

**COUNTY OF LIVINGSTON, NEW YORK**

**Financial Statements  
for the Year Ended December 31, 2012  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

# COUNTY OF LIVINGSTON, NEW YORK

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**COUNTY OF LIVINGSTON, NEW YORK**

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**SECTION A**

**COUNTY OF LIVINGSTON, NEW YORK  
BASIC FINANCIAL STATEMENTS**

## **INDEPENDENT AUDITOR'S REPORT**

September 17, 2013

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Livingston County Industrial Development Agency (the Agency) or Livingston County Water and Sewer Authority (the Authority), which represent 100% of the assets, net position, and revenues of the discretely presented component units. We also did not audit the financial statements of the Livingston County Center for Nursing and Rehabilitation (CNR), which represents 78%, 2,054%, and 82% of the assets, net position, and revenues of the business-type activities.

### **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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Agency or the Authority, which collectively represent 100% of the assets, net position, and revenues of the discretely presented component units. We also did not audit the financial statements of the CNR, which represents 78%, 2,054%, and 82%, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose reports has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Agency, the Authority, and the CNR, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### ***Auditor's Responsibility (Continued)***

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States.

### **Report on Required Supplementary Information**

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 4-15 and budgetary comparison information on page 60 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, 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.

(Continued)

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### **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 individual nonmajor fund financial statements on pages 61-64 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 69-73 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

# COUNTY OF LIVINGSTON, NEW YORK

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2012

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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, 2012.

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

#### Fund Financial Statements

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

- **Governmental Funds**

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### Fund Financial Statements (Continued)

- **Governmental Funds (Continued)**

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, 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 Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this 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 two proprietary enterprise funds as component units. The Livingston County Industrial Development Agency (IDA) and the Livingston County Water and Sewer Authority (LCWSA) are considered to be component units of the County. Separate audited financial statements for the IDA and LCWSA may be obtained by contacting the IDA and LCWSA directly. The IDA can be reached at Livingston County Government Center, 6 Court Street, Room 306, Geneseo, New York, and LCWSA can be reached at 1997 D'Angelo Drive, Lakeville, New York 14480.

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

### 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets of the County's governmental activities exceeded liabilities by \$100,058,747 at the close of 2012.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

**Table 1 - Summary Statement of Net Position**

	Governmental <u>2012</u>	Business-Type <u>2012</u>	Governmental <u>2011</u>	Business-Type <u>2011</u>
<b>Assets:</b>				
Current assets	\$ 58,081,100	\$ 25,777,766	\$ 55,080,188	\$ 22,145,416
Capital assets, net	<u>113,181,826</u>	<u>22,203,385</u>	<u>107,386,291</u>	<u>23,977,390</u>
Total assets	<u>171,262,926</u>	<u>47,981,151</u>	<u>162,466,479</u>	<u>46,122,806</u>
<b>Deferred outflows:</b>				
Deferred amount on refunding	-	<u>2,279,173</u>	-	-
Total deferred outflows	-	<u>2,279,173</u>	-	-
<b>Liabilities:</b>				
Current liabilities	15,319,560	11,216,698	16,478,045	8,595,798
Long-term liabilities	<u>55,884,619</u>	<u>39,149,344</u>	<u>54,180,065</u>	<u>36,276,131</u>
Total liabilities	<u>71,204,179</u>	<u>50,366,042</u>	<u>70,658,110</u>	<u>44,871,929</u>
<b>Net Position:</b>				
Net investment in capital assets	85,775,831	(11,240,482)	78,316,731	(9,732,910)
Restricted	3,464,280	3,876,458	3,047,369	-
Unrestricted	<u>10,818,636</u>	<u>7,258,306</u>	<u>10,444,269</u>	<u>10,983,787</u>
Total net position	<u>\$ 100,058,747</u>	<u>\$ (105,718)</u>	<u>\$ 91,808,369</u>	<u>\$ 1,250,877</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 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, 11% for both 2012 and 2011, 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 increase of approximately \$1,705,000 in the governmental long-term liabilities is mainly due to the increase in Other Postemployment Benefits (OPEB) liabilities of approximately \$3,564,000, offset by the net effect of principal debt payments of approximately \$1,880,000, and proceeds of new bond refunding of \$1,852,000.

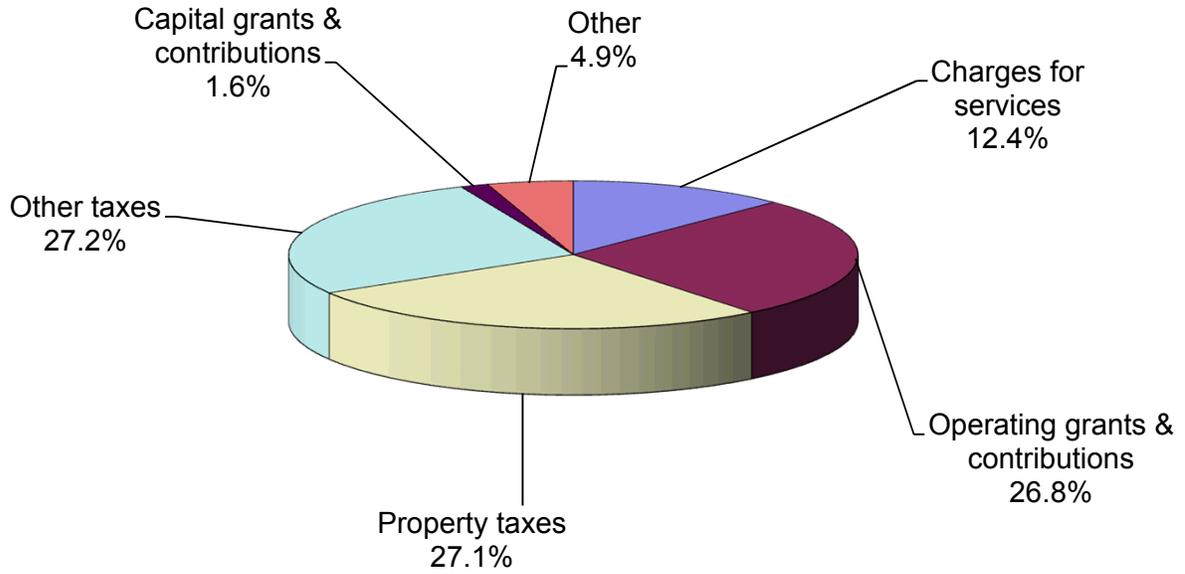
## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

See the Summary Statement of Activities (Table 2) below for the dollar and percent changes in the governmental and business-type activities from 2011 to 2012. Additionally, the information following Table 2 presents a graphical picture of the major revenue and expense categories of the governmental and business-type activities.

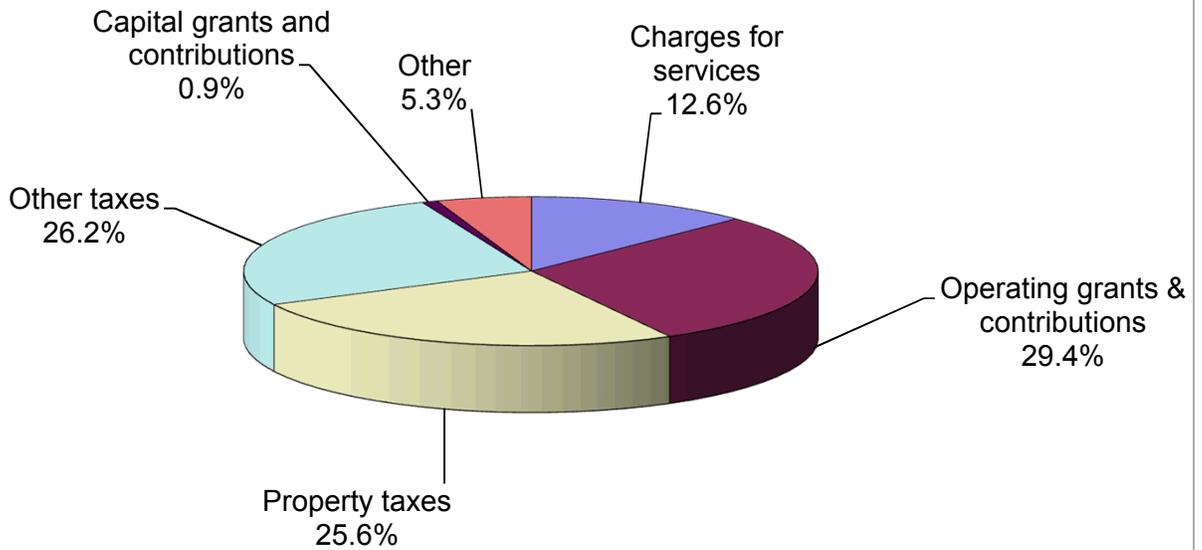
**Table 2 - Summary Statement of Activities and Change in Net Position**

	Governmental 2012	%	Business-Type 2012	%	Governmental 2011	%	Business-Type 2011	%
<b>Revenues:</b>								
Program revenues -								
Charges for services	\$ 13,893,399	12.4%	\$ 29,351,630	85.3%	\$ 13,618,671	12.6%	\$ 28,727,874	82.6%
Operating grants and contributions	29,961,362	26.8%	-	0.0%	31,776,199	29.4%	-	0.0%
Capital grants and contributions	1,767,908	1.6%	-	0.0%	943,021	0.9%	-	0.0%
Total program revenues	<u>45,622,669</u>	<u>40.8%</u>	<u>29,351,630</u>	<u>85.3%</u>	<u>46,337,891</u>	<u>42.9%</u>	<u>28,727,874</u>	<u>82.6%</u>
General revenues -								
Property taxes	30,283,733	27.1%	-	0.0%	27,536,536	25.6%	-	0.0%
Other taxes	30,392,475	27.2%	-	0.0%	28,316,370	26.2%	-	0.0%
Intergovernmental transfer (IGT)	-	0.0%	4,440,490	12.9%	-	0.0%	5,479,900	15.8%
Other	5,448,497	4.9%	600,608	1.8%	5,757,071	5.3%	557,301	1.6%
Total general revenues	<u>66,124,705</u>	<u>59.2%</u>	<u>5,041,098</u>	<u>14.7%</u>	<u>61,609,977</u>	<u>57.1%</u>	<u>6,037,201</u>	<u>17.4%</u>
Total revenues	<u>111,747,374</u>	<u>100.0%</u>	<u>34,392,728</u>	<u>100.0%</u>	<u>107,947,868</u>	<u>100.0%</u>	<u>34,765,075</u>	<u>100.0%</u>
<b>Expenses:</b>								
General governmental	20,251,084	19.7%	-	0.0%	22,156,956	20.9%	-	0.0%
Judgments/claims	-	0.0%	5,117,018	14.2%	-	0.0%	3,247,231	9.9%
Education	6,107,605	5.9%	-	0.0%	5,729,803	5.4%	-	0.0%
Public safety	14,139,695	13.7%	-	0.0%	12,992,922	12.2%	-	0.0%
Public health	13,387,115	13.0%	30,856,168	85.8%	12,810,728	12.1%	29,614,845	90.1%
Transportation	7,361,979	7.1%	-	0.0%	9,474,042	8.9%	-	0.0%
Economic assistance	36,752,542	35.7%	-	0.0%	37,554,175	35.4%	-	0.0%
Culture and recreation	525,149	0.5%	-	0.0%	467,576	0.4%	-	0.0%
Home and community services	2,504,349	2.5%	-	0.0%	2,717,971	2.6%	-	0.0%
Interest	1,994,795	1.9%	-	0.0%	2,058,703	1.9%	-	0.0%
Total expenses	<u>103,024,313</u>	<u>100.0%</u>	<u>35,973,186</u>	<u>100.0%</u>	<u>105,962,876</u>	<u>100.0%</u>	<u>32,862,076</u>	<u>100.0%</u>
Increase (decrease) in net position	<u>\$ 8,723,061</u>		<u>\$ (1,580,458)</u>		<u>\$ 1,984,992</u>		<u>\$ 1,902,999</u>	

