414,513
Infrastructure	50,645,151	-	50,996,751	-
Work in progress	<u>6,486,716</u>	<u>1,715,419</u>	<u>5,716,091</u>	<u>16,085</u>
Total	<u>\$ 116,100,466</u>	<u>\$ 16,464,425</u>	<u>\$ 112,298,281</u>	<u>\$ 14,732,178</u>

The \$50,645,151 for 2018 and \$50,996,751 for 2017 of infrastructure represents the depreciated book value of County roads, bridges, water lines, etc.

The \$6,486,716 for 2018 and \$5,716,091 for 2017 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 <u>2018</u>	Business-Type <u>2018</u>	Governmental <u>2017</u>	Business-Type <u>2017</u>
Serial bonds-excluding LTASC	\$ 15,245,355	\$ 26,095,400	\$ 17,183,293	\$ 27,406,400
Serial bonds-LTASC	17,437,588	-	16,943,885	-
Energy performance contract	2,626,266	-	2,779,058	-
Compensated absences	1,028,637	-	1,060,103	-
Premium on bonds	1,077,111	1,166,893	1,196,790	1,320,034
Net pension liability	4,569,692	1,605,568	13,415,798	4,471,932
Other postemployment benefits	<u>105,590,166</u>	<u>29,305,046</u>	<u>106,844,103</u>	<u>29,920,313</u>
Total	<u>\$ 147,574,815</u>	<u>\$ 58,172,907</u>	<u>\$ 159,423,030</u>	<u>\$ 63,118,679</u>

The County's governmental activities and business-type activities repaid \$2,335,730 and \$1,311,000, respectively, in principal payments during 2018. The County implemented GASB 75 in 2018 which resulted in a prior period adjustment for implementation of \$69,875,430 and \$21,060,802 for governmental and business-type, respectively. See Note 3 for further information related to the implementation.

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) projects that invested \$8 million into Livingston County, 29 new jobs and 78 retained. The incentive costs were just over \$2.5 million and brought an overall benefit to the State and Region of \$43 million.
- Closed out seven (7) grants for \$1,362,000 for various agencies such as the Office of Community Renewal (OCR) for \$791,000, New York Main Street for \$520,000, Empire State Development for \$15,000 and The Livingston County Industrial Development Agency Sign and Facade Program for \$50,000. The funds were used for community development and promotion, planning, capital improvements to our downtown districts and capacity building for Livingston County companies.
- The Livingston County Economic Development Office applied for and was awarded another \$595,000 in grant funding while offering assistance and administrative help on another \$1,100,000 in Restore NY funding.
- The unemployment rate as of 12/31/18 was 4.0%, a decrease from 4.9% prior year comparable period.

ADDITIONAL FINANCIAL IMPLICATIONS

The 2018 County budget was approved November 15, 2017. The 2018 budget calls for an increased tax rate that is up twenty-three cents or about 3% from the 2017 rate. The budget was compliant with the mandated 2% property tax cap.

The County has an agreement with the Livingston County Water and Sewer Authority (the Authority) in which the Authority leases 10 employees from the County. On November 20, 2018, an agreement was executed between the Authority and the County, which terminated the employee lease arrangement, effective December 31, 2018. As of January 1, 2019, the County will no longer be responsible for administering salaries and benefits to these employees, nor for providing administrative support services, including payroll, information technology (IT), etc. to the Authority.

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, 2018**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 37,146,057	\$ 21,172,220	\$ 58,318,277	\$ 2,494,242
Restricted cash and cash equivalents	23,463,166	4,809,229	28,272,395	1,791,041
Accounts receivable, net	9,304,128	5,010,864	14,314,992	845,185
Loans receivable, net	-	-	-	1,402,067
Capital contributions receivable	-	-	-	677,658
Internal balances	1,493,444	(1,493,444)	-	-
Due from other governments	203,296	479,257	682,553	1,406,812
State and federal aid receivable, net	13,118,955	-	13,118,955	46,000
Prepaid expenses and inventories	1,368,464	981,179	2,349,643	114,524
Other assets	898,750	165,088	1,063,838	1,556,687
Capital assets, net	<u>116,100,466</u>	<u>16,464,425</u>	<u>132,564,891</u>	<u>32,298,942</u>
Total assets	<u>203,096,726</u>	<u>47,588,818</u>	<u>250,685,544</u>	<u>42,633,158</u>
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefit related	2,549,792	714,428	3,264,220	-
Pension related	14,849,358	5,217,343	20,066,701	-
Deferred amount on refunding	<u>508,333</u>	<u>1,183,241</u>	<u>1,691,574</u>	<u>-</u>
Total deferred outflows of resources	<u>17,907,483</u>	<u>7,115,012</u>	<u>25,022,495</u>	<u>-</u>
LIABILITIES				
Accounts payable and other accrued liabilities	4,171,851	10,485,840	14,657,691	635,431
Accrued wages and benefits	1,469,512	-	1,469,512	-
Due to other governments	4,559,275	-	4,559,275	-
Unearned revenue	430,075	-	430,075	749,473
Bond anticipation note payable	-	-	-	653,120
Long-term liabilities -				
Due within one year	2,395,193	1,362,900	3,758,093	-
Due in more than one year	35,019,764	25,899,393	60,919,157	4,042,096
Net pension liability	4,569,692	1,605,568	6,175,260	-
Total other postemployment benefit liability	<u>105,590,166</u>	<u>29,305,046</u>	<u>134,895,212</u>	<u>-</u>
Total liabilities	<u>158,205,528</u>	<u>68,658,747</u>	<u>226,864,275</u>	<u>6,080,120</u>
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefit related	3,647,976	1,114,565	4,762,541	-
Pension related	16,720,435	5,874,748	22,595,183	-
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,000</u>
Total deferred inflows of resources	<u>20,368,411</u>	<u>6,989,313</u>	<u>27,357,724</u>	<u>318,000</u>
NET POSITION				
Net investment in capital assets	97,401,734	(9,614,627)	87,787,107	27,607,872
Restricted	38,785,428	5,316,529	44,101,957	491,604
Unrestricted	<u>(93,756,892)</u>	<u>(16,646,132)</u>	<u>(110,403,024)</u>	<u>8,135,562</u>
Total net position	<u>\$ 42,430,270</u>	<u>\$ (20,944,230)</u>	<u>\$ 21,486,040</u>	<u>\$ 36,235,038</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position						Component Units
		Program Revenue			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental activities -								
General government support	\$ 16,067,594	\$ 4,039,403	\$ 589,254	\$ -	\$ (11,438,937)	\$ -	\$ (11,438,937)	
Education	6,615,091	-	2,319,031	-	(4,296,060)	-	(4,296,060)	
Public safety	23,001,467	330,925	5,137,972	-	(17,532,570)	-	(17,532,570)	
Public health	12,625,434	6,156,354	4,544,477	-	(1,924,603)	-	(1,924,603)	
Transportation	10,866,874	791,835	-	3,947,027	(6,128,012)	-	(6,128,012)	
Economic assistance and opportunity	41,246,102	840,764	17,585,507	-	(22,819,831)	-	(22,819,831)	
Culture and recreation	614,893	58,061	40,917	-	(515,915)	-	(515,915)	
Home and community services	3,475,224	439,641	725,435	-	(2,310,148)	-	(2,310,148)	
Interest	1,788,805	-	-	-	(1,788,805)	-	(1,788,805)	
Total governmental activities	<u>116,301,484</u>	<u>12,656,983</u>	<u>30,942,593</u>	<u>3,947,027</u>	<u>(68,754,881)</u>	<u>-</u>	<u>(68,754,881)</u>	
Business-type activities -								
Center for Nursing and Rehabilitation	29,778,662	25,674,616	-	-	-	(4,104,046)	(4,104,046)	
Workers' Compensation Fund	1,598,977	735,033	-	-	-	(863,944)	(863,944)	
Livingston County Land Bank	37,354	-	25,000	-	-	(12,354)	(12,354)	
Total business-type activities	<u>31,414,993</u>	<u>26,409,649</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>(4,980,344)</u>	<u>(4,980,344)</u>	
Total primary government	<u>\$ 147,716,477</u>	<u>\$ 39,066,632</u>	<u>\$ 30,967,593</u>	<u>\$ 3,947,027</u>	<u>(68,754,881)</u>	<u>(4,980,344)</u>	<u>(73,735,225)</u>	
COMPONENT UNITS:								
Proprietary -								
Industrial Development Agency	\$ 103,096	\$ 68,132	\$ -	\$ -	-	-	-	\$ (34,964)
Development Corporation	1,337,437	48,018	1,235,511	-	-	-	-	(53,908)
Soil and Water Conservation District	412,818	11,651	417,094	-	-	-	-	15,927
Water and Sewer Authority	3,760,843	3,355,625	-	3,109,020	-	-	-	2,703,802
Total component units	<u>\$ 5,614,194</u>	<u>\$ 3,483,426</u>	<u>\$ 1,652,605</u>	<u>\$ 3,109,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,630,857</u>
GENERAL REVENUES AND TRANSFERS:								
Real property taxes and real property tax items					30,062,748	-	30,062,748	-
Nonproperty tax items					35,293,866	-	35,293,866	-
Sale of property and compensation for loss					574,101	647,528	1,221,629	(51,550)
Use of money and property					3,114,123	28,843	3,142,966	46,554
Intergovernmental transfer					423,453	9,265,598	9,689,051	-
Transfers to governmental activities					2,758,612	(2,758,612)	-	-
Miscellaneous					2,244,840	42,708	2,287,548	231,560
Total general revenues					<u>74,471,743</u>	<u>7,226,065</u>	<u>81,697,808</u>	<u>226,564</u>
Change in net position					<u>5,716,862</u>	<u>2,245,721</u>	<u>7,962,583</u>	<u>2,857,421</u>
Net position - beginning of year, as previously reported					106,588,838	(2,129,149)	104,459,689	33,377,617
Prior period adjustment (See Note 3)					(69,875,430)	(21,060,802)	(90,936,232)	-
Net position - beginning of year, as restated					<u>36,713,408</u>	<u>(23,189,951)</u>	<u>13,523,457</u>	<u>33,377,617</u>
Net position - end of year					<u>\$ 42,430,270</u>	<u>\$ (20,944,230)</u>	<u>\$ 21,486,040</u>	<u>\$ 36,235,038</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

**BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>County Road Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 22,767,993	\$ -	\$ 5,088,054	\$ 9,290,010	\$ 37,146,057
Restricted cash and cash equivalents	16,005,612	2,567,544	-	-	18,573,156
Accounts receivable, net	8,476,595	-	1,203	826,330	9,304,128
State and federal aid receivable	10,954,937	-	2,164,018	-	13,118,955
Due from other governments	76,465	-	-	126,831	203,296
Prepaid expenditures	1,284,307	-	55,402	28,755	1,368,464
Other assets	-	-	-	898,750	898,750
Due from other funds	2,236,143	-	-	464	2,236,607
	<u>\$ 61,802,052</u>	<u>\$ 2,567,544</u>	<u>\$ 7,308,677</u>	<u>\$ 11,171,140</u>	<u>\$ 82,849,413</u>
Total assets					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and other current liabilities	\$ 2,612,068	\$ 184,382	\$ 1,047,328	\$ 189,680	\$ 4,033,458
Accrued wages and benefits	771,021	-	36,553	8,826	816,400
Due to other funds	569,006	-	55,402	118,755	743,163
Due to other governments	4,559,275	-	-	-	4,559,275
Unearned revenue	430,075	-	-	-	430,075
	<u>8,941,445</u>	<u>184,382</u>	<u>1,139,283</u>	<u>317,261</u>	<u>10,582,371</u>
Total liabilities					
DEFERRED INFLOWS OF RESOURCES:					
Tobacco settlement revenue	-	-	-	794,041	794,041
Deferred taxes	3,548,396	-	-	-	3,548,396
	<u>3,548,396</u>	<u>-</u>	<u>-</u>	<u>794,041</u>	<u>4,342,437</u>
Total deferred inflows of resources					
FUND BALANCES:					
Nonspendable	1,284,307	-	55,402	28,755	1,368,464
Restricted	16,005,612	2,383,162	6,113,992	10,045,764	34,548,530
Assigned	3,306,246	-	-	-	3,306,246
Unassigned	28,716,046	-	-	(14,681)	28,701,365
	<u>49,312,211</u>	<u>2,383,162</u>	<u>6,169,394</u>	<u>10,059,838</u>	<u>67,924,605</u>
Total fund balances					
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 61,802,052</u>	<u>\$ 2,567,544</u>	<u>\$ 7,308,677</u>	<u>\$ 11,171,140</u>	<u>\$ 82,849,413</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2018

Total fund balances - governmental funds	\$ 67,924,605
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.	116,100,466
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.	4,236,898
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.	794,041
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	(15,245,355)
Serial bonds - LTASC	(17,437,588)
Energy performance contract	(2,626,266)
Premium on refunding	(1,077,111)
Deferred amount on refunding	508,333
Total other postemployment benefits liability	(105,590,166)
Compensated absences	(1,028,637)
Net pension liability	(4,569,692)
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(138,393)
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.	3,548,396
Deferred outflows/inflows of resources are applicable to future periods; and therefore, are not reported in the funds.	
Deferred outflow - pension related	14,849,358
Deferred outflow - other postemployment benefit related	2,549,792
Deferred inflow - pension related	(16,720,435)
Deferred inflow - other postemployment benefit related	<u>(3,647,976)</u>
Total net position of governmental activities	<u>\$ 42,430,270</u>

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, 2018

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>County Road Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES:					
Real property taxes and tax items	\$ 21,671,851	\$ -	\$ 8,069,151	\$ 436,641	\$ 30,177,643
Nonproperty tax items	35,293,866	-	-	-	35,293,866
Departmental income	10,244,438	-	-	-	10,244,438
Intergovernmental charges	723,879	-	791,835	-	1,515,714
Use of money and property	3,034,034	3,218	8,041	49,209	3,094,502
Licenses and permits	16,083	-	-	-	16,083
Fines and forfeitures	444,107	-	-	-	444,107
Sale of property and compensation for loss	279,723	-	12,869	42,372	334,964
Miscellaneous	1,127,884	43,916	79,566	885,230	2,136,596
Interfund revenues	1,710,274	-	1,591	298,259	2,010,124
State and county	14,342,506	-	1,928,079	-	16,270,585
Federal aid	14,632,164	-	2,018,948	1,967,923	18,619,035
	<u>103,520,809</u>	<u>47,134</u>	<u>12,910,080</u>	<u>3,679,634</u>	<u>120,157,657</u>
Total revenues					
EXPENDITURES:					
Current -					
General governmental support	15,968,875	4,682,648	-	72,939	20,724,462
Education	6,615,091	-	-	-	6,615,091
Public safety	21,521,281	-	-	-	21,521,281
Public health	12,377,037	-	-	-	12,377,037
Transportation	35,186	-	11,260,129	2,037,727	13,333,042
Economic assistance and opportunity	39,903,994	-	-	1,300,031	41,204,025
Culture and recreation	585,245	-	-	-	585,245
Home and community services	2,553,472	-	-	669,721	3,223,193
Debt service -					
Principal	1,837,792	-	-	497,938	2,335,730
Interest	554,854	-	-	530,346	1,085,200
	<u>101,952,827</u>	<u>4,682,648</u>	<u>11,260,129</u>	<u>5,108,702</u>	<u>123,004,306</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,567,982</u>	<u>(4,635,514)</u>	<u>1,649,951</u>	<u>(1,429,068)</u>	<u>(2,846,649)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers - in	2,901,149	950,000	1,446,526	2,057,356	7,355,031
Operating transfers - out	<u>(1,000,000)</u>	<u>(1,221,023)</u>	<u>(2,057,356)</u>	<u>(318,040)</u>	<u>(4,596,419)</u>
Total other financing sources (uses)	<u>1,901,149</u>	<u>(271,023)</u>	<u>(610,830)</u>	<u>1,739,316</u>	<u>2,758,612</u>
CHANGE IN FUND BALANCE	3,469,131	(4,906,537)	1,039,121	310,248	(88,037)
FUND BALANCE - beginning of year	<u>45,843,080</u>	<u>7,289,699</u>	<u>5,130,273</u>	<u>9,749,590</u>	<u>68,012,642</u>
FUND BALANCE - end of year	<u>\$ 49,312,211</u>	<u>\$ 2,383,162</u>	<u>\$ 6,169,394</u>	<u>\$ 10,059,838</u>	<u>\$ 67,924,605</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Net change in fund balances - governmental funds \$ (88,037)

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	11,070,019	
Depreciation	<u>(7,267,834)</u>	3,802,185

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. 2,020,037

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. (11,435)

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. 2,335,730

Amortization of bond premiums is not recorded as revenue in the governmental but is recorded in the statement of activities. 119,679

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. 35,098

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. (738,703)

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. 31,466

Unearned property tax revenues are recorded on the modified accrual basis, but are not reported in the government-wide financial statements. 321,746

Governmental funds report other postemployment benefit contributions as However, in the statement of activities, the cost of other postemployment benefits net of employer contributions is reported as other postemployment benefits. (2,230,072)

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

Pension contributions	4,674,464	
Cost of benefits earned, net of employee contributions	<u>(4,498,815)</u>	