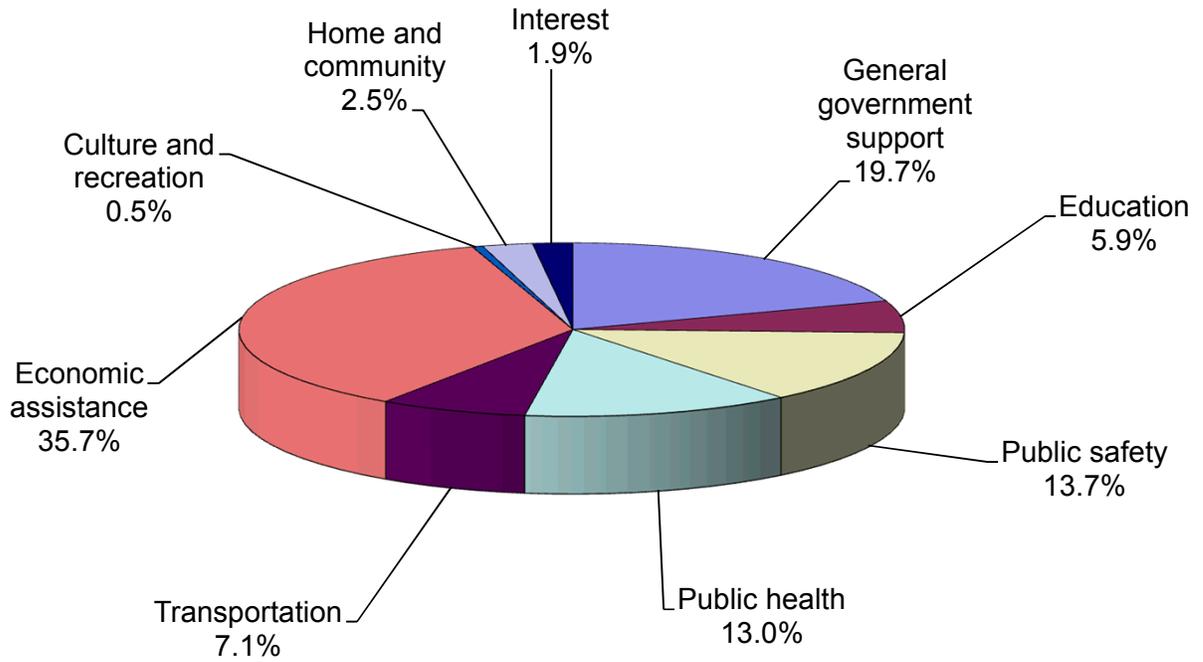
## 2012 Revenues - Governmental Activities



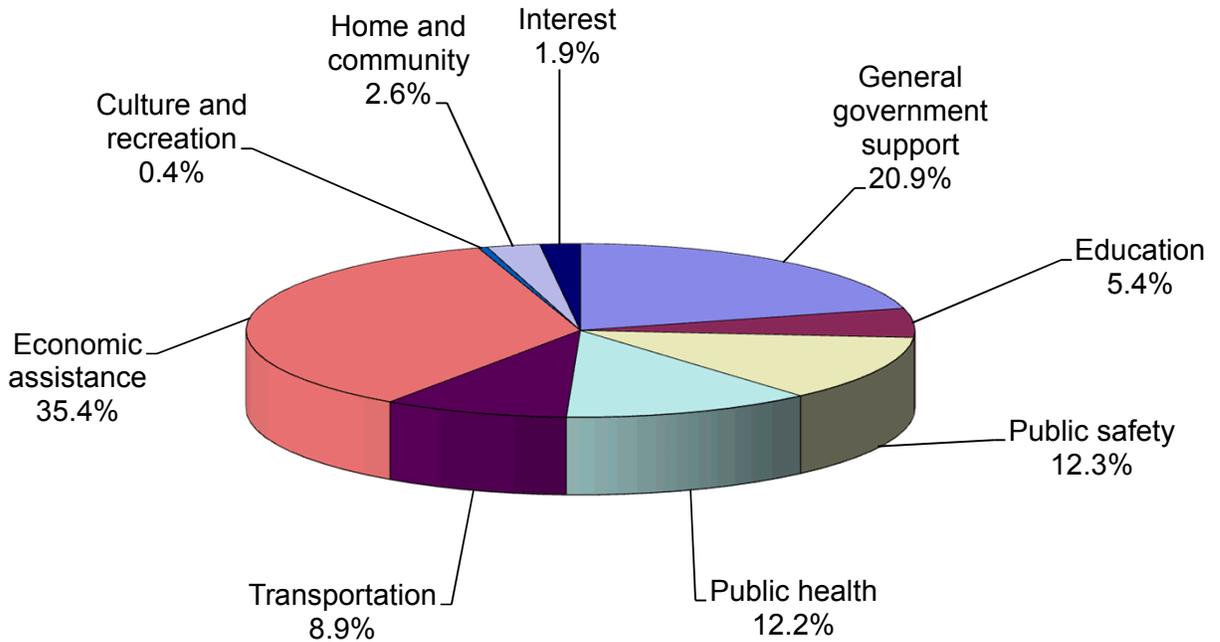
## 2011 Revenues - Governmental Activities



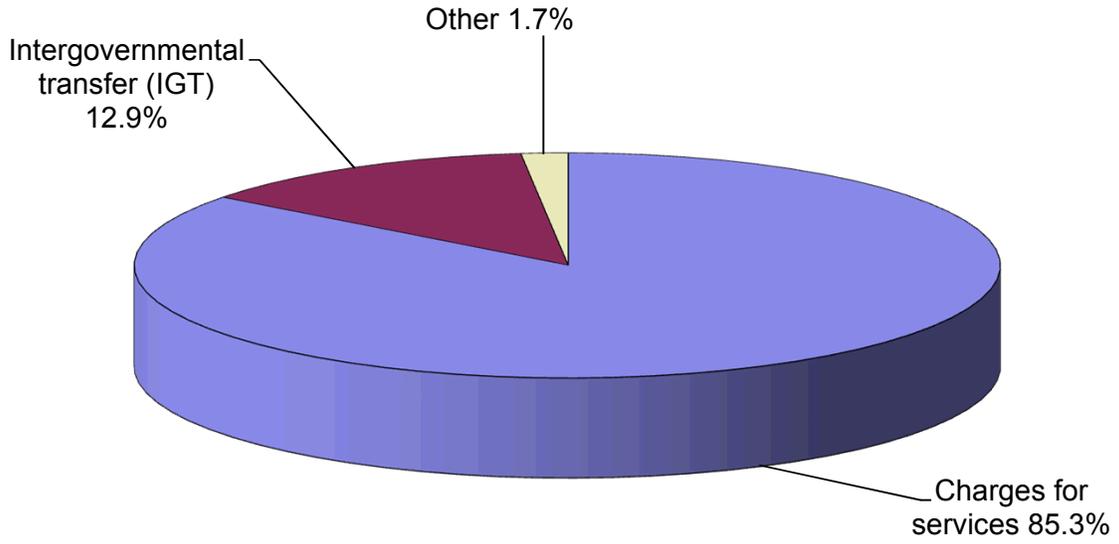
### 2012 Expenses - Governmental Activities



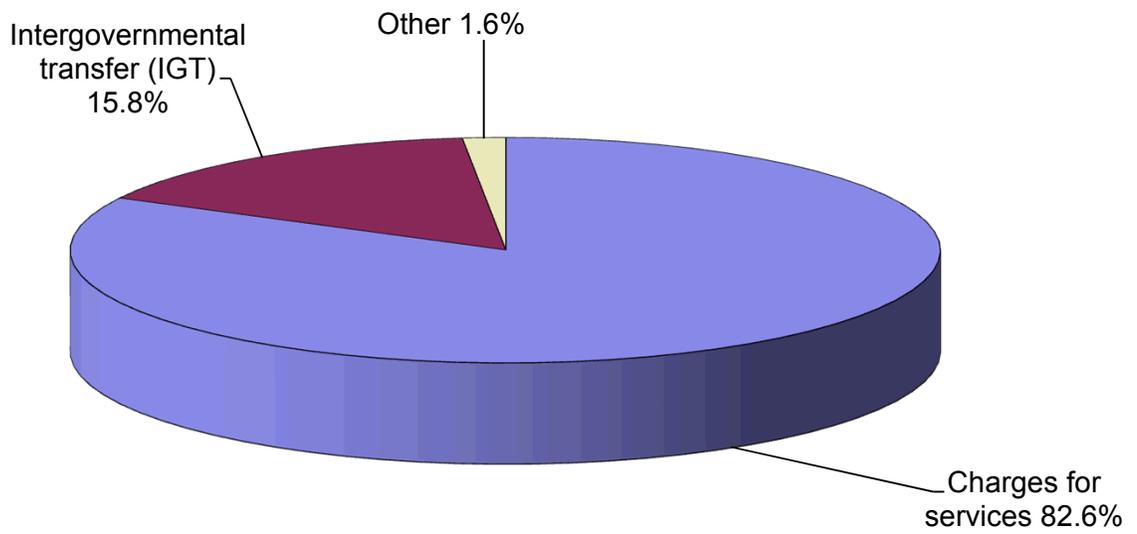
### 2011 Expenses - Governmental Activities



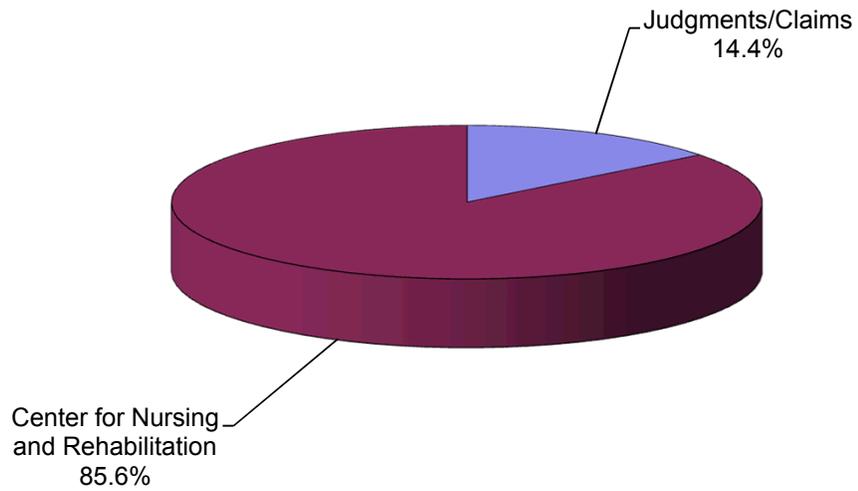
### 2012 Revenues - Business-Type Activities



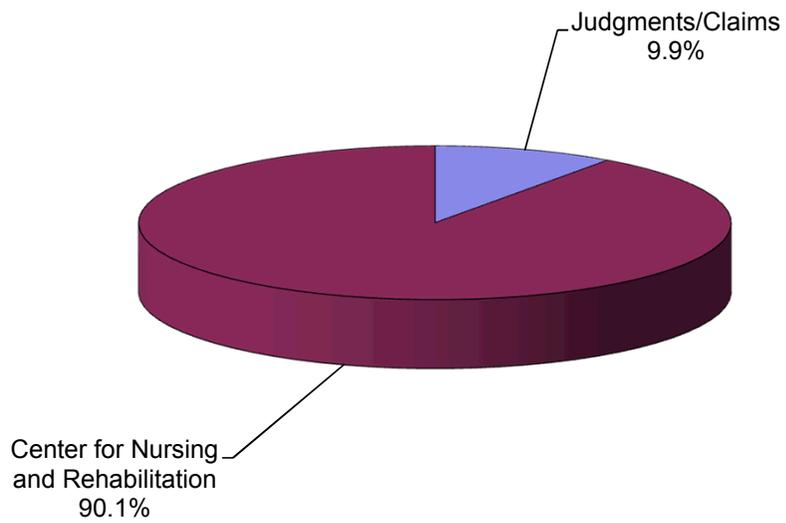
### 2011 Revenues - Business-Type Activities



## 2012 Expenses - Business-Type Activities



## 2011 Expenses - Business-Type Activities



## **GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

### **Governmental Activities**

Governmental activities increased the County's net position by \$8,723,061. The 2012 general governmental expenses decreased by \$1,905,872 from the 2011 expenses while the total governmental revenues remained virtually unchanged.

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

- Sales tax collections increased \$1.9 million
- Operating grants and contributions decreased by \$1.8 million. This decrease is mainly due to program savings resulting in decreasing reimbursements; the cyclical nature of grant programs.
- Charges for services from the year 2011 to 2012 remained flat.
- The approximate \$1.9 million decrease in expenses in General Governmental from 2011 was due to appropriate budgeting that included increased costs in health insurance and retirement benefits for 2012.

### **Business-Type Activities**

Business type activities decreased the County's net position by \$1,580,458. The CNR received approximately \$1,000,000 less from the Intergovernmental Transfer in 2012 versus 2011.

## **General Fund Budget Analysis**

### **Revenues**

There was a shortfall in state aid compared to the amount budgeted of approximately \$3,545,000 for the General Fund. This is mostly due to reduced expenses in the Economic Assistance and Opportunity expense category. The County realizes revenues only for the amount expended.

The tax foreclosure auction resulted in \$289,000 more revenue than anticipated. This result was due in part to economic conditions that have prevailed since the downturn in 2008.

Sales tax revenues were \$2,133,000 more than budgeted due to conservative budgeting.

The remainder of the shortfall is attributable to funds being budgeted for the Conesus Lake Watershed Program that were not expended and revenue was not received.

## **GOVERNMENTAL FUNDS FINANCIAL ANALYSIS (Continued)**

### **General Fund Budget Analysis (Continued)**

#### **Expenditures**

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

Many of the budget surpluses are a result of vacant positions and/or positions being filled with newer employees that have a lower cost to the County.

For General Government Support, the \$1,427,000 favorable variance is attributable to the following: Budget surplus of a combined \$197,000 in Information and Technology, Board of Elections and the District Attorney’s office because of a change in salaries and employee benefits, and \$471,381 budgeted in the Contingency Fund that was not needed. Central services had a budget surplus of approximately \$571,000 because of less than expected expenses for gas and heating oil, lower than expected project expenses and changes in personnel that resulted in less than expected employee benefit expenditures. The remaining budget surpluses can be attributed to the aforementioned conservative spending by department heads and vacant employee positions.

Public Safety had a favorable variance from budgeted to actual in the amount of \$391,141. The majority of this amount is due to less than expected expenses in the Sheriff’s agency and Emergency Management Services.

Public health also had a favorable variance of \$458,977 primarily because of prudent spending and program savings in most of the public health departments, particularly in the County emergency system and ambulance services, early intervention, and the W.I.C. program areas.

In Economic Assistance and Opportunity, approximately \$3,925,386 more was budgeted than actually expended. A major portion of this was because the County was awarded money in 2009 through the New York State Farmland Protection Implementation Grant for the purchase of development rights for two farms within County. These projects are currently in progress, however no funding was received in 2012 as anticipated.

The Home and Community Service variance of \$1,148,548 was mainly due to \$807,851 budgeted funds not expended because the Conesus Lake Watershed Program contracts were not executed as expected due to State budget constraints.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The County’s investment in capital assets for its governmental activities as of December 31, 2012 amounted to \$113,181,826 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways and bridges.

## CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

### Capital Assets (Continued)

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

	Governmental <u>2012</u>	Business-Type <u>2012</u>	Governmental <u>2011</u>	Business-Type <u>2011</u>
Land	\$ 1,319,867	\$ -	\$ 1,319,867	\$ -
Buildings and improvements	53,655,839	19,619,545	55,536,974	21,546,026
Machinery and equipment	1,340,298	2,285,606	1,657,016	2,416,756
Infrastructure	44,756,655	-	40,645,723	-
Work in progress	<u>12,109,166</u>	<u>298,234</u>	<u>8,226,710</u>	<u>14,608</u>
Total	<u>\$ 113,181,826</u>	<u>\$ 22,203,385</u>	<u>\$ 107,386,290</u>	<u>\$ 23,977,390</u>

The \$44,756,655 for 2012 and \$40,645,723 for 2011 of Infrastructure represents the depreciated book value of County roads, bridges, water lines, etc.

The \$12,109,166 for 2012 and \$8,226,710 for 2011 of work in progress represents the construction on various County projects that have not been completed. The increase 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. Completed projects: Bridge projects (\$1,187,481) and various road projects (\$1,877,899). Additions to projects: ITS Upgrades (\$441,360) and various road and bridge projects (\$5,458,821).

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

### Debt Administration

**Table 4 - Long-Term Debt**

	Governmental <u>2012</u>	Business-Type <u>2012</u>	Governmental <u>2011</u>	Business-Type <u>2011</u>
Serial bonds-excluding LTASC	\$ 27,405,995	\$ 33,533,000	\$ 29,069,560	\$ 33,710,300
Serial bonds-LTASC	13,156,860	-	13,326,860	-
Compensated absences	933,989	-	959,683	-
Other postemployment benefits	<u>14,387,775</u>	<u>3,426,304</u>	<u>10,823,962</u>	<u>2,565,831</u>
Total	<u>\$ 55,884,619</u>	<u>\$ 36,959,304</u>	<u>\$ 54,180,065</u>	<u>\$ 36,276,131</u>

The County's governmental activities and business-type activities repaid \$1,880,165 and \$30,685,300, respectively, in principal payments during 2012. The County's governmental activities and business-type activities had increased to its other postemployment benefits liability of \$4,907,900 and \$1,236,200, respectively, which were offset by contributions of \$1,344,087 and \$375,727, respectively. This resulted in a net increase in the other postemployment benefits liability of \$3,563,813 for its governmental activities and \$860,473 for its business-type activities.

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

## **ECONOMIC FACTORS**

Livingston County has a major agricultural base dominated by dairy farming, with livestock and field grain crops comparatively important. Over the past 2 decades, since the opening of Interstate 390, the county has enjoyed an increase in manufacturing employment with the addition of a number of mid-sized companies.

Livingston County has seen several expansions or additional locations of manufacturing companies compared to the overall loss of jobs in Upstate New York. The end result is that manufacturing in Livingston County is essentially unchanged from 10 years ago.

The Livingston County Development Corporation assisted in securing and is administering a \$400,000 Main Street Revitalization grant in Mt. Morris. Significant investment has been made in Mt. Morris to renovate existing commercial and mixed-use buildings to attract new small business. The villages of Lima and Dansville were also awarded New York Main Street funding and completed their projects in December 2012.

The unemployment rate at the end of 2012 for the County was 8.5 percent, a slight increase from the 2011 rate of 8.4 percent.

## **ADDITIONAL FINANCIAL IMPLICATIONS**

The 2012 County budget was approved November 16, 2011. The tax rate remained flat and the levy increased less than one percent. The budget was compliant with the mandated 2% property tax cap.

The renovation of the previous jail was completed and female inmates first occupied the renovated jail on October 3, 2011. The County began accepting inmates from other counties, resulting in approximately \$50,000 revenue. The revenue expected from boarding of inmates in 2012 is in excess of \$450,000.

Sales tax collections increased from \$27,895,924 in 2011 to \$29,856,000 in 2012. This represents an increase of approximately 7%. The County attributes this growth to pent up demand plus a targeted "Buy Local" program effort.

## **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, 2012**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental	Proprietary
<b>ASSETS</b>					
Cash and cash equivalents	\$ 32,777,115	\$ 11,325,542	\$ 44,102,657	\$ 97,247	\$ 2,961,578
Limited use assets	887,022	-	887,022	-	30,822
Accounts receivable, net	8,708,477	4,070,314	12,778,791	-	1,378,303
Due from other funds	1,914,272	347,825	2,262,097	-	-
Due from other governments	270,977	8,728,653	8,999,630	-	-
State and federal aid receivable, net	12,081,237	-	12,081,237	-	-
Prepaid expenses and inventories	1,442,000	170,707	1,612,707	3,062	79,284
Other assets	-	1,134,725	1,134,725	-	1,344,244
Capital assets, net	<u>113,181,826</u>	<u>22,203,385</u>	<u>135,385,211</u>	<u>-</u>	<u>26,487,668</u>
Total assets	<u>171,262,926</u>	<u>47,981,151</u>	<u>219,244,077</u>	<u>100,309</u>	<u>32,281,899</u>
<b>DEFERRED OUTFLOWS</b>					
Deferred amount on refunding	-	2,279,173	2,279,173	-	-
Total deferred outflows	<u>-</u>	<u>2,279,173</u>	<u>2,279,173</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	8,721,300	660,310	9,381,610	3,062	423,156
Accrued wages and benefits	1,359,770	8,685,700	10,045,470	-	-
Due to other funds	526,692	1,735,405	2,262,097	-	-
Due to other governments	4,646,709	-	4,646,709	-	-
Unearned revenue	65,089	135,283	200,372	-	-
Long-term liabilities -					
Due within one year	2,139,535	1,106,900	3,246,435	-	-
Due in more than one year	<u>53,745,084</u>	<u>38,042,444</u>	<u>91,787,528</u>	<u>-</u>	<u>4,774,267</u>
Total liabilities	<u>71,204,179</u>	<u>50,366,042</u>	<u>121,570,221</u>	<u>3,062</u>	<u>5,197,423</u>
<b>NET POSITION</b>					
Net investment in capital assets	85,775,831	(11,240,482)	74,535,349	-	21,571,676
Restricted -					
Debt service	887,022	-	887,022	-	-
Special districts	1,141,555	-	1,141,555	-	-
Law	1,435,703	3,876,458	5,312,161	15,000	11,046
Unrestricted	<u>10,818,636</u>	<u>7,258,306</u>	<u>18,076,942</u>	<u>82,247</u>	<u>5,501,754</u>
Total net position	<u>\$ 100,058,747</u>	<u>\$ (105,718)</u>	<u>\$ 99,953,029</u>	<u>\$ 97,247</u>	<u>\$ 27,084,476</u>

The accompanying notes are an integral part of these statements.

COUNTY OF LIVINGSTON, NEW YORK

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2012

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position							
		Program Revenue			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Governmental	Proprietary
<b>PRIMARY GOVERNMENT:</b>									
Governmental activities -									
General government support	\$ 20,251,084	\$ 4,001,925	\$ 2,089,602	\$ -	\$ (14,159,557)	\$ -	\$ (14,159,557)		
Education	6,107,605	-	2,414,275	-	(3,693,330)	-	(3,693,330)		
Public safety	14,139,695	1,036,140	1,233,420	-	(11,870,135)	-	(11,870,135)		
Public health	13,387,115	6,005,075	5,203,841	-	(2,178,199)	-	(2,178,199)		
Transportation	7,361,979	607,194	-	1,607,542	(5,147,243)	-	(5,147,243)		
Economic assistance and opportunity	36,752,542	1,193,701	18,756,810	-	(16,802,031)	-	(16,802,031)		
Culture and recreation	525,149	35,683	184,347	-	(305,119)	-	(305,119)		
Home and community services	2,504,349	1,013,681	79,067	160,366	(1,251,235)	-	(1,251,235)		
Interest	1,994,795	-	-	-	(1,994,795)	-	(1,994,795)		
Total governmental activities	103,024,313	13,893,399	29,961,362	1,767,908	(57,401,644)	-	(57,401,644)		
Business-type activities -									
Center for Nursing and Rehabilitation	30,856,168	24,112,068	-	-	-	(6,744,100)	(6,744,100)		
Workers' Compensation Fund	5,117,018	5,239,562	-	-	-	122,544	122,544		
Total business-type activities	35,973,186	29,351,630	-	-	-	(6,621,556)	(6,621,556)		
Total primary government	\$ 138,997,499	\$ 43,245,029	\$ 29,961,362	\$ 1,767,908	(57,401,644)	(6,621,556)	(64,023,200)		
<b>COMPONENT UNITS:</b>									
Governmental -									
Soil and Water Conservation District	\$ 171,102	\$ 4,583	\$ 125,634	\$ -			\$ (40,885)	\$ -	
Proprietary -									
Industrial Development Agency	90,932	1,368	-	-			-	(89,564)	
Water and Sewer Authority	3,795,722	3,003,217	113,780	83,748			-	(594,977)	
Total component units	\$ 4,057,756	\$ 3,009,168	\$ 239,414	\$ 83,748			(40,885)	(684,541)	
<b>GENERAL REVENUES:</b>									
Real property taxes and real property tax items					30,283,733	-	30,283,733	-	-
Nonproperty tax items					30,392,475	-	30,392,475	-	-
Sale of property and compensation for loss					192,877	568,321	761,198	-	-
Interest earnings					3,061,634	13,334	3,074,968	93	32,130
Intergovernmental transfer					-	4,440,490	4,440,490	-	-
Miscellaneous					2,193,986	18,953	2,212,939	1,727	12,009
Total general revenues					66,124,705	5,041,098	71,165,803	1,820	44,139
Change in net position					8,723,061	(1,580,458)	7,142,603	(39,065)	(640,402)
Net position - beginning of year, as previously reported					91,808,369	1,250,877	93,059,246	136,312	27,724,878
Change in accounting principle (Note 2)					(472,683)	223,863	(248,820)		
Net position - beginning of year, as restated					91,335,686	1,474,740	92,810,426		
Net position - end of year					\$ 100,058,747	\$ (105,718)	\$ 99,953,029	\$ 97,247	\$ 27,084,476

The accompanying notes are an integral part of these statements.