Change in net position of governmental activities \$ 5,716,862

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2018

	Business Type Activities - Enterprise Funds				
	Workers' Compensation Fund	Livingston County Nursing and Rehabilitation	Livingston County Land Bank	Total	Internal Service Fund
ASSETS					
Cash and cash equivalents	\$ 26,738	\$ 21,119,995	\$ 25,487	\$ 21,172,220	\$ -
Restricted cash and cash equivalents	4,809,229	-	-	4,809,229	4,890,010
Accounts receivable, net	-	5,010,864	-	5,010,864	-
Due from other funds	2,657,751	-	-	2,657,751	-
Due from other governments	479,257	-	-	479,257	-
Prepaid expense	-	981,179	-	981,179	-
Capital assets, net	-	16,464,425	-	16,464,425	-
Resident funds held in trust	-	165,088	-	165,088	-
Total assets	<u>7,972,975</u>	<u>43,741,551</u>	<u>25,487</u>	<u>51,740,013</u>	<u>4,890,010</u>
DEFERRED OUTFLOWS OF RESOURCES					
Other postemployment benefit related	-	714,428	-	714,428	-
Pension related	-	5,217,343	-	5,217,343	-
Deferred loss on refunding	-	1,183,241	-	1,183,241	-
Total deferred outflows of resources	<u>-</u>	<u>7,115,012</u>	<u>-</u>	<u>7,115,012</u>	<u>-</u>
LIABILITIES					
Accounts payable and other liabilities	-	1,980,454	-	1,980,454	-
Accrued liabilities	7,877,454	627,932	-	8,505,386	653,112
Due to other funds	1,225,000	2,926,195	-	4,151,195	-
Non-current liabilities -					
Due in one year	-	1,362,900	-	1,362,900	-
Due in more than one year	-	25,899,393	-	25,899,393	-
Net pension liability	-	1,605,568	-	1,605,568	-
Total other postemployment benefit liability	-	29,305,046	-	29,305,046	-
Total liabilities	<u>9,102,454</u>	<u>63,707,488</u>	<u>-</u>	<u>72,809,942</u>	<u>653,112</u>
DEFERRED INFLOWS OF RESOURCES					
Other postemployment benefit related	-	1,114,565	-	1,114,565	-
Pension related	-	5,874,748	-	5,874,748	-
Total deferred inflows of resources	<u>-</u>	<u>6,989,313</u>	<u>-</u>	<u>6,989,313</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	-	(9,614,627)	-	(9,614,627)	-
Restricted	5,316,529	-	-	5,316,529	4,236,898
Unrestricted	(6,446,008)	(10,225,611)	25,487	(16,646,132)	-
Total net position	<u>\$ (1,129,479)</u>	<u>\$ (19,840,238)</u>	<u>\$ 25,487</u>	<u>\$ (20,944,230)</u>	<u>\$ 4,236,898</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business Type Activities - Enterprise Funds				
	Workers' Compensation Fund	Livingston County Center for Nursing and Rehabilitation	Livingston County Land Bank	Total	Internal Service Fund
REVENUES:					
Charges for services	\$ 735,033	\$ 25,674,616	\$ -	\$ 26,409,649	\$ 14,209,324
Intergovernmental transfers	-	9,265,598	-	9,265,598	-
Donation of property	-	-	11,700	11,700	-
Sale of property	-	-	2,000	2,000	-
In-kind revenues	-	-	24,141	24,141	-
Total operating revenues	<u>735,033</u>	<u>34,940,214</u>	<u>37,841</u>	<u>35,713,088</u>	<u>14,209,324</u>
OPERATING EXPENSES:					
Judgments, claims, and insurance premiums	1,598,977	-	-	1,598,977	12,448,045
Nursing services	-	12,655,805	-	12,655,805	-
Employee benefits	-	5,955,302	-	5,955,302	-
Other professional services	-	5,530,740	1,513	5,532,253	-
Depreciation and amortization	-	1,612,752	-	1,612,752	-
Bad debts	-	1,236,484	-	1,236,484	-
County cost allocation	-	502,032	-	502,032	-
New York State assessment	-	1,310,612	-	1,310,612	-
In-kind expense	-	-	24,141	24,141	-
Cost of sales	-	-	11,700	11,700	-
Total operating expenses	<u>1,598,977</u>	<u>28,803,727</u>	<u>37,354</u>	<u>30,440,058</u>	<u>12,448,045</u>
Operating income (loss)	<u>(863,944)</u>	<u>6,136,487</u>	<u>487</u>	<u>5,273,030</u>	<u>1,761,279</u>
NON-OPERATING REVENUES (EXPENSES):					
Government subsidy revenue	-	-	25,000	25,000	-
Interest income	11,117	17,726	-	28,843	19,621
Interest expense	-	(974,935)	-	(974,935)	-
Sale of property and compensation for loss	645,528	-	-	645,528	239,137
Other income	-	6,867	-	6,867	-
Total non-operating revenues (expenses)	<u>656,645</u>	<u>(950,342)</u>	<u>25,000</u>	<u>(268,697)</u>	<u>258,758</u>
CHANGE IN NET POSITION BEFORE TRANSFERS TO COUNTY	(207,299)	5,186,145	25,487	5,004,333	2,020,037
TRANSFERS TO COUNTY	-	(2,758,612)	-	(2,758,612)	-
CHANGE IN NET POSITION	<u>(207,299)</u>	<u>2,427,533</u>	<u>25,487</u>	<u>2,245,721</u>	<u>2,020,037</u>
NET POSITION - beginning of year, as previously reported	(922,180)	(1,206,969)	-	(2,129,149)	2,216,861
Prior Period Adjustment (See Note 3)	-	(21,060,802)	-	(21,060,802)	-
NET POSITION - beginning of year, as restated	<u>(922,180)</u>	<u>(22,267,771)</u>	<u>-</u>	<u>(23,189,951)</u>	<u>2,216,861</u>
NET POSITION - end of year	<u>\$(1,129,479)</u>	<u>\$(19,840,238)</u>	<u>\$ 25,487</u>	<u>\$(20,944,230)</u>	<u>\$ 4,236,898</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Business Type Activity - Enterprise Funds				
	Workers' Compensation Fund	Livingston County Center for Nursing and Rehabilitation	Livingston County Land Bank	Total	Internal Service Fund
CASH FLOW FROM OPERATING ACTIVITIES:					
Cash received from providing services	\$ 2,170,606	\$ 33,586,692	\$ -	\$ 35,757,298	\$ 14,209,324
Cash received from sale of property	-	-	2,000	2,000	-
Cash payments to insurance providers	(2,629,038)	-	-	(2,629,038)	(12,833,213)
Cash payments for salaries and benefits	-	(18,450,101)	-	(18,450,101)	-
Cash payments for contractual services	-	(7,170,653)	(1,513)	(7,172,166)	-
Net cash flow from operating activities	<u>(458,432)</u>	<u>7,965,938</u>	<u>487</u>	<u>7,507,993</u>	<u>1,376,111</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:					
Other non-operating revenues	-	7,819	25,000	32,819	-
Repayments to County general fund	-	(3,654,597)	-	(3,654,597)	-
Net cash flow from non-capital financing activities	-	<u>(3,646,778)</u>	<u>25,000</u>	<u>(3,621,778)</u>	-
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchases of capital assets	-	(3,344,999)	-	(3,344,999)	-
Repayment of debt	-	(1,302,815)	-	(1,302,815)	-
Interest expense	-	(983,179)	-	(983,179)	-
Net cash flow from capital and related financing activities	-	<u>(5,630,993)</u>	-	<u>(5,630,993)</u>	-
CASH FLOW FROM INVESTING ACTIVITIES:					
Other income	645,528	-	-	645,528	239,137
Investment income	11,117	16,774	-	27,891	19,621
Net cash flow from investing activities	<u>656,645</u>	<u>16,774</u>	-	<u>673,419</u>	<u>258,758</u>
CHANGE IN CASH AND CASH EQUIVALENTS	198,213	(1,295,059)	25,487	(1,071,359)	1,634,869
CASH AND CASH EQUIVALENTS - beginning of year	<u>4,637,754</u>	<u>22,415,054</u>	-	<u>27,052,808</u>	<u>3,255,141</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 4,835,967</u>	<u>\$ 21,119,995</u>	<u>\$ 25,487</u>	<u>\$ 25,981,449</u>	<u>\$ 4,890,010</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (863,944)	\$ 6,136,487	\$ 487	\$ 5,273,030	\$ 1,761,279
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation and amortization	-	1,612,752	-	1,612,752	-
Bad debts	-	1,236,484	-	1,236,484	-
Changes in:					
Due from other funds	1,122,395	-	-	1,122,395	-
Due from other governments	313,178	-	-	313,178	-
Accounts receivable	-	(749,589)	-	(749,589)	-
Intergovernmental transfer receivable	-	308,004	-	308,004	-
Prepaid expense and other assets	-	(436,704)	-	(436,704)	-
Deferred outflows of resources	-	(2,229,955)	-	(2,229,955)	-
Accounts payable and other liabilities	-	200,667	-	200,667	-
Accrued liabilities	(1,080,061)	44,067	-	(1,035,994)	(385,168)
Due to other funds	50,000	-	-	50,000	-
Total other postemployment benefits liability	-	68,070	-	68,070	-
Due from third party payor	-	(911,937)	-	(911,937)	-
Net pension liability	-	(2,866,364)	-	(2,866,364)	-
Deferred inflows of resources	-	5,553,956	-	5,553,956	-
Net cash flow from operating activities	<u>\$ (458,432)</u>	<u>\$ 7,965,938</u>	<u>\$ 487</u>	<u>\$ 7,507,993</u>	<u>\$ 1,376,111</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2018**

	Expendable <u>Trust</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ <u>373,587</u>	\$ <u>700,490</u>
Total assets	<u>373,587</u>	<u>700,490</u>
LIABILITIES		
Other liabilities	<u>-</u>	<u>700,490</u>
Total liabilities	<u>-</u>	<u>\$ 700,490</u>
NET POSITION		
Held in trust for private purposes	<u>\$ 373,587</u>	

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Expendable <u>Trust</u>
ADDITIONS:	
Contributions	\$ 28,723
Interest earnings	<u>1,583</u>
Total additions	<u>30,306</u>
DEDUCTIONS:	
Culture and recreation	<u>10,437</u>
Total deductions	<u>10,437</u>
CHANGE IN NET POSITION	19,869
NET POSITION - beginning of year	<u>353,718</u>
NET POSITION - end of year	<u><u>\$ 373,587</u></u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