**COUNTY OF LIVINGSTON, NEW YORK**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>County Road Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 25,883,133	\$ 2,074,737	\$ 2,829,743	\$ 1,989,502	\$ 32,777,115
Limited use assets	-	-	-	887,022	887,022
Accounts receivable	7,828,940	-	9,753	869,784	8,708,477
State and federal aid receivable	11,294,527	-	786,710	-	12,081,237
Due from other governments	155,494	58,388	-	57,095	270,977
Prepaid expenditures	1,340,494	-	73,571	27,935	1,442,000
Due from other funds	<u>1,619,085</u>	<u>279,315</u>	<u>-</u>	<u>15,872</u>	<u>1,914,272</u>
Total assets	<u>\$ 48,121,673</u>	<u>\$ 2,412,440</u>	<u>\$ 3,699,777</u>	<u>\$ 3,847,210</u>	<u>\$ 58,081,100</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable and other current liabilities	\$ 4,858,803	\$ 401,282	\$ 397,342	\$ 13,890	\$ 5,671,317
Accrued wages and benefits	1,267,719	-	70,419	21,632	1,359,770
Due to other funds	345,187	-	73,571	107,934	526,692
Due to other governments	4,635,506	11,203	-	-	4,646,709
Unearned revenue	<u>65,089</u>	<u>-</u>	<u>-</u>	<u>846,468</u>	<u>911,557</u>
Total liabilities	<u>11,172,304</u>	<u>412,485</u>	<u>541,332</u>	<u>989,924</u>	<u>13,116,045</u>
<b>DEFERRED INFLOWS:</b>					
Unearned taxes	<u>3,170,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,170,936</u>
Total deferred inflows	<u>3,170,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,170,936</u>
<b>FUND BALANCES:</b>					
Nonspendable	1,340,494	-	73,571	27,935	1,442,000
Restricted	1,345,703	-	90,000	2,028,577	3,464,280
Assigned	3,614,635	1,999,955	2,994,874	808,212	9,417,676
Unassigned	<u>27,477,601</u>	<u>-</u>	<u>-</u>	<u>(7,438)</u>	<u>27,470,163</u>
Total fund balances	<u>33,778,433</u>	<u>1,999,955</u>	<u>3,158,445</u>	<u>2,857,286</u>	<u>41,794,119</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 48,121,673</u>	<u>\$ 2,412,440</u>	<u>\$ 3,699,777</u>	<u>\$ 3,847,210</u>	<u>\$ 58,081,100</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, 2012

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Total fund balances - governmental funds	\$ 41,794,119
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.	113,181,826
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.	846,468
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	(27,405,995)
Serial bonds - LTASC	(13,156,860)
Other postemployment benefits	(14,387,775)
Compensated absences	(933,989)
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(3,049,983)
Revenue related to the tax levy is recognized when earned in the statement of activities and change in net position, but deferred in the fund statements if collection is anticipated to exceed sixty days after year-end.	<u>3,170,936</u>
Total net position of governmental activities	<u>\$ 100,058,747</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, 2012

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>County Road Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>REVENUES:</b>					
Real property taxes and tax items	\$ 19,667,079	\$ -	\$ 7,009,360	\$ 436,358	\$ 27,112,797
Nonproperty tax items	30,392,475	-	-	-	30,392,475
Departmental income	10,892,029	-	-	-	10,892,029
Intergovernmental charges	541,968	-	607,194	-	1,149,162
Use of money and property	3,054,971	-	1,219	5,444	3,061,634
Licenses and permits	20,828	-	-	-	20,828
Fines and forfeitures	457,046	-	-	-	457,046
Sale of property and compensation for loss	156,779	-	11,860	24,238	192,877
Miscellaneous	570,487	-	264,373	1,384,014	2,218,874
Interfund revenues	1,374,334	-	-	-	1,374,334
State and county	12,221,561	-	1,661,982	-	13,883,543
Federal aid	15,565,263	160,366	1,607,542	512,556	17,845,727
<b>Total revenues</b>	<b>94,914,820</b>	<b>160,366</b>	<b>11,163,530</b>	<b>2,362,610</b>	<b>108,601,326</b>
<b>EXPENDITURES:</b>					
Current -					
General governmental support	13,325,858	3,173,497	-	55,241	16,554,596
Education	6,107,605	-	-	-	6,107,605
Public safety	15,561,276	-	-	-	15,561,276
Public health	13,304,686	-	-	-	13,304,686
Transportation	35,024	-	9,324,439	1,560,869	10,920,332
Economic assistance and opportunity	37,499,490	-	-	504,699	38,004,189
Culture and recreation	512,473	-	-	-	512,473
Home and community services	2,264,216	-	-	10,961	2,275,177
Debt service -					
Principal	1,500,000	-	-	380,165	1,880,165
Interest and other charges	835,291	-	-	666,002	1,501,293
<b>Total expenditures</b>	<b>90,945,919</b>	<b>3,173,497</b>	<b>9,324,439</b>	<b>3,177,937</b>	<b>106,621,792</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,968,901</b>	<b>(3,013,131)</b>	<b>1,839,091</b>	<b>(815,327)</b>	<b>1,979,534</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from refunding bonds	-	-	-	1,852,000	1,852,000
Premium on bond obligation	-	-	-	132,947	132,947
Payment to escrow agent	-	-	-	(1,972,006)	(1,972,006)
Bond issuance costs	-	-	-	(12,941)	(12,941)
Operating transfers - in	-	1,990,588	-	1,361,715	3,352,303
Operating transfers - out	(1,990,588)	-	(1,361,715)	-	(3,352,303)
<b>Total other financing sources (uses)</b>	<b>(1,990,588)</b>	<b>1,990,588</b>	<b>(1,361,715)</b>	<b>1,361,715</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>1,978,313</b>	<b>(1,022,543)</b>	<b>477,376</b>	<b>546,388</b>	<b>1,979,534</b>
FUND BALANCE - beginning of year, as previously reported	31,800,120	3,022,498	2,681,069	2,783,581	40,287,268
CHANGE IN ACCOUNTING PRINCIPLE (Note 2)	-	-	-	(472,683)	(472,683)
FUND BALANCE - beginning of year, as restated	31,800,120	3,022,498	2,681,069	2,310,898	39,814,585
FUND BALANCE - end of year	\$ 33,778,433	\$ 1,999,955	\$ 3,158,445	\$ 2,857,286	\$ 41,794,119

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 AND CHANGE IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2012

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Net change in fund balances - governmental funds \$ 1,979,534

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	11,929,273	
Depreciation	(6,133,738)	5,795,535

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. (24,888)

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. 1,880,165

Amounts paid for refunding bonds 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. (46,600)

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. (493,502)

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. 25,694

Unearned tax revenues are recorded on the modified accrual basis, but are not reported in the government-wide financial statements. 3,170,936

Other postemployment benefits are included in the statement of activities but are not considered an expenditure in the governmental funds. This represents the current year change. (3,563,813)

Change in net position of governmental activities \$ 8,723,061

The accompanying notes are an integral part of these statements.

**COUNTY OF LIVINGSTON, NEW YORK**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
DECEMBER 31, 2012**

	<u>Business Type Activities - Enterprise Funds</u>		
	Workers' Compensation Fund	Livingston County Center for Nursing and Rehabilitation	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,954,263	\$ 5,371,279	\$ 11,325,542
Accounts receivable, net	-	4,070,314	4,070,314
Due from other funds	170,131	177,694	347,825
Due from other governments	4,288,163	4,440,490	8,728,653
Prepaid expense	-	170,707	170,707
Capital assets, net	-	22,203,385	22,203,385
Other assets	-	1,134,725	1,134,725
	<u>10,412,557</u>	<u>37,568,594</u>	<u>47,981,151</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred amount on refunding	-	2,279,173	2,279,173
	<u>-</u>	<u>2,279,173</u>	<u>2,279,173</u>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	18,925	641,385	660,310
Accrued liabilities	7,650,603	1,035,097	8,685,700
Due to other funds	677,694	1,057,711	1,735,405
Unearned revenue	-	135,283	135,283
Non-current liabilities -			
Due in one year	-	1,106,900	1,106,900
Due in more than one year	-	38,042,444	38,042,444
	<u>8,347,222</u>	<u>42,018,820</u>	<u>50,366,042</u>
<b>NET POSITION</b>			
Net Investment in capital assets	-	(11,240,482)	(11,240,482)
Restricted	3,876,458	-	3,876,458
Unrestricted	(1,811,123)	9,069,429	7,258,306
	<u>\$ 2,065,335</u>	<u>\$ (2,171,053)</u>	<u>\$ (105,718)</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, 2012**

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Livingston</u> <u>County</u> <u>Center for</u> <u>Nursing and</u> <u>Rehabilitation</u>	<u>Total</u>
<b>REVENUES:</b>			
Charges for services	\$ 5,239,562	\$ 24,112,068	\$ 29,351,630
Total operating revenues	<u>5,239,562</u>	<u>24,112,068</u>	<u>29,351,630</u>
<b>OPERATING EXPENSES:</b>			
Judgments, claims, and insurance premiums	4,921,758	-	4,921,758
Nursing services	-	14,295,608	14,295,608
General services	-	5,002,366	5,002,366
Other professional services	195,260	3,044,148	3,239,408
Administrative	-	1,429,984	1,429,984
Depreciation and amortization	-	2,443,860	2,443,860
Bad debts	-	401,731	401,731
County cost allocation	-	960,809	960,809
Day care	-	288,523	288,523
New York State assessment	-	1,472,360	1,472,360
Total operating expenses	<u>5,117,018</u>	<u>29,339,389</u>	<u>34,456,407</u>
Operating income (loss)	<u>122,544</u>	<u>(5,227,321)</u>	<u>(5,104,777)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest income	13,334	-	13,334
Interest expense	-	(1,516,779)	(1,516,779)
Sale of property and compensation for loss	568,321	-	568,321
Other income	-	18,953	18,953
Intergovernmental transfers	-	4,440,490	4,440,490
Total non-operating revenues (expenses)	<u>581,655</u>	<u>2,942,664</u>	<u>3,524,319</u>
CHANGE IN NET POSITION	704,199	(2,284,657)	(1,580,458)
NET POSITION - beginning of year, as previously reported	1,361,136	(110,259)	1,250,877
CHANGE IN ACCOUNTING PRINCIPLE	<u>-</u>	<u>223,863</u>	<u>223,863</u>
NET POSITION - beginning of year, as restated	<u>1,361,136</u>	<u>113,604</u>	<u>1,474,740</u>
NET POSITION - end of year	<u>\$ 2,065,335</u>	<u>\$ (2,171,053)</u>	<u>\$ (105,718)</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, 2012**

	Business Type Activity - Enterprise Funds		
	Workers' Compensation Fund	Livingston County Center for Nursing and Rehabilitation	Total
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Cash received from providing services	\$ 4,004,226	\$ 22,773,967	\$ 26,778,193
Cash payments to insurance providers	(2,577,867)	-	(2,577,867)
Cash payments for salaries and benefits	-	(18,602,934)	(18,602,934)
Cash payments for contractual services	-	(6,051,741)	(6,051,741)
Net cash flow from operating activities	<u>1,426,359</u>	<u>(1,880,708)</u>	<u>(454,349)</u>
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Other non-operating revenues	-	8,902	8,902
Advances from County general fund	-	361,533	361,533
Net cash flow from non-capital financing activities	<u>-</u>	<u>370,435</u>	<u>370,435</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchases of capital assets	-	(669,855)	(669,855)
Repayment of debt	-	(955,700)	(955,700)
Interest	-	(870,729)	(870,729)
Net cash flow from capital and related financing activities	<u>-</u>	<u>(2,496,284)</u>	<u>(2,496,284)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Other income	568,321	-	568,321
Investment income	13,334	10,049	23,383
Net cash flow from investing activities	<u>581,655</u>	<u>10,049</u>	<u>591,704</u>
CHANGE IN CASH AND CASH EQUIVALENTS	2,008,014	(3,996,508)	(1,988,494)
CASH AND CASH EQUIVALENTS - beginning of year	<u>3,946,249</u>	<u>9,367,787</u>	<u>13,314,036</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 5,954,263</u>	<u>\$ 5,371,279</u>	<u>\$ 11,325,542</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 122,544	\$ (5,227,321)	\$ (5,104,777)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation and amortization	-	2,443,860	2,443,860
Bad debts	-	401,731	401,731
Changes in:			
Due from other funds	64,383	532,048	596,431
Accounts receivable	(1,299,719)	(285,821)	(1,585,540)
Prepaid expense and other assets	-	8,731	8,731
Accounts payable and other liabilities	18,925	26,697	45,622
Accrued liabilities	2,938,925	9,443	2,948,368
Due to other funds	(418,699)	-	(418,699)
Accrued other postemployment benefits	-	860,473	860,473
Unearned revenue	-	(8,781)	(8,781)
Due from third party payor	-	(641,768)	(641,768)
Net cash flow from operating activities	<u>\$ 1,426,359</u>	<u>\$ (1,880,708)</u>	<u>\$ (454,349)</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF LIVINGSTON, NEW YORK**

**STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2012**

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	<u>Expendable Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 378,892	\$ 1,296,557
Total assets	<u>378,892</u>	<u>1,296,557</u>
<b>LIABILITIES</b>		
OTHER LIABILITIES	<u>-</u>	<u>1,296,557</u>
Total liabilities	<u>-</u>	<u>1,296,557</u>
<b>NET POSITION</b>		
HELD IN TRUST FOR PRIVATE PURPOSES	<u>\$ 378,892</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF LIVINGSTON, NEW YORK**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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	Expendable <u>Trust</u>
ADDITIONS:	
Contributions	\$ 49,059
Interest earnings	<u>364</u>
Total additions	<u>49,423</u>
DEDUCTIONS:	
Culture and recreation	<u>31,726</u>
Total deductions	<u>31,726</u>
CHANGE IN NET POSITION	17,697
NET POSITION - beginning of year	<u>361,195</u>
NET POSITION - end of year	<u><u>\$ 378,892</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, 2012

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	Livingston County Industrial Development <u>Agency</u>	Livingston County Water and Sewer <u>Authority</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 380,859	\$ 2,580,719	\$ 2,961,578
Limited use assets	-	30,822	30,822
Accounts receivable, net	-	1,378,303	1,378,303
Prepaid expenses and inventories	-	79,284	79,284
Land held for resale	1,344,244	-	1,344,244
Capital assets, net	<u>213,793</u>	<u>26,273,875</u>	<u>26,487,668</u>
Total assets	<u>1,938,896</u>	<u>30,343,003</u>	<u>32,281,899</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	-	423,156	423,156
Long-term liabilities	<u>-</u>	<u>4,774,267</u>	<u>4,774,267</u>
Total liabilities	<u>-</u>	<u>5,197,423</u>	<u>5,197,423</u>
<b>NET POSITION</b>			
Net investment in capital assets	213,793	21,357,883	21,571,676
Restricted for capital development	-	11,046	11,046
Unrestricted	<u>1,725,103</u>	<u>3,776,651</u>	<u>5,501,754</u>
Total net position	<u>\$ 1,938,896</u>	<u>\$ 25,145,580</u>	<u>\$ 27,084,476</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF LIVINGSTON, NEW YORK**

**COMBINING STATEMENT OF ACTIVITIES - PROPRIETARY COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Livingston County Industrial Development Agency	Livingston County Water and Sewer Authority	Total
<b>OPERATING REVENUE:</b>			
Charges for services, net	\$ 1,368	\$ 3,003,217	\$ 3,004,585
Total operating revenue	<u>1,368</u>	<u>3,003,217</u>	<u>3,004,585</u>
<b>OPERATING EXPENSES:</b>			
Depreciation	1,875	1,498,716	1,500,591
Operation and maintenance	-	1,748,406	1,748,406
Administration	80,352	473,736	554,088
Other professional services	<u>8,705</u>	<u>-</u>	<u>8,705</u>
Total operating expenses	<u>90,932</u>	<u>3,720,858</u>	<u>3,811,790</u>
OPERATING LOSS	<u>(89,564)</u>	<u>(717,641)</u>	<u>(807,205)</u>
<b>NON-OPERATING REVENUE AND EXPENSES:</b>			
Rental of real property	12,009	-	12,009
Gain on sale of assets	-	1,713	1,713
Interest income	913	31,217	32,130
Interest expense	-	(76,577)	(76,577)
Grant revenue	<u>-</u>	<u>113,780</u>	<u>113,780</u>
Total non-operating revenue and expenses	<u>12,922</u>	<u>70,133</u>	<u>83,055</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	<u>(76,642)</u>	<u>(647,508)</u>	<u>(724,150)</u>
<b>CONTRIBUTED CAPITAL:</b>			
Capital assets	<u>-</u>	<u>83,748</u>	<u>83,748</u>
Total contributed capital	<u>-</u>	<u>83,748</u>	<u>83,748</u>
CHANGE IN NET POSITION	(76,642)	(563,760)	(640,402)
NET POSITION - beginning of year	<u>2,015,538</u>	<u>25,709,340</u>	<u>27,724,878</u>
NET POSITION - end of year	<u>\$ 1,938,896</u>	<u>\$ 25,145,580</u>	<u>\$ 27,084,476</u>

The accompanying notes are an integral part of these statements.

# COUNTY OF LIVINGSTON, NEW YORK

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2012

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Financial Reporting Entity**

The County of Livingston, New York (the County) is governed by the County law, general laws of the State of New York and various local laws and ordinances. The Board of Supervisors, which is the legislative body responsible for the overall operation of the County, consists of the seventeen supervisors representing the towns in the County with each member's vote weighted on the basis of population in the town represented. The Chairman of the Board of Supervisors serves as chief executive officer and the County Treasurer serves as chief fiscal officer of the County.

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

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

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

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Component Units - Discretely Presented**

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

- **Governmental Fund Type**

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.

- **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.

### **Component Unit - Blended**

Livingston Tobacco Asset Securitization Corporation (LTASC) is a special purpose, bankruptcy-remote local development corporation organized under the Not-For-Profit Corporation Law of the State of New York. LTASC was established on October 10, 2000. LTASC is considered a governmental fund-type component unit (blended presentation) of the County in accordance with generally accepted accounting principles and is reported on 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.

### **Excluded From Reporting Entity**

The following component unit is not material to the financial statements of the County and is 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Excluded From Reporting Entity (Continued)

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, 2012 is as follows:

Total assets	\$	226,761
Total liabilities	\$	20,469
Fund balance	\$	206,292
Total revenues	\$	91,542
Total expenditures	\$	99,854

- **Livingston County Development Corporation**

The Livingston County Development Corporation (the Corporation) was incorporated on March 11, 1987 as a Type C educational corporation pursuant to section 201 of the Not-For-Profit Corporation Law of the State of New York.

The Corporation became the successor to a subrecipient agreement previously by and between the County and the IDA, dated October 31, 2000. Pursuant to the agreement, the County has received federal grant assistance from the United States Department of Housing and Urban Development through the Community Development Block Grant Program for the purpose of establishing and implementing a microenterprise assistance program. The County has contracted with the Corporation for the establishment and administration of a commercial loan fund to oversee and review the actions of another subrecipient of the County, who is responsible for implementing entrepreneurial classroom instruction and providing technical assistance to the loan recipients. The primary objectives of the commercial loan fund are to assist in the establishment and expansion of microenterprise business activity, create employment opportunities and preserve and expand the County's tax base.

Summary financial information from the Corporation's audited financial statements as of and for the year ended December 31, 2012 are as follows:

Total assets	\$	1,478,090
Total liabilities	\$	205,393
Net position	\$	1,272,697
Total operating revenues	\$	173,193
Total non-operating revenues	\$	23,300
Total expenditures	\$	283,009

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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.

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

The government-wide Statement of Activities and Change in Net Position 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 and Change in Net Position 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, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

- **Fund Financial Statements**

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

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of Presentation (Continued)

#### • Fund Financial Statements (Continued)

##### a) Major Governmental Funds

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

##### b) Non-major Governmental Funds

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

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

##### c) Proprietary Fund Types

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

- 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 CNR.

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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of Presentation (Continued)

- **Fund Financial Statements (Continued)**
  - a) Fiduciary Funds

The County's fiduciary funds are presented in the fiduciary fund financial statements by type (restricted purposes, and agency). Since by definition these assets are being held for the benefit of a third-party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. These funds are used to account for assets held by the local government in a trustee or custodial capacity. The following is reported as the County's fiduciary fund:

- Trust and Agency Fund - are used to account for monies received and held in the capacity of trustee, custodian or agent.

### 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Property Taxes**

County property taxes are levied annually no later than December 31<sup>st</sup> 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. The County assumes enforcement responsibility for all taxes levied in the towns. All unpaid school district and village taxes are turned over to the County and are relieved as County taxes in the subsequent year.

### **Cash and Cash Equivalents**

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

### **Limited Use Assets**

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

### **Accounts Receivable**

#### • **Governmental Funds**

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

#### • **Enterprise Funds**

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

### **Due To/From Other Funds**

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

### **Prepaid Expenses**

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

### **Revenue Recognition - CNR**

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Revenue Recognition – CNR (Continued)

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

### Capital Assets

#### • Governmental Funds

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

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

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

#### • Proprietary Fund

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

Machinery and equipment	5 - 25 years
Buildings and improvements	10 - 40 years
Infrastructure (including water and sewer systems)	20 - 50 years

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

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

### Postemployment Benefits

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **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, 2013 with the enactment of Resolution 2011-032 dated January 26, 2011. The net collections from the additional one percent rate of sales and compensating use taxes must be used to pay the County's expenses for Medicaid. Such net collection shall be kept separate and apart from any other funds and accounts of the County. The amount of the additional one percent sales tax collected in 2012 was \$7,498,345. The amount distributed to Towns and Villages for the year ended December 31, 2012 totaled \$1,020,180 and \$442,319, respectively.

### **Insurance**

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

### **Compensated Absences**

Pursuant to resolutions of the governing board and contractual agreements, County employees are entitled to accrue up to 23 days of vacation leave. Any individual, in certain employee groups, who leaves the employ 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.

### **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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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 assets 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 assets that do not meet the definition of "restricted" or "net investments 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 provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable Fund Balances**

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

- **Restricted Fund Balances**

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

- **Committed Fund Balances**

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

- **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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Equity Classifications (Continued)

- **Fund Statements (Continued)**

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.

## 2. CHANGE IN ACCOUNTING PRINCIPLE

GASB issued statements No. 63 "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" and No. 65, "*Items Previously Reported as Assets and Liabilities*." These statements specified that bond issuance costs should be expensed rather than recorded as an asset as they were previously. The County adopted the provisions of these statements retroactively and wrote off its bond issuance costs for the years ended December 31, 2011.

The effect of the restatement as of January 1, 2012 is as follows:

	<u>As Previously Reported</u>	<u>Restated</u>
<b>Governmental activities:</b>		
Net position, beginning of year	\$ 91,808,369	\$ 91,335,686
<b>Business type activities:</b>		
Net position, beginning of year	\$ 1,250,877	\$ 1,474,740
<b>Non-major governmental funds:</b>		
Fund balance, beginning of year	\$ 2,783,581	\$ 2,310,898

## 3. 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 fund which is the only fund required to have a legally approved budget:

- 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.

### 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

#### Budget Basis of Accounting

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

#### Budget Reconciliation/Budget Modifications

A reconciliation of expenditures for the 2012 General Fund budget is as follows:

Original adopted budget	\$ 96,463,543
December 31, 2011 carryover of encumbrances	250,881
Amendments	<u>7,080,032</u>
Final revised budget	<u>\$ 103,794,456</u>

#### Budget/GAAP Reconciliation

The County reports its budgetary status with the actual data, including outstanding encumbrances as charges against budget appropriations. This results in the following reconciliation of the General Fund balances computed on GAAP basis and budgetary basis:

GAAP basis fund balance at December 31, 2012	\$ 33,778,433
Less: Outstanding encumbrances	<u>(343,052)</u>
Budgetary basis fund balance at December 31, 2012	<u>\$ 33,435,381</u>

#### Deficit Net Position - CNR

The County has reported a net position deficit totaling \$2,171,053 in CNR, which is a result of the accumulated operating losses and acceleration of depreciation for third-party reimbursement purposes. CNR is maximizing Medicare revenue and trying to reduce expenses in order to create positive net position in the future.

#### 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.

### 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.

#### 4. CASH AND CASH EQUIVALENTS (Continued)

##### 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	\$ 31,772,305	\$ 32,777,115
CNR	5,362,317	5,371,279
Workers' compensation	6,147,315	5,954,263
Fiduciary funds	<u>2,124,407</u>	<u>1,675,449</u>
Cash and cash equivalents	<u>\$ 45,406,344</u>	<u>\$ 45,778,106</u>

The collateral related to the above is as follows:

FDIC Insured	\$ 2,399,644
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the County's name	<u>56,275,345</u>
	<u>\$ 58,674,989</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end included \$378,892 in the fiduciary funds.

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

#### 5. LIMITED USE ASSETS

The County's limited use assets at December 31, 2012 relate to LTASC and are as follows:

	<u>Cost</u>	<u>Market</u>
Money market funds (U.S. Treasuries)	<u>\$ 887,022</u>	<u>\$ 887,022</u>

## 6. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects Fund</u>	<u>County Road Fund</u>	<u>Non-major Funds</u>	<u>Total Primary Government</u>	<u>CNR</u>	<u>Workers' Compensation</u>
Taxes receivable:							
Taxes	\$ 3,810,842	\$ -	\$ -	\$ -	\$ 3,810,842	\$ -	\$ -
School taxes	2,933,469	-	-	-	2,933,469	-	-
Tax acquired property	<u>132,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,308</u>	<u>-</u>	<u>-</u>
	<u>6,876,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,876,619</u>	<u>-</u>	<u>-</u>
Other receivables:							
Trade	952,321	-	9,753	869,784	1,831,858	4,870,314	-
Less: Allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(800,000)</u>	<u>-</u>
	<u>952,321</u>	<u>-</u>	<u>9,753</u>	<u>869,784</u>	<u>1,831,858</u>	<u>4,070,314</u>	<u>-</u>
	<u>\$ 7,828,940</u>	<u>\$ -</u>	<u>\$ 9,753</u>	<u>\$ 869,784</u>	<u>\$ 8,708,477</u>	<u>\$ 4,070,314</u>	<u>\$ -</u>
Due from other governments:							
Miscellaneous	\$ 141,039	\$ 58,388	\$ -	\$ -	\$ 199,427	\$ -	\$ -
Towns/Villages	<u>14,455</u>	<u>-</u>	<u>-</u>	<u>57,095</u>	<u>71,550</u>	<u>4,440,940</u>	<u>4,288,163</u>
	<u>\$ 155,494</u>	<u>\$ 58,388</u>	<u>\$ -</u>	<u>\$ 57,095</u>	<u>\$ 270,977</u>	<u>\$ 4,440,940</u>	<u>\$ 4,288,163</u>
State and Federal aid:							
Social service	\$ 5,560,489	\$ -	\$ -	\$ -	\$ 5,560,489	\$ -	\$ -
Other state agencies	<u>5,734,038</u>	<u>-</u>	<u>786,710</u>	<u>-</u>	<u>6,520,748</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,294,527</u>	<u>\$ -</u>	<u>\$ 786,710</u>	<u>\$ -</u>	<u>\$ 12,081,237</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.