COMBINING STATEMENT OF NET POSITION - PROPRIETARY COMPONENT UNITS
DECEMBER 31, 2018

	Livingston County Industrial Development Agency	Livingston County Water and Sewer Authority	Livingston County Development Corporation	Livingston County Soil and Water Conservation District	Total
ASSETS					
Cash and cash equivalents	\$ 380,212	\$ 2,024,362	\$ 81,726	\$ 7,942	\$ 2,494,242
Restricted cash	-	667,362	374,206	749,473	1,791,041
Capital contributions receivable	-	677,658	-	-	677,658
Grants receivable	-	-	46,000	-	46,000
Accounts receivable, net	-	845,185	-	-	845,185
Due from State and Federal government	-	1,291,384	-	115,428	1,406,812
Loans receivable, net	-	-	1,402,067	-	1,402,067
Prepaid expenses and inventories	-	110,413	4,111	-	114,524
Funds held for others	-	33,025	-	-	33,025
Land held for development or sale	1,523,662	-	-	-	1,523,662
Capital assets, net	<u>4,111</u>	<u>32,266,493</u>	<u>-</u>	<u>28,338</u>	<u>32,298,942</u>
Total assets	<u>1,907,985</u>	<u>37,915,882</u>	<u>1,908,110</u>	<u>901,181</u>	<u>42,633,158</u>
LIABILITIES					
Accounts payable and other current liabilities	-	551,815	52,175	31,441	635,431
Unearned revenue	-	-	-	749,473	749,473
Bond anticipation note payable	-	653,120	-	-	653,120
Long-term liabilities	-	<u>4,037,950</u>	<u>-</u>	<u>4,146</u>	<u>4,042,096</u>
Total liabilities	<u>-</u>	<u>5,242,885</u>	<u>52,175</u>	<u>785,060</u>	<u>6,080,120</u>
DEFERRED INFLOWS OF RESOURCES					
Contributed capital	-	<u>318,000</u>	<u>-</u>	<u>-</u>	<u>318,000</u>
Total deferred inflows of resources	<u>-</u>	<u>318,000</u>	<u>-</u>	<u>-</u>	<u>318,000</u>
NET POSITION					
Net investment in capital assets	4,111	27,575,423	-	28,338	27,607,872
Restricted	-	117,398	374,206	-	491,604
Unrestricted	<u>1,903,874</u>	<u>4,662,176</u>	<u>1,481,729</u>	<u>87,783</u>	<u>8,135,562</u>
Total net position	<u>\$ 1,907,985</u>	<u>\$ 32,354,997</u>	<u>\$ 1,855,935</u>	<u>\$ 116,121</u>	<u>\$ 36,235,038</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION - PROPRIETARY
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Livingston County Industrial Development Agency	Livingston County Water and Sewer Authority	Livingston County Development Corporation	Livingston County Soil and Water Conservation District	Total
OPERATING REVENUE:					
Charges for services, net	\$ 68,132	\$ 3,355,625	\$ 48,018	\$ 11,651	\$ 3,483,426
Grants	-	-	1,235,511	417,094	1,652,605
Other revenue	10	71,207	160,000	343	231,560
Total operating revenue	68,142	3,426,832	1,443,529	429,088	5,367,591
OPERATING EXPENSES:					
Salaries and benefits	-	-	70,683	116,231	186,914
Grant and project expense	50,000	-	1,109,811	265,855	1,425,666
Water and sewer operations	-	2,114,445	-	-	2,114,445
Professional services	41,186	562,221	141,634	2,159	747,200
Depreciation	783	981,272	-	9,893	991,948
Other	11,127	32,507	15,309	18,680	77,623
Total operating expenses	103,096	3,690,445	1,337,437	412,818	5,543,796
OPERATING INCOME (LOSS)	(34,954)	(263,613)	106,092	16,270	(176,205)
NON-OPERATING REVENUE AND EXPENSES:					
Grants	-	706,250	-	-	706,250
Rental of real property	17,222	-	-	-	17,222
Gain (loss) on sale of assets	(69,481)	17,931	-	-	(51,550)
Interest income	434	28,487	305	106	29,332
Interest expense	-	(70,398)	-	-	(70,398)
Total non-operating revenue and expenses	(51,825)	682,270	305	106	630,856
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	(86,779)	418,657	106,397	16,376	454,651
CAPITAL CONTRIBUTIONS	-	2,402,770	-	-	2,402,770
CHANGE IN NET POSITION	(86,779)	2,821,427	106,397	16,376	2,857,421
NET POSITION - beginning of year	1,994,764	29,533,570	1,749,538	99,745	33,377,617
NET POSITION - end of year	\$ 1,907,985	\$ 32,354,997	\$ 1,855,935	\$ 116,121	\$ 36,235,038

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The County of Livingston, New York (the County) is governed by County law, general laws of the State of New York and various local laws and ordinances. The Board of Supervisors, which is the legislative body responsible for the overall operation of the County, consists of the 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.

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.

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. Separate financial statements for the SWCD are not issued.

Component Units - 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.

The Livingston County Land Bank Corporation (the Land Bank), was formed in 2017 to assist communities within the County of Livingston, New York (the County) in combating community deterioration by facilitating the return of vacant, abandoned, and tax-delinquent properties to productive use in order to eliminate the harms and liabilities caused by such properties, and lessen the burden of government and act in the public interest. The Land Bank engages in real estate development and management, real estate project finance, and other community based economic and human services development activities permissible under the Not-for-Profit Corporation Law. Operations commenced in 2018. The Land Bank is considered an enterprise fund-type component unit (blended presentation) of the County. Separate audited financial statements for the Land Bank may be obtained by contacting the Livingston County Land Bank Corporation, 6 Court Street, Room 305, Geneseo, New York 14454.

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.

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, 2018 is as follows:

Total assets	\$	312,927
Total liabilities	\$	18,417
Fund balance	\$	294,510
Total revenues	\$	131,439
Total expenditures	\$	118,203

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:

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.

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.

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 relieved as County taxes in the subsequent year.

Cash and Cash Equivalents

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

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.

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 is 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.

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.

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. Eligible employees must have had 25 years of service to the County and have been eligible for retirement pursuant to the NYS ERS requirements prior to the discontinuation of additional participants per each collective bargaining agreement. 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, 2018 totaled \$1,156,141 and \$410,119, respectively.

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.

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.

- **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, 2018.

- **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, 2018.

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. PRIOR PERIOD ADJUSTMENT

Change in Accounting Principle

The County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to certain other postemployment benefits (OPEB). For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Accordingly, beginning net position, deferred outflows of resources, and other postemployment benefits on the Statement of Net Position for the governmental activities and business-type funds were adjusted as noted in the following tables:

	Government-Wide Statement of Net Position		
	Total Other Postemployment Benefit Liability	Deferred Outflow s of Resources	Net Position
Balance at December 31, 2017, as previously reported	\$ (34,582,848)	\$ -	\$ (106,588,838)
Restatement of beginning balance - Adoption of GASB Statement No. 75			
Contributions subsequent to measurement date	-	2,385,825	(2,385,825)
Increase to liability	(72,261,255)	-	72,261,255
	<u>(72,261,255)</u>	<u>2,385,825</u>	<u>69,875,430</u>
Balance at December 31, 2017, as restated	\$ <u>(106,844,103)</u>	\$ <u>2,385,825</u>	\$ <u>(36,713,408)</u>

	Business-Type Statement of Net Position		
	Total Other Postemployment Benefit Liability	Deferred Outflow s of Resources	Net Position
Balance at December 31, 2017, as previously reported	\$ (8,176,174)	\$ -	\$ (1,206,969)
Restatement of beginning balance - Adoption of GASB Statement No. 75			
Contributions subsequent to measurement date	-	683,337	(683,337)
Increase to liability	(21,744,139)	-	21,744,139
	<u>(21,744,139)</u>	<u>683,337</u>	<u>21,060,802</u>
Balance at December 31, 2017, as restated	\$ <u>(29,920,313)</u>	\$ <u>683,337</u>	\$ <u>19,853,833</u>

There was no impact to the change in net position for 2017 as a result of this adjustment.

4. CASH AND CASH EQUIVALENTS

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

Interest rate risk

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. While the County does not have a specific policy for custodial credit risk, New York State statutes govern the County's investment policies. Deposits of the primary government, including workers' compensation and trust funds, with financial institutions are categorized as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Primary Government:		
County	\$ 61,624,027	\$ 60,609,223
CNR	20,357,160	21,119,995
Worker's compensation	4,835,967	4,835,967
Nonmajor enterprise fund	25,487	25,487
Fiduciary Funds	<u>1,222,434</u>	<u>1,074,077</u>
Cash and Cash Equivalents	<u>\$ 88,065,075</u>	<u>\$ 87,664,749</u>

The collateral related to those above are as follows:

FDIC insured	\$ 18,866,006
Collateralized with securities held by the pledge financial institution, or its trust department or agent, but not the County's name	<u>76,976,286</u>
	<u>\$ 95,842,292</u>

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

As of December 31, 2018, the reported amount of the SWCD's deposits was \$757,415 and the bank balance was \$760,467. Of the bank balance, \$250,000 was covered by federal depository insurance and \$510,467 was uninsured and uncollateralized.

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:

	<u>General</u>	<u>County Road Fund</u>	<u>Nonmajor Funds</u>	<u>Total Primary Government</u>	<u>CNR</u>	<u>Workers' Compensation</u>
Accounts receivable net						
Taxes Receivable:						
County taxes	\$ 3,881,877	\$ -	\$ -	\$ 3,881,877	\$ -	\$ -
School taxes	3,208,088	-	-	3,208,088	-	-
Village taxes	312,912	-	-	312,912	-	-
Tax acquired property	62,791	-	-	62,791	-	-
	<u>7,465,668</u>	<u>-</u>	<u>-</u>	<u>7,465,668</u>	<u>-</u>	<u>-</u>
Other receivables:						
Patient	-	-	-	-	6,858,860	-
Trade	1,010,927	1,203	826,330	1,838,460	-	-
Less: Allowance	-	-	-	-	(1,847,996)	-
	<u>\$ 8,476,595</u>	<u>\$ 1,203</u>	<u>\$ 826,330</u>	<u>\$ 9,304,128</u>	<u>\$ 5,010,864</u>	<u>\$ -</u>
Due from other governments:						
Miscellaneous	\$ 58,406	\$ -	\$ 126,831	\$ 185,237	\$ -	\$ -
Towns/Villages	18,059	-	-	18,059	-	479,257
	<u>\$ 76,465</u>	<u>\$ -</u>	<u>\$ 126,831</u>	<u>\$ 203,296</u>	<u>\$ -</u>	<u>\$ 479,257</u>
State and federal aid:						
Social service	\$ 5,351,053	\$ -	\$ -	\$ 5,351,053	\$ -	\$ -
Other state agencies	5,603,884	2,164,018	-	7,767,902	-	-
	<u>\$ 10,954,937</u>	<u>\$ 2,164,018</u>	<u>\$ -</u>	<u>\$ 13,118,955</u>	<u>\$ -</u>	<u>\$ -</u>

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 \$3,994,282 for the school districts and \$355,839 for the villages.