**6. RECEIVABLES (Continued)**

The returned school and delinquent village taxes represent the unpaid portion of taxes from other governments which will be added to the County levy on the succeeding January 1. These assets are offset by deferred inflow of tax revenue of \$3,170,936 that represents the amount of taxes not expected to be collected within 60 days after year end.

The County is permitted by the New York State Constitution to levy taxes up to 1.5% of the most recent five-year average full valuation of taxable real property (the “legal margin”). In 2012, the County had a legal margin of \$46,972,100.

**Interfund Receivables and Payables**

Interfund receivables (due from other funds) at December 31, 2012 were as follows:

	Interfund Receivables				
	General Fund	Special Revenue Funds	Workers' Compensation Fund	Center for Nursing and Rehabilitation	Total
<u>Interfund payables</u>					
County Road	\$ 73,571	\$ -	\$ -	\$ -	\$ 73,571
Workers' Compensation Fund	500,000	-	-	177,694	677,694
General Fund	50,000	295,187	-	-	345,187
Special Revenue Funds	107,934	-	-	-	107,934
Center for Nursing and Rehabilitation	<u>887,580</u>	<u>-</u>	<u>170,131</u>	<u>-</u>	<u>1,057,711</u>
	<u>\$ 1,619,085</u>	<u>\$ 295,187</u>	<u>\$ 170,131</u>	<u>\$ 177,694</u>	<u>\$ 2,262,097</u>

## 7. CAPITAL ASSETS

The County's capital assets for 2012 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>8,226,710</u>	<u>7,119,063</u>	<u>-</u>	<u>(3,236,607)</u>	<u>12,109,166</u>
Total non-depreciable assets	<u>9,546,577</u>	<u>7,119,063</u>	<u>-</u>	<u>(3,236,607)</u>	<u>13,429,033</u>
Buildings and improvements	71,989,931	-	-	171,227	72,161,158
Machinery and equipment	10,297,150	583,651	(97,418)	-	10,783,383
Infrastructure	<u>78,763,555</u>	<u>4,226,559</u>	<u>-</u>	<u>3,065,380</u>	<u>86,055,494</u>
Total depreciable assets	<u>161,050,636</u>	<u>4,810,210</u>	<u>(97,418)</u>	<u>3,236,607</u>	<u>169,000,035</u>
Less: Accumulated depreciation:					
Buildings and improvements	(16,452,957)	(2,052,362)	-	-	(18,505,319)
Machinery and equipment	(8,640,134)	(900,369)	97,418	-	(9,443,085)
Infrastructure	<u>(38,117,831)</u>	<u>(3,181,007)</u>	<u>-</u>	<u>-</u>	<u>(41,298,838)</u>
Total accumulated depreciation	<u>(63,210,922)</u>	<u>(6,133,738)</u>	<u>97,418</u>	<u>-</u>	<u>(69,247,242)</u>
Net depreciable assets	<u>97,839,714</u>	<u>(1,323,528)</u>	<u>-</u>	<u>3,236,607</u>	<u>99,752,793</u>
Capital assets, net	<u>\$ 107,386,291</u>	<u>\$ 5,795,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,181,826</u>

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

Governmental activities:	
Transportation	\$ 3,295,251
General government support	1,135,025
Public safety	1,338,094
Home and community services	229,172
Public health	101,266
Economic assistance and opportunity	22,254
Culture and recreation	<u>12,676</u>
Total depreciation expense	<u>\$ 6,133,738</u>

## 7. CAPITAL ASSETS (Continued)

<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	\$ 14,608	\$ 283,626	\$ -	\$ -	\$ 298,234
Total non-depreciable assets	<u>14,608</u>	<u>283,626</u>	<u>-</u>	<u>-</u>	<u>298,234</u>
Buildings and improvements	34,377,258	30,400	-	-	34,407,658
Machinery and equipment	<u>5,788,401</u>	<u>355,829</u>	<u>-</u>	<u>-</u>	<u>6,144,230</u>
Total depreciable assets	<u>40,165,659</u>	<u>386,229</u>	<u>-</u>	<u>-</u>	<u>40,551,888</u>
Less: Accumulated depreciation					
Buildings and improvements	(12,831,232)	(1,956,881)	-	-	(14,788,113)
Machinery and equipment	<u>(3,371,645)</u>	<u>(486,979)</u>	<u>-</u>	<u>-</u>	<u>(3,858,624)</u>
Total accumulated depreciation	<u>(16,202,877)</u>	<u>(2,443,860)</u>	<u>-</u>	<u>-</u>	<u>(18,646,737)</u>
Net depreciable assets	<u>23,962,782</u>	<u>(2,057,631)</u>	<u>-</u>	<u>-</u>	<u>21,905,151</u>
Capital assets, net	<u>\$ 23,977,390</u>	<u>\$ (1,774,005)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,203,385</u>

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.

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

## 7. CAPITAL ASSETS (Continued)

### Component Units

Component units' capital assets at December 31, 2012 consisted of:

Land	\$ 147,985
Construction work-in-progress	778,626
Buildings	5,097,906
Infrastructure	29,982,618
Machinery and equipment	<u>2,223,951</u>
	38,231,086
Less: Accumulated depreciation	<u>(11,743,418)</u>
Total capital assets, net	<u>\$ 26,487,668</u>

## 8. PENSION PLANS

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

### Funding Policy

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

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

**8. PENSION PLANS (Continued)**

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.

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 2012, 2011 and 2010 were equal to the required contributions for the plan fiscal year as follows:

	<u>ERS</u>
2012	<u>\$ 7,854,609</u>
2011	<u>\$ 5,775,019</u>
2010	<u>\$ 4,306,500</u>

**9. FINANCING ARRANGEMENTS**

**Serial Bonds - Excluding LTASC**

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

## 9. FINANCING ARRANGEMENTS (Continued)

### 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:

- \$780,000 Tobacco Settlement Asset-Backed Bonds, Series 2000 (Tax Exempt Turbo Bonds), maturity date is June 1, 2015, interest rate of 6.00%.
- \$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.

## 9. FINANCING ARRANGEMENTS (Continued)

### Other Long-Term Obligations

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

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

### Summary of Long-Term Obligations

The following is a summary of all long-term obligations outstanding at December 31, 2012:

	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>
Governmental activities:					
Serial Bonds - excluding LTASC	\$ 29,069,560	\$ 1,852,000	\$ (3,515,565)	\$ 1,826,038	\$ 25,579,957
Serial Bonds - LTASC	13,326,860	-	(170,000)	80,000	13,076,860
Compensated absences	959,683	-	(25,694)	233,497	700,492
Other postemployment benefits	<u>10,823,962</u>	<u>4,907,900</u>	<u>(1,344,087)</u>	<u>-</u>	<u>14,387,775</u>
Total governmental activities	<u>54,180,065</u>	<u>6,759,900</u>	<u>(5,055,346)</u>	<u>2,139,535</u>	<u>53,745,084</u>
Business-type activities:					
Serial Bonds	33,710,300	30,508,000	(30,685,300)	1,106,900	32,426,100
Premium	-	2,190,040	-	-	2,190,040
Other postemployment benefits	<u>2,565,831</u>	<u>1,236,200</u>	<u>(375,727)</u>	<u>-</u>	<u>3,426,304</u>
Total business-type activities	<u>36,276,131</u>	<u>33,934,240</u>	<u>(31,061,027)</u>	<u>1,106,900</u>	<u>38,042,444</u>
Total primary government	<u>\$ 90,456,196</u>	<u>\$ 40,694,140</u>	<u>\$ (36,116,373)</u>	<u>\$ 3,246,435</u>	<u>\$ 91,787,528</u>

During 2012, the County issued \$1,852,000 in general obligation refunding bonds with an interest rate between 2% and 5% to completely refund \$1,805,400 of outstanding 2005 serial bonds with an interest rate between 4.25% and 4.5%. Also during 2012, the County, on behalf of the CNR, issued \$30,508,000 in general obligation refunding bonds with an interest rate between 2% and 5% to completely refund \$29,729,600 of outstanding 2005 serial bonds with an interest rate between 4.25% and 4.5%. An economic loss (difference between the present value of the old and new debt service payments) of \$2,900,986 resulted from the refunding.

## 9. FINANCING ARRANGEMENTS (Continued)

### Summary of Long-Term Debt Obligations (Continued)

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

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>2012 Payments</u>	<u>Outstanding December 31</u>
Governmental activities:					
Serial Bonds-excluding LTASC -					
County Jail	2009	2024	3.00 - 4.00%	\$ 1,180,000	\$ 18,595,000
Barilla Infrastructure	2007	2017	3.63 - 3.85%	215,000	1,220,000
Water - NYS EFC	1999	2019	2.78 - 4.91%	70,000	560,000
ARS - Sewer Project	2002	2020	7.00 - 7.10%	25,000	305,000
Sewer - NYS EFC	2004	2033	1.02 - 4.63%	10,000	245,000
East Lake Water System	2012	2033	2.00 - 5.00%	-	1,572,500
Water Transmission System	2012	2033	2.00 - 5.00%	-	57,900
Route 20 Water Main	2012	2033	2.00 - 5.00%	-	221,600
Groveland Sewer - NYS EFC	2006	2035	0.00%	34,000	779,000
Rural Development	2005	2039	4.13%	9,000	424,000
Rural Development	2005	2039	4.13%	2,000	117,000
Scottsburg Zone 5 Rd.	2006	2040	4.50%	10,000	546,000
Millenium Drive	2011	2026	2.00%	80,000	2,095,000
Conesus Sewer-NYS EFC	2008	2038	0.00%	25,865	667,995
Serial Bonds - LTASC	2000	2042	5.13 - 6.625%	155,000	10,895,000
	2005	2060	6.00 - 7.85%	-	2,261,860
Business-type activities:					
Nursing Facilities Construction	2012	2033	4.25 - 4.50%	-	30,508,000
Nursing Facilities Construction	2005	2027	3.65 - 4.10%	140,000	<u>3,025,000</u>
					<u>\$ 74,095,855</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>
2013	\$ 1,826,038	\$ 980,301	\$ 1,106,900	\$ 1,187,278
2014	1,894,338	918,054	1,135,600	1,162,228
2015	1,972,138	851,949	1,173,800	1,126,160
2016	2,050,738	782,009	1,226,200	1,083,688
2017	2,127,838	709,251	1,264,100	1,039,422
2018 - 2022	10,102,690	2,453,180	7,266,000	4,336,211
2023 - 2027	5,478,890	635,231	8,938,800	2,748,691
2028 - 2032	1,170,990	202,474	9,351,700	1,117,459
2033 - 2037	621,262	72,705	2,069,900	31,049
2038 - 2040	<u>161,073</u>	<u>12,686</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,405,995</u>	<u>\$7,617,840</u>	<u>\$33,533,000</u>	<u>\$ 13,832,186</u>

### Interest

Interest expense on bonds payable, excluding LTASC, was \$950,982 in 2012. In 2012, cash paid for interest was \$946,561.

## 9. FINANCING ARRANGEMENTS (Continued)

### Summary of Long-Term Debt Obligations (Continued)

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>
2013	\$ 80,000	\$ 1,092,519	\$ 1,172,519
2014	100,000	1,125,034	1,225,034
2015	110,000	1,160,110	1,270,110
2016	120,000	1,196,821	1,316,821
2017	120,000	1,236,465	1,356,465
2018 - 2022	485,000	6,876,272	7,361,272
2023 - 2027	795,000	8,602,082	9,397,082
2028 - 2032	1,925,000	10,666,853	12,591,853
2033 - 2037	2,155,000	13,625,379	15,780,379
2038 - 2042	3,947,489	14,601,165	18,548,654
2043 - 2047	-	19,996,238	19,996,238
2048 - 2052	1,025,287	26,381,599	27,406,886
2053 - 2057	593,061	32,391,502	32,984,563
2058 - 2060	<u>1,701,023</u>	<u>19,804,940</u>	<u>21,505,963</u>
	<u>\$ 13,156,860</u>	<u>\$158,756,979</u>	<u>\$171,913,839</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 the Corporation 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 the Corporation 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, 2012.

A principal payment in the amount of \$170,000 was made during 2012 in accordance with the Series 2000 Bonds.

### Interest

Interest expense on LTASC bonds payable was \$1,043,813 in 2012. In 2012, cash paid for interest was \$554,732.

## 10. NET POSITION AND FUND EQUITY

### Net Position - Restricted

The following table shows the net position restricted for other purposes as shown on the Statement of Net Position at December 31, 2012:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Special districts:		
Sewer	Law	\$ 169,336
Water	Law	<u>972,219</u>
		<u>\$ 1,141,555</u>
Debt service	Debt agreements	<u>\$ 887,022</u>
Reserves	Law	<u>\$ 1,435,703</u>

The Agency fund maintains expendable reserves which can only be utilized for specific purposes. The expendable trust balance as of December 31, 2012 is as follows:

Resident Memorial - SNF	\$ 12,527
Hospice Trust	297,263
Resident Memorial - HRF	9,540
WIC Donation	<u>59,562</u>
	<u>\$ 378,892</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.

## 11. DEFERRED COMPENSATION PLAN

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. Under GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the assets and the corresponding liabilities of the Plan have been removed from the agency fund.

## **11. DEFERRED COMPENSATION PLAN (Continued)**

Employees contribute to the Plan through voluntary salary deductions. Participation in the Plan is voluntary and the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plan is administered by an independent firm which is responsible for administering the fund's investments and record keeping. Investments and related net assets for employee's contributions totaled \$14,939,147 at December 31, 2012. Employees contributed \$1,084,771 into the Plan in 2012.

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 may elect to participate in the 401(a) plan if they make 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 \$46,005 into the 401(a) plan in 2012.

## **12. POSTEMPLOYMENT HEALTH CARE BENEFITS**

### **Plan Description**

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

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

The Retirement Plan can be amended by action of the County subject to applicable collective bargaining and employment agreements. The number of retired employees currently eligible to receive benefits at December 31, 2012 was 185. The Retirement Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

### **Funding Policy**

The obligations of the Retirement Plan are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required premium contribution rates of retirees range from 0% to 20%, depending on when the employee was hired. The County will pay its portion of the premium for the retiree and spouse for the lifetime of the retiree. The costs of administering the Retirement Plan are paid by the County. The County currently contributes enough money to the Retirement Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. The amount paid during 2012 by the County and CNR was \$1,719,814.

## 12. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

### Annual OPEB Cost and Net OPEB Obligation

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

	<u>County</u>	<u>CNR</u>	<u>Total</u>
Annual required contribution	\$ 4,845,300	\$ 1,221,400	\$ 6,066,700
Interest on net OPEB obligation	433,000	102,600	535,600
Adjustment to ARC	<u>(370,400)</u>	<u>(87,800)</u>	<u>(458,200)</u>
Annual OPEB cost	4,907,900	1,236,200	6,144,100
Contributions made	<u>(1,344,087)</u>	<u>(375,727)</u>	<u>(1,719,814)</u>
Increase in net OPEB obligation	3,563,813	860,473	4,424,286
Net OPEB obligation - beginning of year	<u>10,823,962</u>	<u>2,565,831</u>	<u>13,389,793</u>
Net OPEB obligation - end of year	<u>\$ 14,387,775</u>	<u>\$ 3,426,304</u>	<u>\$ 17,814,079</u>

### Percentage of Annual OPEB Cost

Contributed	27.4%	30.4%
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The following table provides trend information for the Retirement Plan:

	<u>Annual OPEB Cost</u>	<u>Annual Contributions</u>	<u>Percent of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation at December 31</u>
2012	\$ 6,144,100	\$ 1,719,814	28.0%	\$ 17,814,079
2011	\$ 5,922,700	\$ 1,170,706	19.8%	\$ 13,389,793
2010	\$ 5,555,900	\$ 1,065,575	19.2%	\$ 8,637,799

### Funded Status and Funding Progress

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

## 12. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

### Schedule of Funding Progress for the County's and CNR's Plan (in thousands)

Actuarial Valuation Date	Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a% of Covered Payroll (b-a)/(c)
10/1/2011	12/31/12	\$ -	\$ 87,562	\$ 87,562	0.0%	\$41,441	211.3%
10/1/2009	12/31/11	\$ -	\$ 71,605	\$ 71,605	0.0%	\$41,163	173.9%
10/1/2009	12/31/10	\$ -	\$ 71,605	\$ 71,605	0.0%	\$38,828	184.4%

#### Actuarial Methods and Assumptions

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

In the October 1, 2011 actuarial valuation, the following methods and assumptions were used:

Actuarial cost method	Projected Unit Credit Cost Method
Discount rate*	4.0%
Medical care cost trend rate	7.7%, or 8.1% initially, based on type of plan chosen. The rate is reduced by decrements to an ultimate rate of 4.6% in 2081.
Unfunded actuarial accrued liability:	
Amortization period	30 years
Amortization method	Level dollar
Amortization basis	Open

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

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

## 13. LIVINGSTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

### Revolving Loan Fund

The IDA has entered into an agreement with the Livingston County Board of Supervisors to act as the Administrative Agency of the County for the administration of a Revolving Loan Fund. The purpose of the Revolving Loan Fund is to make operating and capital loans to existing and potential new industries located, or locating operations, in Livingston County, New York. These loans are to create and retain jobs, expand the tax base and assist in retaining rail transportation. There are no outstanding loans at December 31, 2012.

### 13. LIVINGSTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY (Continued)

#### Industrial Revenue Bond and Note Transactions

In connection with its efforts to promote economic growth in Livingston County, New York, the IDA has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entities served by the bond issuance. The IDA is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2012 there were three (3) series of Industrial Development Bonds outstanding with an approximate aggregate amount payable of \$11.8 million.

### 14. OTHER INFORMATION

#### Risk Management

- **Liability**

The County assumes the liability for some risk including, but not limited to, general and personal injury liability. The County's risk relating to general liability is limited to \$250,000 per incident plus amounts in excess of \$1,750,000 per incident and \$3,000,000 in the aggregate. The balance of the self-insurance reserve at December 31, 2012 is \$3,876,458.

- **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. Based upon the requirements of GASB Statement No. 10, 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, 2012 amounted to \$7,650,603.

The change in claims liabilities for the years ended December 31 were as follows:

	<u>2012</u>
Balance - beginning of year	\$ 5,308,071
Insured claims	5,817,570
Claims payments	<u>(3,475,038)</u>
Balance - end of year	<u>\$ 7,650,603</u>

No claims were settled during 2012 by purchasing annuity contracts.

## 14. OTHER INFORMATION (Continued)

### Risk Management (Continued)

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

Statistical information from the third-party administrator for prior years is not readily available; therefore, all disclosures required by GASB Statement No. 10 are not presented. Only the following is presented:

	<u>Contribution Revenue</u>	<u>Actual Claims Expense</u>
2012	\$ 5,239,562	\$ 4,921,758
2011	2,954,614	2,648,120
2010	2,922,435	2,917,254
2009	2,616,016	2,349,929
2008	3,219,938	2,657,992
2007	2,938,939	2,329,994
2006	3,049,434	3,393,168
2005	2,843,085	2,678,774
2004	3,004,775	3,233,777
2003	<u>3,057,711</u>	<u>3,209,052</u>
	<u>\$ 31,846,509</u>	<u>\$ 30,339,818</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 2012 year totaled \$90,626, which was liquidated with available financial resources. The balance of the Fund at December 31, 2012 was \$346,476 and is recorded in the General Fund. In addition, as of December 31, 2012, no loss contingencies existed or were considered probable or estimable.

### **Concentrations**

The County had a three-year agreement with the full-time members of its employees' union and a three-year agreement with the part-time members of its employees' union that expired on December 31, 2012. The union represents greater than 75% of the County's workforce.

## 15. FUND BALANCES

As of December 31, 2012, fund balances were composed of the following:

	General Fund	Capital Projects Fund	County Road Fund	Non-major Funds	Total
Nonspendable -					
Prepaid expenditures	\$ 1,340,494	\$ -	\$ 73,571	\$ 27,935	\$ 1,442,000
Restricted -					
Debt service	-	-	-	887,022	887,022
Law	1,345,703	-	90,000	1,141,555	2,577,258
Assigned					
Appropriations	3,050,000	-	350,000	-	3,400,000
General governmental support	27,778	-	-	-	27,778
Public safety	243,434	-	-	-	243,434
Public health	53,881	-	-	-	53,881
Economic assistance	17,959	-	-	-	17,959
Transportation	-	-	128,934	-	128,934
Other spendable amounts	221,583	1,999,955	2,515,940	808,212	5,545,690
Unassigned	<u>27,477,601</u>	<u>-</u>	<u>-</u>	<u>(7,438)</u>	<u>27,470,163</u>
Total	<u>\$33,778,433</u>	<u>\$ 1,999,955</u>	<u>\$ 3,158,445</u>	<u>\$ 2,857,286</u>	<u>\$ 41,794,119</u>

## 16. LITIGATION

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

## 17. FEDERAL AND STATE FUNDED PROGRAMS

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

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

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

## 18. IMPACT OF FUTURE GASB PRONOUNCEMENTS

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*. This standard modifies requirements for inclusion of component units in the County's financial statements. This standard provides additional guidance on blending component units. The County is required to adopt the provisions of Statement No. 61 for the year ending December 31, 2013. The County's management has not yet assessed the impact of this statement on its future financial statements.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. This standard clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The County is required to adopt the provisions of Statement No. 64 for the year ending December 31, 2012. The County's management has not yet assessed the impact of this statement on its future financial statements.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*. This standard improves accounting and financial reporting by clarifying guidance regarding risk financing, operating lease payments, and accounting for loans. The County is required to adopt the provisions of Statement No. 66 for the year ending December 31, 2013. The County's management has not yet assessed the impact of this statement on its future financial statements.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25*. This standard improves accounting and financial reporting by expanding disclosures and required supplementary information of state and local governmental pension plans. The County is required to adopt the provisions of Statement No. 67 for the year ending December 31, 2014. The County's management has not yet assessed the impact of this statement on its future financial statements.

In June 2012, the GASB issued Statement No. 68, *Accounting and Reporting for Pension Plans*. This standard improves accounting and financial reporting by requiring governments to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits through additional disclosures and required supplementary information. The County is required to adopt the provisions of Statement No. 68 for the year ending December 31, 2015. The County's management has not yet assessed the impact of this statement on its future financial statements.

# COUNTY OF LIVINGSTON, NEW YORK

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budget (Including Carryover <u>Encumbrances</u> )	Budget ( <u>Amended</u> )	<u>Actual</u>	<u>Encumbrances</u>	Favorable (Unfavorable) <u>Variance</u>
<b>REVENUES:</b>					
Real property taxes and tax items	\$ 19,606,897	\$ 19,606,897	\$ 19,667,079	\$ -	\$ 60,182
Non-property tax items	27,308,000	28,259,654	30,392,475	-	2,132,821
Departmental income	10,347,221	10,424,816	10,892,029	-	467,213
Intergovernmental charges	433,059	445,332	541,968	-	96,636
Use of money and property	3,244,872	3,244,872	3,054,971	-	(189,901)
Licenses and permits	11,000	11,000	20,828	-	9,828
Fines and forfeitures	450,600	489,900	457,046	-	(32,854)
Sale of property and compensation for loss	5,325	73,087	156,779	-	83,692
Miscellaneous	612,486	631,828	570,487	-	(61,341)
Interfund revenues	1,404,714	1,404,714	1,374,334	-	(30,380)
State aid	15,636,666	15,766,375	12,221,561	-	(3,544,814)
Federal aid	14,977,703	16,840,507	15,565,263	-	(1,275,244)
<b>Total revenues</b>	<b>94,038,543</b>	<b>97,198,982</b>	<b>94,914,820</b>	<b>-</b>	<b>(2,284,162)</b>
<b>EXPENDITURES:</b>					
Current -					
General governmental support	14,580,248	14,780,363	13,325,858	27,778	1,426,727
Education	5,781,500	6,284,852	6,107,605	-	177,247
Public safety	15,758,626	16,195,851	15,561,276	243,434	391,141
Public health	12,334,923	13,817,544	13,304,686	53,881	458,977
Transportation	36,000	36,000	35,024	-	976
Economic assistance and opportunity	41,016,766	41,442,835	37,499,490	17,959	3,925,386
Culture and recreation	571,151	606,955	512,473	-	94,482
Home and community services	3,412,764	3,412,764	2,264,216	-	1,148,548
Debt service -					
Principal - bonds	1,500,000	1,413,727	1,500,000	-	(86,273)
Interest and other charges	921,565	921,565	835,291	-	86,274
<b>Total expenditures</b>	<b>95,913,543</b>	<b>98,912,456</b>	<b>90,945,919</b>	<b>343,052</b>	<b>7,623,485</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,875,000)</b>	<b>(1,713,474)</b>	<b>3,968,901</b>	<b>(343,052)</b>	<b>5,339,323</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers - out	(550,000)	(4,882,000)	(1,990,588)	-	(2,891,412)
<b>Total other financing sources (uses)</b>	<b>(550,000)</b>	<b>(4,882,000)</b>	<b>(1,990,588)</b>	<b>-</b>	<b>(2,891,412)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(2,425,000)</b>	<b>(6,595,474)</b>	<b>1,978,313</b>	<b>(343,052)</b>	<b>2,447,911</b>
<b>FUND BALANCE - beginning of year</b>	<b>31,800,120</b>	<b>31,800,120</b>	<b>31,800,120</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 29,375,120</b>	<b>\$ 25,204,646</b>	<b>\$ 33,778,433</b>	<b>\$ (343,052)</b>	<b>\$ 2,447,911</b>

Note: Budgetary basis is the same as GAAP except that outstanding encumbrances are treated as expenditures on this schedule.