Interfund Transactions

Interfund receivables, payables, revenues and expenditures for the year ended December 31, 2018 were as follows:

	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General fund	\$ 2,236,143	\$ 569,006	\$ 2,901,149	\$ 1,000,000
County road fund	-	55,402	1,446,526	2,057,356
Capital projects fund	-	-	950,000	1,221,023
Nonmajor funds	464	118,755	2,057,356	318,040
Workers' compensation	2,657,751	1,225,000	-	-
CNR	-	2,926,195	-	2,758,612
Total	<u>\$ 4,894,358</u>	<u>\$ 4,894,358</u>	<u>\$ 7,355,031</u>	<u>\$ 7,355,031</u>

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

6. CAPITAL ASSETS

The County's capital assets for 2018 are as follows:

<u>Governmental Activities</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance December 31</u>
Land	\$ 1,319,867	\$ -	\$ -	\$ -	\$ 1,319,867
Work-in-progress	<u>5,716,091</u>	<u>6,425,735</u>	<u>-</u>	<u>(5,655,110)</u>	<u>6,486,716</u>
Total non-depreciable assets	<u>7,035,958</u>	<u>6,425,735</u>	<u>-</u>	<u>(5,655,110)</u>	<u>7,806,583</u>
Buildings and improvements	81,457,690	2,841,740	-	2,813,493	87,112,923
Machinery and equipment	12,992,945	1,198,925	(266,474)	-	13,925,396
Infrastructure	<u>109,445,157</u>	<u>603,619</u>	<u>-</u>	<u>2,841,617</u>	<u>112,890,393</u>
Total depreciable assets	<u>203,895,792</u>	<u>4,644,284</u>	<u>(266,474)</u>	<u>5,655,110</u>	<u>213,928,712</u>
Less: Accumulated depreciation:					
Buildings and improvements	(29,394,922)	(2,524,525)	-	-	(31,919,447)
Machinery and equipment	(10,790,141)	(946,473)	266,474	-	(11,470,140)
Infrastructure	<u>(58,448,406)</u>	<u>(3,796,836)</u>	<u>-</u>	<u>-</u>	<u>(62,245,242)</u>
Total accumulated depreciation	<u>(98,633,469)</u>	<u>(7,267,834)</u>	<u>266,474</u>	<u>-</u>	<u>(105,634,829)</u>
Net depreciable assets	<u>105,262,323</u>	<u>(2,623,550)</u>	<u>-</u>	<u>5,655,110</u>	<u>108,293,883</u>
Capital assets, net	<u>\$ 112,298,281</u>	<u>\$ 3,802,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,100,466</u>

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

Government activities:

Transportation	\$ 4,075,481
Public safety	1,385,786
General government support	1,479,302
Home and community services	195,550
Public health	87,963
Economic assistance and opportunity	25,949
Culture and recreation	<u>17,803</u>

Total depreciation expense \$ 7,267,834

<u>Business-Type Activities</u>	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance December 31</u>
Work-in-progress	\$ 16,085	\$ 1,715,419	\$ -	\$ (16,085)	\$ 1,715,419
Total non-depreciable assets	<u>16,085</u>	<u>1,715,419</u>	<u>-</u>	<u>(16,085)</u>	<u>1,715,419</u>
Buildings and improvements	35,948,926	1,288,259	-	16,085	37,253,270
Machinery and equipment	<u>7,438,394</u>	<u>341,321</u>	<u>-</u>	<u>-</u>	<u>7,779,715</u>
Total depreciable assets	<u>43,387,320</u>	<u>1,629,580</u>	<u>-</u>	<u>16,085</u>	<u>45,032,985</u>
Less: Accumulated depreciation:					
Buildings and improvements	(22,647,346)	(1,241,089)	-	-	(23,888,435)
Machinery and equipment	<u>(6,023,881)</u>	<u>(371,663)</u>	<u>-</u>	<u>-</u>	<u>(6,395,544)</u>
Total accumulated depreciation	<u>(28,671,227)</u>	<u>(1,612,752)</u>	<u>-</u>	<u>-</u>	<u>(30,283,979)</u>
Net depreciable assets	<u>14,716,093</u>	<u>16,828</u>	<u>-</u>	<u>16,085</u>	<u>14,749,006</u>
Capital assets, net	<u>\$ 14,732,178</u>	<u>\$ 1,732,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,464,425</u>

Component Units

Component units' capital assets at December 31, 2018 consisted of:

Land	\$ 150,285
Construction work-in-progress	8,853,373
Buildings	5,433,895
Infrastructure	31,825,464
Machinery and equipment	<u>3,536,742</u>
	49,799,759
Less: Accumulated depreciation	<u>(17,500,817)</u>
Total capital assets, net	<u>\$ 32,298,942</u>

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.

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 2018, 2017 and 2016 were equal to the required contributions for the plan fiscal year as follows:

	<u>County</u>	<u>CNR</u>
2018	\$ 4,674,464	\$ 1,558,155
2017	\$ 4,751,808	\$ 1,583,936
2016	\$ 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.

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

At December 31, 2018, the County and CNR reported a net pension liability of \$4,569,692 and \$1,605,568, 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, 2018, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation rolled forward from April 1, 2017. 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, 2018, the County's proportionate share was 0.1913359%, which was an increase from its proportionate share 0.1903715% measured at December 31, 2017.

For the year ended December 31, 2018, the County and CNR recognized pension expense of \$4,564,282 and \$1,603,667, respectively. At December 31, 2018, 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
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 1,629,861	\$ 1,346,856
Changes in assumptions	3,030,084	-
Net difference between projected and actual earnings on pension plan investments	6,637,117	13,101,002
Changes in proportion and differences between the County's contributions and proportionate share of contributions	31,674	2,272,577
Contributions subsequent to the measurement date	<u>3,520,623</u>	<u>-</u>
Total	<u>\$ 14,849,359</u>	<u>\$ 16,720,435</u>
CNR	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 572,654	\$ 473,220
Changes in assumptions	1,064,624	-
Net difference between projected and actual earnings on pension plan investments	2,331,960	4,603,055
Changes in proportion and differences between the County's contributions and proportionate share of contributions	11,128	798,473
Contributions subsequent to the measurement date	<u>1,236,976</u>	<u>-</u>
Total	<u>\$ 5,217,342</u>	<u>\$ 5,874,748</u>

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

Plan's Year Ended March 31:	<u>County</u>	<u>CNR</u>
2019	\$ 17,992	\$ 6,321
2020	46,072	16,187
2021	(3,725,538)	(1,308,973)
2022	(1,730,225)	(607,917)
2023	-	-
Thereafter	-	-
	<u>\$ (5,391,699)</u>	<u>\$ (1,894,382)</u>

The County and CNR recognized \$3,520,623 and \$1,236,976, respectively as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2018 which will be recognized as a reduction of the net pension liability in the year ended December 31, 2019.

Actuarial Assumptions

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018.

The actuarial valuation used the following actuarial assumptions:

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.

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

<u>Asset Type</u>	Target Allocations in %	Long-Term expected real rate of return in %
Domestic equity	36	4.55
International equity	14	6.35
Private equity	10	7.50
Real estate	10	5.55
Absolute return strategies	2	3.75
Opportunistic portfolio	3	5.68
Real assets	3	5.29
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation-indexed bonds	<u>4</u>	1.25
	<u>100%</u>	

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 <u>6.00%</u>	Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
County Proportionate Share of Net Pension liability (asset)	<u>\$ 34,575,525</u>	<u>\$ 4,569,692</u>	<u>\$ (20,814,043)</u>
CNR Proportionate Share of Net Pension liability (asset)	<u>\$ 12,148,158</u>	<u>\$ 1,605,568</u>	<u>\$ (7,313,042)</u>

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2018 were as follows:

Total pension liability	\$ 183,400,590
Net position	<u>(180,173,145)</u>
Net pension liability (asset)	<u>\$ 3,227,445</u>
ERS net position as a percentage of total pension liability	98.24%

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%.

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.

Summary of Long-Term Liabilities

The following is a summary of all long-term obligations outstanding at December 31, 2018:

	Balance <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	Due in <u>One Year</u>	Due in More <u>Than One Year</u>
<u>Governmental activities:</u>					
Serial Bonds - excluding LTASC	\$ 17,183,293	\$ -	\$ (1,937,938)	\$ 1,956,038	\$ 13,289,317
Serial Bonds - LTASC	16,943,885	738,703	(245,000)	250,000	17,187,588
Energy performance lease agreement	2,779,058	-	(152,792)	156,910	2,469,356
Premium	1,196,790	-	(119,679)	-	1,077,111
Compensated absences	1,060,103	-	(31,466)	32,245	996,392
Total governmental activities	<u>39,163,129</u>	<u>738,703</u>	<u>(2,486,875)</u>	<u>2,395,193</u>	<u>35,019,764</u>
<u>Business-type activities:</u>					
Serial Bonds	27,406,400	-	(1,311,000)	1,362,900	24,732,500
Premium	1,320,034	-	(153,141)	-	1,166,893
Total business-type activities	<u>28,726,434</u>	<u>-</u>	<u>(1,464,141)</u>	<u>1,362,900</u>	<u>25,899,393</u>
Total primary government	<u>\$ 67,889,563</u>	<u>\$ 738,703</u>	<u>\$ (3,951,016)</u>	<u>\$ 3,758,093</u>	<u>\$ 60,919,157</u>

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

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>2018 Payments</u>	<u>Outstanding December 31</u>
Government activities:					
Serial Bonds-excluding LTASC					
County Jail	2009	2024	3.00 - 4.00%	\$ 1,505,000	\$ -
2016 Refunding Bond	2016	2027	3.00%	-	10,000,000
Water - NYS EFC	1999	2019	2.78 - 4.91%	85,000	90,000
ARS - Sewer Project	2002	2020	7.00 - 7.10%	40,000	95,000
Sewer - NYS EFC	2004	2033	1.02 - 4.63%	10,000	185,000
Easter Lake Water System	2012	2033	2.00 - 5.00%	58,700	1,251,300
Water Transmission System	2012	2033	2.00 - 5.00%	2,200	45,900
Route 20 Water Main	2012	2033	2.00 - 5.00%	8,100	177,400
Groveland Sewer - NYS EFC	2006	2035	0.00%	34,000	575,000
Rural Development	2005	2039	4.13%	11,000	365,000
Rural Development	2005	2039	4.13%	3,000	100,000
Scottsburg Zone 5 Rd.	2006	2040	4.50%	13,000	477,000
Millenium Drive	2011	2026	2.00 - 4.05%	140,000	1,325,000
Conesus Sewer - NYS EFC	2008	2038	0.00%	27,938	558,755
					<u>15,245,355</u>
Serial Bonds - LTASC	2000	2042	5.13 - 6.625%	245,000	6,520,000
Serial Bonds - LTASC	2005	2060	6.00 - 7.85%	-	4,556,860
Add: Accretion of capital appreciation bonds					<u>6,360,728</u>
					<u>17,437,588</u>
Energy performance lease agreement	2017	2032	2.67%	152,792	<u>2,626,266</u>
Business type activities:					
Nursing Facilities Construction	2016	2027	2.00 - 5.00%	170,000	1,830,000
Nursing Facilities Construction	2012	2033	4.25 - 4.50%	1,141,000	<u>24,265,400</u>
					<u>26,095,400</u>
					<u>\$ 61,404,609</u>

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
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	2,127,438	201,222	1,652,500	655,017
2024 - 2028	3,411,790	424,152	8,872,900	2,439,382
2029 - 2033	1,205,690	240,575	9,710,000	786,389
2034 - 2038	487,685	58,766	-	-
2039 - 2043	98,000	5,771	-	-
	<u>\$ 15,245,355</u>	<u>\$ 2,476,683</u>	<u>\$ 26,095,400</u>	<u>\$ 7,192,172</u>

Interest

Interest expense on bonds payable for the County and CNR, including LTASC, was \$1,085,200 and \$974,994 in 2018, respectively. In 2018, cash paid for interest for the County and CNR was \$1,126,497 and \$983,238, respectively.

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

	<u>Required Maturities</u>		
	<u>Principal</u>	<u>Interest/ Accretion</u>	<u>Total</u>
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	-	1,486,222	1,486,222
2024-2028	-	8,698,442	8,698,442
2029-2033	1,820,000	11,157,429	12,977,429
2034-2038	3,572,489	13,979,071	17,551,560
2039-2043	2,115,000	15,238,267	17,353,267
2044-2048	-	21,507,099	21,507,099
2049-2053	1,025,287	27,493,279	28,518,566
2054-2058	593,061	33,798,021	34,391,082
2059-2060	1,701,023	12,336,948	14,037,971
Plus: Accretion	<u>6,360,728</u>	<u>-</u>	<u>6,360,728</u>
	<u>\$ 17,437,588</u>	<u>\$ 150,979,511</u>	<u>\$ 168,417,099</u>

Required maturities for the Series 2000 Bonds are dependent on the extent of actual collections from the TSRs and availability of funds in accordance with a flexible amortization payment schedule. Required maturities for the Series 2005 Bonds represent the minimum amount of principal that LTASC must pay as of the specific distribution dates in order to avoid a default. Turbo (accelerated) amortization payments are required to be made against outstanding principal providing that LTASC receives sufficient TSRs to make the Turbo payments. The interest payment requirements shown are based on the required principal maturity schedule and include the accreted value portion of capital appreciation bonds in the year in which they are required to be redeemed. Under the terms of the Indenture, LTASC is required to maintain certain deposits to fund debt service payments, if needed. Such deposits are included investments in the basic financial statements. In addition, LTASC is subject to various debt covenants, including limitations on expenses/expenditures, and compliance with Indenture agreement requirements. LTASC was in compliance with all covenants and Indenture agreement requirements at December 31, 2018. A principal payment in the amount of \$245,000 was made during 2018 in accordance with the Series 2000 Bonds.

Interest

Interest expense on LTASC bonds payable was \$1,165,059 in 2018. In 2018, cash paid for interest was \$427,590.

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. The future minimum lease payments are as follows:

2019	\$	226,172
2020		226,172
2021		226,172
2022		226,172
2023		226,172
2024 - 2028		1,130,860
2029 - 2032		<u>904,688</u>
Net Minimum Lease Payments	\$	3,166,408
Less: Interest		<u>540,142</u>
Present Value of Minimum Lease Payments	\$	<u><u>2,626,266</u></u>

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, 2018:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
General fund	Law	\$ 16,005,612
County road fund	Law	6,069,784
Capital projects fund	Capital	2,383,162
Internal service fund	Law	4,236,898
Nonmajor funds:		
Road machinery fund	Law	2,360,156
Water fund	Law	6,425,071
Sewer fund	Law	324,734
Debt service	Debt agreements	<u>935,803</u>
		<u>\$ 38,741,220</u>

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

The Expendable Trust Fund maintains expendable reserves which can only be utilized for specific purposes. The expendable trust balance as of December 31, 2018 is as follows:

Hospice Trust	\$ 257,957
Resident Memorial - HRF	56,995
WIC Donation	<u>58,635</u>
	<u>\$ 373,587</u>

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 \$23,731,331 at December 31, 2018. Employees contributed \$1,346,875 into the Plan in 2018.

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 \$186,516 into the 401(a) plan in 2018.

11. OTHER 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. Eligible employees must have had 25 years of service to the County and have been eligible for retirement pursuant to the NYS ERS requirements prior to the discontinuation of additional participants per each collective bargaining agreement. At December 31, 2018, there were 237 retired employees and spouses eligible to receive benefits.

The Retirement Plan can be amended by action of the County subject to applicable collective bargaining and employment agreements. The Retirement Plan does not issue a stand-alone financial report since there are no assets legally segregated in a trust for the sole purpose of paying benefits under the plan. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

Benefits Provided

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 2018 by the County and CNR was \$3,264,220.

Employees Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees and spouses or beneficiaries currently receiving benefits	237
Active employees	<u>265</u>
Total participants	<u><u>502</u></u>

Net OPEB Liability

The County's net OPEB liability was measured as of December 31, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.44 percent as of December 31, 2018
Inflation Rate	2.30 percent, compounded annually
Payroll Growth	3.0 percent, compounded annually
Medical Trend Rate	0.00% - 6.30% for 2018 with an ultimate rate of 3.90% - 4.00% in 2082+

The discount rate was based on “The Bond Buyer GO 20-Bond Municipal Bond Index” as of the valuation date, which represents the average of certain general obligation municipal bonds maturing in 20 years and having an average rating of AA/Aa or higher.

Mortality rates were based on RP2014 Employee/Healthy Annuitant sex distinct Mortality Tables adjusted to reflect scale MP2014 from the 2006 base year, and projected forward using scale MP2017.

Changes in the Total OPEB Liability

	<u>Total</u>	<u>Governmental</u>	<u>Business-Type</u>
Balance at January 1, 2018	\$ 136,764,416	\$ 106,844,103	\$ 29,920,313
Changes for the year-			
Service cost	2,076,583	1,720,250	356,333
Interest	5,190,721	4,059,059	1,131,662
Effect of economic/demographic gains or losses	(1,278,054)	(982,927)	(295,127)
Effect of assumptions changes or inputs	(4,789,292)	(3,664,494)	(1,124,798)
Benefit payments	<u>(3,069,162)</u>	<u>(2,385,825)</u>	<u>(683,337)</u>
Net changes	<u>(1,869,204)</u>	<u>(1,253,937)</u>	<u>(615,267)</u>
Balance at December 31, 2018	<u>\$ 134,895,212</u>	<u>\$ 105,590,166</u>	<u>\$ 29,305,046</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current discount rate of 3.44%:

	1% Decrease (2.44%)	Current Discount (3.44%)	1% Increase (4.44%)
Total OPEB Liability - County	<u>\$ 124,082,585</u>	<u>\$ 105,590,166</u>	<u>\$ 90,950,411</u>
Total OPEB Liability - CNR	<u>\$ 34,437,354</u>	<u>\$ 29,305,046</u>	<u>\$ 25,241,991</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability - County	<u>\$ 90,151,245</u>	<u>\$ 105,590,166</u>	<u>\$ 125,220,954</u>
Total OPEB Liability - CNR	<u>\$ 25,020,193</u>	<u>\$ 29,305,046</u>	<u>\$ 34,753,291</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the County recognized OPEB expense of \$4,779,864 and \$1,182,635 for the governmental activities and business-type funds. At December 31, 2018, the County reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>		
	<u>Total</u>	<u>Governmental</u>	<u>Business-Type</u>
Contributions made subsequent to measurement date	<u>\$ 3,264,220</u>	<u>\$ 2,549,792</u>	<u>\$ 714,428</u>

The County recognized \$2,549,792 and \$714,428 for governmental activities and business-type funds, respectively, as a deferred outflow of resources resulting from the benefit payments made subsequent to the measurement date of December 31, 2017, which will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019.

At December 31, 2018, the County reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>		
	<u>Total</u>	<u>Governmental</u>	<u>Business-Type</u>
Differences between expected and actual experience	\$ 1,003,204	\$ 771,545	\$ 231,659
Changes of assumptions	<u>3,759,337</u>	<u>2,876,431</u>	<u>882,906</u>
Total	<u>\$ 4,762,541</u>	<u>\$ 3,647,976</u>	<u>\$ 1,114,565</u>

Amounts currently reported as deferred inflow of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

	<u>Total</u>	<u>Governmental</u>	<u>Business-Type</u>
Years ended December 31:			
2019	\$(1,304,805)	\$ (999,445)	\$ (305,360)
2020	(1,304,805)	(999,445)	(305,360)
2021	(1,304,805)	(999,445)	(305,360)
2022	(848,126)	(649,641)	(198,485)
2023	-	-	-
Thereafter	-	-	-
	<u>\$(4,762,541)</u>	<u>\$ (3,647,976)</u>	<u>\$ (1,114,565)</u>

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, 2018.

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 \$5.1 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, 2018 is \$5,316,529.

- **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, 2018 amounted to \$7,877,454.

The change in claims liabilities for the year ended December 31, 2018 was as follows:

Balance - beginning of year	\$ 8,957,515
Insured claims	1,344,311
Claims payments	<u>(2,424,372)</u>
Balance - end of year	<u>\$ 7,877,454</u>

No claims were settled during 2018 by purchasing annuity contracts.

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

	<u>Contribution Revenue</u>	<u>Actual Claims Expense</u>
2018	\$ 735,033	\$ 1,598,977
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	<u>3,219,938</u>	<u>2,657,992</u>
	<u>\$ 27,076,358</u>	<u>\$ 31,604,687</u>

- **Unemployment**

County employees are entitled to coverage under the New York State Unemployment Insurance Law. The County has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the Fund for benefits paid from the Fund to former employees. The claim and judgment expenditures of this program for the 2018 year totaled \$42,300 which was liquidated with available financial resources. The balance of the Fund at December 31, 2018 was \$361,702 and is recorded in the General Fund. In addition, as of December 31, 2018, no loss contingencies existed or were considered probable or estimable.

- **Self-Insurance**

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

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

	<u>2018</u>
Balance - beginning of year	\$ 1,038,280
Change in estimates/claims payments	<u>(385,168)</u>
Balance - end of year	<u>\$ 653,112</u>

Concentrations

The County had a three-year agreement with the full-time and part-time members of its employees' union which expires on December 31, 2020. The union represents greater than 75% of the County's workforce.

14. FUND BALANCES

As of December 31, 2018, fund balances were composed of the following:

	General Fund	Capital Projects Fund	County Road Fund	Nonmajor Funds	Total
Nonspendable:					
Prepaid expenditures	\$ 1,284,307	\$ -	\$ 55,402	\$ 28,755	\$ 1,368,464
Restricted:					
Debt service	-	-	-	935,803	935,803
Law	16,005,612	-	-	-	16,005,612
Capital	-	2,383,162	-	-	2,383,162
County road	-	-	6,113,992	-	6,113,992
Road machinery	-	-	-	2,360,156	2,360,156
Water	-	-	-	6,425,071	6,425,071
Sewer	-	-	-	324,734	324,734
Assigned:					
Appropriations	2,950,000	-	-	-	2,950,000
General governmental support	104,327	-	-	-	104,327
Public health	119,405	-	-	-	119,405
Transportation	88,748	-	-	-	88,748
Culture and recreation	43,766	-	-	-	43,766
Unassigned	<u>28,716,046</u>	<u>-</u>	<u>-</u>	<u>(14,681)</u>	<u>28,701,365</u>
Total	<u>\$ 49,312,211</u>	<u>\$ 2,383,162</u>	<u>\$ 6,169,394</u>	<u>\$ 10,059,838</u>	<u>\$ 67,924,605</u>

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.

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.

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, 2018:

COMPANY NAME	TAXABLE ASSESSED VALUE	TAX RATE	TAX VALUE	PILOT RECEIVED	TAXES ABATED
American Rock Salt, LLC	\$ 45,326,751	0.008829054	\$ 400,192.33	\$ 201,867.72	\$ 198,324.62
Barilla America NY, Inc.	\$ 16,318,699	0.008106993	\$ 132,295.58	\$ 132,295.58	\$ -
Bristol Property Holdings, LLC	\$ 975,600	0.008380027	\$ 9,002.66	\$ 6,287.53	\$ 2,715.13
Bulk Products Development Corporation	\$ 279,900	0.007174849	\$ 2,008.24	\$ 2,008.24	\$ -
Coast Professional Properties LLC	\$ 1,280,300	0.007551025	\$ 9,667.58	\$ 9,667.58	\$ -
Commodity Resources Corp.	\$ 689,900	0.008267598	\$ 5,703.82	\$ 5,703.82	\$ -
Covered Wagon Tours, LLC	\$ 670,000	0.007686000	\$ 5,149.62	\$ 4,867.22	\$ 282.40
Fox & West	\$ 969,520	0.007686000	\$ 7,451.73	\$ 564.92	\$ 6,886.81
Geneseo Hospitality, LLC	\$ 3,154,100	0.007986248	\$ 25,189.42	\$ 11,390.63	\$ 13,798.80
Gray Metal Products, Inc. 2013 Facility	\$ 5,495,241	0.008106993	\$ 44,875.00	\$ 25,960.24	\$ 18,914.76
Livingston Associates, Inc.	\$ 42,300	0.007686000	\$ 10,054.39	\$ 6,163.23	\$ 3,891.16
	\$ 1,216,120	0.008267598			
Mattice Brothers Properties (Gigglin' Pig)	\$ 130,000	0.008267598	\$ 1,074.79	\$ 989.03	\$ 85.76
Montgomery Maximus	\$ 673,400	0.008106993	\$ 5,459.25	\$ 5,459.25	\$ -
Sweeteners Plus, Inc. 2008 Facility	\$ 3,452,600	0.007174849	\$ 24,771.88	\$ 24,771.88	\$ -
Valley Energy Services, LLC	\$ 734,300	0.007371621	\$ 5,412.98	\$ 1,485.75	\$ 3,927.23
WNY Enterprise 2013 Facility	\$ 1,573,000	0.008903249	\$ 14,004.81	\$ 336.34	\$ 13,668.47
Dansville Properties LLC	\$ 9,283,400	0.007371621	\$ 68,433.71	\$ 25,678.30	\$ 42,755.40
Once Again Nut Butter Collective, Inc.	\$ 3,131,800	0.007842943	\$ 24,562.53	\$ 1,131.74	\$ 23,430.79
5638 Tec Drive LLC	\$ 2,460,250	0.007686000	\$ 18,909.48	\$ 10,745.03	\$ 8,164.45
Evening Star Coffee Roasters	\$ 45,100	0.007686000	\$ 346.64	\$ 346.64	\$ -
Marcus Real Estate, LLC	\$ 395,000	0.007371621	\$ 2,911.79	\$ 2,911.79	\$ -
PEMM, LLC	\$ 760,700	0.007686000	\$ 5,846.74	\$ 5,846.74	\$ -
		TOTALS:	\$ 823,324.97	\$ 486,479.20	\$ 336,845.78

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, 2018 were \$22,891 and \$22,330, respectively.

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, 2018**

	Original Budget (Including Carryover <u>Encumbrances</u>)	Budget (<u>Amended</u>)	<u>Actual</u>	<u>Encumbrances</u>	Favorable (Unfavorable) <u>Variance</u>
REVENUES:					
Real property taxes and tax items	\$ 21,900,372	\$ 21,900,372	\$ 21,671,851	\$ -	\$ (228,521)
Non-property tax items	32,095,560	32,270,028	35,293,866	-	3,023,838
Departmental income	9,864,876	10,058,756	10,244,438	-	185,682
Intergovernmental charges	811,732	838,232	723,879	-	(114,353)
Use of money and property	2,837,326	2,837,326	3,034,034	-	196,708
Licenses and permits	20,000	20,000	16,083	-	(3,917)
Fines and forfeitures	511,000	511,000	444,107	-	(66,893)
Sale of property and compensation for loss	59,790	277,413	279,723	-	2,310
Miscellaneous	559,422	670,464	1,127,884	-	457,420
Interfund revenues	1,591,297	1,591,297	1,710,274	-	118,977
State aid	15,735,245	18,688,483	14,342,506	-	(4,345,977)
Federal aid	16,051,672	16,474,459	14,632,164	-	(1,842,295)
Total revenues	<u>102,038,292</u>	<u>106,137,830</u>	<u>103,520,809</u>	<u>-</u>	<u>(2,617,021)</u>
EXPENDITURES:					
Current -					
General governmental support	17,314,617	17,868,388	15,968,875	104,327	1,795,186
Education	6,906,500	7,138,987	6,615,091	-	523,896
Public safety	22,050,440	23,602,844	21,521,281	119,405	1,962,158
Public health	12,367,139	12,886,288	12,377,037	88,748	420,503
Transportation	35,000	35,186	35,186	-	-
Economic assistance and opportunity	39,142,621	43,939,339	39,903,994	43,766	3,991,579
Culture and recreation	650,801	666,748	585,245	-	81,503
Home and community services	2,841,455	2,841,572	2,553,472	-	288,100
Debt service -					
Principal - bonds	1,700,000	1,837,793	1,837,792	-	1
Interest	550,000	554,854	554,854	-	-
Total expenditures	<u>103,558,573</u>	<u>111,371,999</u>	<u>101,952,827</u>	<u>356,246</u>	<u>9,062,926</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,520,281)</u>	<u>(5,234,169)</u>	<u>1,567,982</u>	<u>(356,246)</u>	<u>6,445,905</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers - in	50,000	2,901,149	2,901,149	-	-
Operating transfers - out	(2,030,000)	(2,030,000)	(1,000,000)	-	1,030,000
Total other financing sources (uses)	<u>(1,980,000)</u>	<u>871,149</u>	<u>1,901,149</u>	<u>-</u>	<u>1,030,000</u>
CHANGE IN FUND BALANCE	<u>\$ (3,500,281)</u>	<u>\$ (4,363,020)</u>	<u>3,469,131</u>	<u>\$ (356,246)</u>	<u>\$ 7,475,905</u>
FUND BALANCE - beginning of year			<u>45,843,080</u>		
FUND BALANCE - end of year			<u>\$ 49,312,211</u>		

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, 2018**

	Original Budget (Including Carryover <u>Encumbrances</u>)	Budget (<u>Amended</u>)	<u>Actual</u>	<u>Encumbrances</u>	Favorable (Unfavorable) <u>Variance</u>
REVENUES:					
Real property taxes and tax items	\$ 8,069,151	\$ 8,069,151	\$ 8,069,151	\$ -	\$ -
Intergovernmental charges	820,000	820,000	791,835	-	(28,165)
Use of money and property	-	-	8,041	-	8,041
Sale of property and compensation for loss	5,100	5,100	12,869	-	7,769
Miscellaneous	47,000	47,000	79,566	-	32,566
Interfund revenues	-	-	1,591	-	1,591
State aid	2,517,099	2,741,347	1,928,079	-	(813,268)
Federal aid	<u>3,643,775</u>	<u>3,643,775</u>	<u>2,018,948</u>	<u>-</u>	<u>(1,624,827)</u>
Total revenues	<u>15,102,125</u>	<u>15,326,373</u>	<u>12,910,080</u>	<u>-</u>	<u>(2,416,293)</u>
EXPENDITURES:					
Current -					
Transportation	<u>14,163,494</u>	<u>16,101,771</u>	<u>11,260,129</u>	<u>366,114</u>	<u>4,475,528</u>
Total expenditures	<u>14,163,494</u>	<u>16,101,771</u>	<u>11,260,129</u>	<u>366,114</u>	<u>4,475,528</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>938,631</u>	<u>(775,398)</u>	<u>1,649,951</u>	<u>(366,114)</u>	<u>2,059,235</u>
OTHER FINANCING SOURCES (USES):					
Operating transfers - in	768,725	2,215,251	1,446,526	-	(768,725)
Operating transfers - out	<u>(2,057,356)</u>	<u>(2,057,356)</u>	<u>(2,057,356)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,288,631)</u>	<u>157,895</u>	<u>(610,830)</u>	<u>-</u>	<u>(768,725)</u>
CHANGE IN FUND BALANCE	<u>\$ (350,000)</u>	<u>\$ (617,503)</u>	<u>1,039,121</u>	<u>\$ (366,114)</u>	<u>\$ 1,290,510</u>
FUND BALANCE - beginning of year			<u>5,130,273</u>		
FUND BALANCE - end of year			<u>\$ 6,169,394</u>		

COUNTY OF LIVINGSTON, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
 FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	Last 10 Fiscal Years (Dollar amounts displayed in thousands)								
		2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB Liability										
Service cost	\$ 2,076									
Interest	5,191									
Effect of economic/demographic gains or losses	(1,278)									
Effect of assumptions changes or inputs	(4,789)									
Benefit payments	(3,069)									
Total change in total OPEB liability	(1,869)									
Total OPEB liability - beginning	136,764									
Total OPEB liability - ending	<u>\$ 134,895</u>									
Covered-employee payroll	\$ 46,350									
Total OPEB liability as a percentage of covered-employee payroll	291.0%									

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	3.44%	3.78%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

COUNTY OF LIVINGSTON, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)
 FOR THE YEAR ENDED DECEMBER 31, 2018

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	0.1913%	0.1904%	0.1949%	0.1948%						
Proportionate share of the net pension liability (asset)	\$ 6,175	\$ 17,888	\$ 31,276	\$ 6,582						
Covered-employee payroll	\$ 41,714	\$ 38,129	\$ 38,880	\$ 40,675						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.80%	46.91%	80.44%	16.18%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.24%	94.70%	90.70%	97.90%						

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

COUNTY OF LIVINGSTON, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
 FOR THE YEAR ENDED DECEMBER 31, 2018

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 6,233	\$ 6,336	\$ 6,547	\$ 7,681						
Contributions in relation to the contractually required contribution	6,233	6,336	6,547	7,681						
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -						
Covered-employee payroll	\$ 41,714	\$ 38,129	\$ 38,880	\$ 40,675						
Contributions as a percentage of covered-employee payroll	14.94%	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, 2018**

	Debt Service <u>Fund</u>	Special Revenue <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 37,053	\$ 9,252,957	\$ 9,290,010
Accounts receivable, net	794,041	32,289	826,330
Due from other funds	-	464	464
Due from other governments	-	126,831	126,831
Other assets	898,750	-	898,750
Prepaid expenses	<u>-</u>	<u>28,755</u>	<u>28,755</u>
 Total assets	 <u>\$ 1,729,844</u>	 <u>\$ 9,441,296</u>	 <u>\$ 11,171,140</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other current liabilities	\$ -	\$ 189,680	\$ 189,680
Accrued wages and benefits	-	8,826	8,826
Due to other funds	<u>-</u>	<u>118,755</u>	<u>118,755</u>
 Total liabilities	 <u>-</u>	 <u>317,261</u>	 <u>317,261</u>
DEFERRED INFLOWS OF RESOURCES:			
Tobacco settlement revenue	<u>794,041</u>	<u>-</u>	<u>794,041</u>
 Total deferred inflows of resources	 <u>794,041</u>	 <u>-</u>	 <u>794,041</u>
FUND BALANCES:			
Nonspendable	-	28,755	28,755
Restricted	935,803	9,109,961	10,045,764
Unassigned	<u>-</u>	<u>(14,681)</u>	<u>(14,681)</u>
 Total fund balances	 <u>935,803</u>	 <u>9,124,035</u>	 <u>10,059,838</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 1,729,844</u>	 <u>\$ 9,441,296</u>	 <u>\$ 11,171,140</u>

COUNTY OF LIVINGSTON, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Debt Service <u>Fund</u>	Special Revenue <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES:			
Real property taxes and tax items	\$ -	\$ 436,641	\$ 436,641
Use of money and property	19,945	29,264	49,209
Sale of property and compensation for loss	-	42,372	42,372
Interfund revenues	-	298,259	298,259
Miscellaneous	728,344	156,886	885,230
Federal aid	-	1,967,923	1,967,923
	<u>748,289</u>	<u>2,931,345</u>	<u>3,679,634</u>
EXPENDITURES:			
Current -			
General governmental support	71,505	1,434	72,939
Transportation	-	2,037,727	2,037,727
Economic assistance and opportunity	-	1,300,031	1,300,031
Home and community services	-	669,721	669,721
Debt service -			
Principal	245,000	252,938	497,938
Interest	427,590	102,756	530,346
	<u>744,095</u>	<u>4,364,607</u>	<u>5,108,702</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,194</u>	<u>(1,433,262)</u>	<u>(1,429,068)</u>
OTHER FINANCING SOURCES:			
Operating transfers - in	-	2,057,356	2,057,356
Operating transfers - out	-	(318,040)	(318,040)
	<u>-</u>	<u>1,739,316</u>	<u>1,739,316</u>
CHANGE IN FUND BALANCE	4,194	306,054	310,248
FUND BALANCE - beginning of year	<u>931,609</u>	<u>8,817,981</u>	<u>9,749,590</u>
FUND BALANCE - end of year	<u>\$ 935,803</u>	<u>\$ 9,124,035</u>	<u>\$ 10,059,838</u>

COUNTY OF LIVINGSTON, NEW YORK

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

DECEMBER 31, 2018

	Road Machinery <u>Fund</u>	Water Fund <u>Fund</u>	Special Grant <u>Fund</u>	Sewer Fund <u>Fund</u>	Total Nonmajor Special Revenue <u>Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,485,155	\$ 6,425,071	\$ 17,997	\$ 324,734	\$ 9,252,957
Accounts receivable, net	31,930	-	359	-	32,289
Due from other funds	-	-	464	-	464
Due from other governments	-	-	126,831	-	126,831
Prepaid expenditures	<u>11,557</u>	<u>-</u>	<u>17,198</u>	<u>-</u>	<u>28,755</u>
Total assets	<u>\$ 2,528,642</u>	<u>\$ 6,425,071</u>	<u>\$ 162,849</u>	<u>\$ 324,734</u>	<u>\$ 9,441,296</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and other current liabilities	\$ 136,546	\$ -	\$ 53,134	\$ -	\$ 189,680
Accrued wages and benefits	8,826	-	-	-	8,826
Due to other funds	<u>11,557</u>	<u>-</u>	<u>107,198</u>	<u>-</u>	<u>118,755</u>
Total liabilities	<u>156,929</u>	<u>-</u>	<u>160,332</u>	<u>-</u>	<u>317,261</u>
FUND BALANCES:					
Nonspendable	11,557	-	17,198	-	28,755
Restricted	2,360,156	6,425,071	-	324,734	9,109,961
Unassigned	<u>-</u>	<u>-</u>	<u>(14,681)</u>	<u>-</u>	<u>(14,681)</u>
Total fund balances	<u>2,371,713</u>	<u>6,425,071</u>	<u>2,517</u>	<u>324,734</u>	<u>9,124,035</u>
Total liabilities and fund balances	<u>\$ 2,528,642</u>	<u>\$ 6,425,071</u>	<u>\$ 162,849</u>	<u>\$ 324,734</u>	<u>\$ 9,441,296</u>

COUNTY OF LIVINGSTON, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Road Machinery Fund	Water Fund	Special Grant Fund	Sewer Fund	Total Nonmajor Special Revenue Funds
REVENUES:					
Real property taxes and tax items	\$ -	\$ 343,099	\$ -	\$ 93,542	\$ 436,641
Use of money and property	4,301	24,963	-	-	29,264
Sale of property and compensation for loss	42,372	-	-	-	42,372
Miscellaneous	155,766	-	1,120	-	156,886
Interfund revenues	298,259	-	-	-	298,259
Federal aid	-	-	1,967,923	-	1,967,923
	<u>-</u>	<u>-</u>	<u>1,967,923</u>	<u>-</u>	<u>1,967,923</u>
Total revenues	<u>500,698</u>	<u>368,062</u>	<u>1,969,043</u>	<u>93,542</u>	<u>2,931,345</u>
EXPENDITURES:					
Current -					
General governmental support	-	1,434	-	-	1,434
Transportation	2,037,727	-	-	-	2,037,727
Economic assistance and opportunity	-	-	1,300,031	-	1,300,031
Home and community services	-	-	669,259	462	669,721
Debt service -					
Principal	-	181,000	-	71,938	252,938
Interest	-	99,520	-	3,236	102,756
	<u>-</u>	<u>99,520</u>	<u>-</u>	<u>3,236</u>	<u>102,756</u>
Total expenditures	<u>2,037,727</u>	<u>281,954</u>	<u>1,969,290</u>	<u>75,636</u>	<u>4,364,607</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>(1,537,029)</u>	<u>86,108</u>	<u>(247)</u>	<u>17,906</u>	<u>(1,433,262)</u>
OTHER FINANCING SOURCES:					
Operating transfers - in	2,057,356	-	-	-	2,057,356
Operating transfers - out	(318,040)	-	-	-	(318,040)
	<u>1,739,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,739,316</u>
CHANGE IN FUND BALANCE					
	202,287	86,108	(247)	17,906	306,054
FUND BALANCE - beginning of year					
	<u>2,169,426</u>	<u>6,338,963</u>	<u>2,764</u>	<u>306,828</u>	<u>8,817,981</u>
FUND BALANCE - end of year					
	<u>\$ 2,371,713</u>	<u>\$ 6,425,071</u>	<u>\$ 2,517</u>	<u>\$ 324,734</u>	<u>\$ 9,124,035</u>

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

July 25, 2019

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, 2018, 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 25, 2019. 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
Pittsford, New York 14534
p (585) 381-1000
f (585) 381-3131

www.bonadio.com

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.