**COUNTY OF LIVINGSTON, NEW YORK**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

---

	Debt Service <u>Fund</u>	Special Revenue <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 44,473	\$ 1,945,029	\$ 1,989,502
Limited use assets	887,022	-	887,022
Accounts receivable, net	846,468	23,316	869,784
Due from other governments	-	57,095	57,095
Due from other funds	-	15,872	15,872
Prepaid expenses	-	27,935	27,935
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 1,777,963</u>	<u>\$ 2,069,247</u>	<u>\$ 3,847,210</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
LIABILITIES:			
Accounts payable and other current liabilities	\$ -	\$ 13,890	\$ 13,890
Accrued wages and benefits	-	21,632	21,632
Due to other funds	-	107,934	107,934
Unearned revenue	846,468	-	846,468
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>846,468</u>	<u>143,456</u>	<u>989,924</u>
 FUND BALANCES:			
Nonspendable	-	27,935	27,935
Restricted	887,022	1,141,555	2,028,577
Assigned	44,473	763,739	808,212
Unassigned	-	(7,438)	(7,438)
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>931,495</u>	<u>1,925,791</u>	<u>2,857,286</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 1,777,963</u>	<u>\$ 2,069,247</u>	<u>\$ 3,847,210</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF LIVINGSTON, NEW YORK**

**COMBINING STATEMENT OF CHANGES IN REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Debt Service <u>Fund</u>	Special Revenue <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES:			
Real property and tax items	\$ -	\$ 436,358	\$ 436,358
Use of money and property	170	5,274	5,444
Sale of property and compensation for loss	-	24,238	24,238
Miscellaneous	786,002	598,012	1,384,014
Federal aid	-	512,556	512,556
	<u>786,172</u>	<u>1,576,438</u>	<u>2,362,610</u>
EXPENDITURES:			
Current -			
Government support	53,835	1,406	55,241
Transportation	-	1,560,869	1,560,869
Economic assistance and opportunity	-	504,699	504,699
Home and community services	-	10,961	10,961
Debt service -			
Principal	170,000	210,165	380,165
Interest and other charges	554,732	111,270	666,002
	<u>778,567</u>	<u>2,399,370</u>	<u>3,177,937</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>7,605</u>	<u>(822,932)</u>	<u>(815,327)</u>
OTHER FINANCING SOURCES:			
Operating transfers - in	-	1,361,715	1,361,715
	<u>-</u>	<u>1,361,715</u>	<u>1,361,715</u>
CHANGE IN FUND BALANCE	7,605	538,783	546,388
FUND BALANCE - beginning of year, as previously reported	1,396,573	1,387,008	2,783,581
CHANGE IN ACCOUNTING PRINCIPLE	<u>(472,683)</u>	<u>-</u>	<u>(472,683)</u>
FUND BALANCE - beginning of year, as restated	<u>923,890</u>	<u>1,387,008</u>	<u>2,310,898</u>
FUND BALANCE - end of year	<u>\$ 931,495</u>	<u>\$ 1,925,791</u>	<u>\$ 2,857,286</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF LIVINGSTON, NEW YORK**

**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2012**

	Road Machinery <u>Fund</u>	Water <u>Fund</u>	Special Grant <u>Fund</u>	Sewer <u>Fund</u>	Total Nonmajor Special Revenue <u>Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 775,289	\$ 972,219	\$ 28,185	\$ 169,336	\$ 1,945,029
Accounts receivable, net	23,316	-	-	-	23,316
Due from other governments	-	-	57,095	-	57,095
Due from other funds	-	-	15,872	-	15,872
Prepaid expenditures	<u>10,361</u>	<u>-</u>	<u>17,574</u>	<u>-</u>	<u>27,935</u>
Total assets	<u>\$ 808,966</u>	<u>\$ 972,219</u>	<u>\$ 118,726</u>	<u>\$ 169,336</u>	<u>\$ 2,069,247</u>
<b>LIABILITIES AND FUND BALANCES</b>					
LIABILITIES:					
Accounts payable and other current liabilities	\$ 13,551	\$ -	\$ 339	\$ -	\$ 13,890
Accrued wages and benefits	10,954	-	10,678	-	21,632
Due to other funds	<u>10,361</u>	<u>-</u>	<u>97,573</u>	<u>-</u>	<u>107,934</u>
Total liabilities	<u>34,866</u>	<u>-</u>	<u>108,590</u>	<u>-</u>	<u>143,456</u>
FUND BALANCES:					
Nonspendable	10,361	-	17,574	-	27,935
Restricted	-	972,219	-	169,336	1,141,555
Assigned	763,739	-	-	-	763,739
Unassigned	<u>-</u>	<u>-</u>	<u>(7,438)</u>	<u>-</u>	<u>(7,438)</u>
Total fund balances	<u>774,100</u>	<u>972,219</u>	<u>10,136</u>	<u>169,336</u>	<u>1,925,791</u>
Total liabilities and fund balances	<u>\$ 808,966</u>	<u>\$ 972,219</u>	<u>\$ 118,726</u>	<u>\$ 169,336</u>	<u>\$ 2,069,247</u>

The accompanying notes are an integral part of these statements.

**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, 2012**

	Road Machinery <u>Fund</u>	Water <u>Fund</u>	Special Grant <u>Fund</u>	Sewer <u>Fund</u>	Total Nonmajor Special Revenue <u>Funds</u>
<b>REVENUES:</b>					
Real property and tax items	\$ -	\$ 342,874	\$ -	\$ 93,484	\$ 436,358
Use of money and property	300	2,671	-	2,303	5,274
Sale of property and compensation for loss	24,238	-	-	-	24,238
Miscellaneous	595,546	-	2,466	-	598,012
Federal aid	-	-	512,556	-	512,556
	<u>620,084</u>	<u>345,545</u>	<u>515,022</u>	<u>95,787</u>	<u>1,576,438</u>
<b>EXPENDITURES:</b>					
Current -					
Government support	-	1,406	-	-	1,406
Transportation	1,560,869	-	-	-	1,560,869
Economic assistance and opportunity	-	-	504,699	-	504,699
Home and community services	-	-	10,323	638	10,961
Debt service -					
Principal	-	140,300	-	69,865	210,165
Interest and other charges	-	103,189	-	8,081	111,270
	<u>1,560,869</u>	<u>244,895</u>	<u>515,022</u>	<u>78,584</u>	<u>2,399,370</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(940,785)</u>	<u>100,650</u>	<u>-</u>	<u>17,203</u>	<u>(822,932)</u>
<b>OTHER FINANCING SOURCES:</b>					
Proceeds from refunding bonds	-	1,852,000	-	-	1,852,000
Premium on bond obligation	-	132,947	-	-	132,947
Payment to escrow agent	-	(1,972,006)	-	-	(1,972,006)
Bond issuance costs	-	(12,941)	-	-	(12,941)
Operating transfers - in	1,361,715	-	-	-	1,361,715
	<u>1,361,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,361,715</u>
<b>CHANGE IN FUND BALANCE</b>	420,930	100,650	-	17,203	538,783
<b>FUND BALANCE - beginning of year</b>	<u>353,170</u>	<u>871,569</u>	<u>10,136</u>	<u>152,133</u>	<u>1,387,008</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 774,100</u>	<u>\$ 972,219</u>	<u>\$ 10,136</u>	<u>\$ 169,336</u>	<u>\$ 1,925,791</u>

The accompanying notes are an integral part of these statements.

**SECTION B**

**OMB CIRCULAR A-133**

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

September 17, 2013

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

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 17, 2013. Our report includes a reference to other auditors who audited the financial statements of the Livingston County Industrial Development Agency, Livingston County Water and Sewer Authority, and the Livingston County Center for Nursing and Rehabilitation, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

**Internal Control Over Financial Reporting**

In planning and performing our audit, 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

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

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

(Continued)

**Internal Control Over Financial Reporting (Continued)**

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

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

September 17, 2013

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

**Report on Compliance for Each Major Federal Program**

We have audited the County of Livingston, New York's (the County's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2012.

171 Sully's Trail, Suite 201  
Pittsford, New York 14534  
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(Continued)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**  
(Continued)

**Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**COUNTY OF LIVINGSTON, NEW YORK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Passed through the NYS Office of Children and Family Services - <b>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</b>	<b>10.561</b>	<b>N/A</b>	<b>\$ 1,272,025</b>
Passed through the NYS Department of Health - Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C025758	<u>1,490,151</u>
Total - U.S. Department of Agriculture			<u>2,762,176</u>
U.S. Department of Housing and Urban Development:			
Passed through the NYS Division of Housing and Community Renewal - Community Development Block Grants/Technical Assistance Program Section 8 Housing Choice Vouchers	14.227 14.871	N/A N/A	10,323 <u>288,185</u>
Total - U.S. Department of Housing and Urban Development			<u>298,508</u>
U.S. Department of Labor:			
Passed through the NYS Department of Labor - WIA Cluster:			
WIA Adult Program	17.258	N/A	113,011
WIA Youth Activities	17.259	N/A	109,877
WIA Dislocated Worker Formula Grants	17.278	N/A	131,963
ARRA-WIA Dislocated Workers	17.260	N/A	520
Employment Service/Wagner-Peyser Funded Activities	17.207	N/A	27,199
H1-B Job Training Grants	17.268	N/A	18,526
Trade Adjustment Assistance	17.245	N/A	<u>6,598</u>
<i>Total NYS Department of Labor</i>			407,694
Passed through the Genesee, Livingston, Orleans, Wyoming Workforce Investment Board - Vocational Rehabilitation Grants to States	84.126	N/A	<u>16,233</u>
Total - U.S. Department of Labor			<u>423,927</u>

(Continued)

**COUNTY OF LIVINGSTON, NEW YORK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

(Continued)

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation:			
Passed through the NYS Department of Transportation -			
Highway Planning and Construction	20.205	D033655	3,936
Highway Planning and Construction	20.205	D033657	253,116
Highway Planning and Construction	20.205	D032768	307
Highway Planning and Construction	20.205	D032603	538,753
Highway Planning and Construction	20.205	D032604	693,340
Highway Planning and Construction	20.205	D033822	26,952
Highway Planning and Construction	20.205	D033654	<u>47,225</u>
<i>Total NYS Department of Transportation</i>			<u>1,563,629</u>
Passed through Genesee Transportation Council			
Highway Planning and Construction	20.205	N/A	49,980
Metropolitan Transportation Planning	20.505	N/A	<u>48,020</u>
<i>Total Genesee Transportation Council</i>			<u>98,000</u>
Passed through the NYS Governor's Traffic Safety Committee -			
State and Community Highway Safety	20.600	N/A	29,268
State and Community Highway Safety	20.600	T523563	23,161
Occupant Protection Incentive Grants	20.602	CPS-2012-00016	8,500
Safety Belt Performance Grants	20.609	CPS-2012-0008	<u>2,204</u>
<i>Total NYS Governor's Traffic Safety Committee</i>			<u>63,133</u>
Total - U.S. Department of Transportation			<u>1,724,762</u>
U.S. Department of Health and Human Services:			
Passed through the NYS Office of Children and Family Services -			
<b>Temporary Assistance for Needy Families</b>	<b>93.558</b>	<b>N/A</b>	<b>6,103,742</b>
Foster Care - Title IV-E	93.658	N/A	1,200,959
ARRA - Foster Care - Title IV-E	93.658	N/A	8,080
Adoption Assistance	93.659	N/A	279,691
ARRA - Adoption Assistance	93.659	N/A	4,959
Child Care and Development Block Grant	93.575	N/A	1,304,422
Social Services Block Grant	93.667	N/A	<u>1,923,452</u>
<i>Total NYS Office of Children and Family Services</i>			<u>10,825,305</u>

(Continued)

**COUNTY OF LIVINGSTON, NEW YORK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

(Continued)

Federal Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services: (Continued)			
Passed through the NYS Office for the Aging -			
Special Programs for the Aging Cluster -			
Special Programs for the Aging - Title IIIB - Grants for Supportive Services and Senior Centers	93.044	N/A	53,640
Special Programs for the Aging - Title IIIC - Nutrition Services	93.045	N/A	96,184
Nutrition Services Incentive Program	93.053	N/A	<u>43,544</u>
<i>Subtotal-Special Programs for the Aging Cluster</i>			<u>193,368</u>
Special Programs for the Aging - Title IIID -			
Disease Prevention and Health Promotion Services	93.043	N/A	3,852
National Family Caregiver Support - Title IIIE	93.052	N/A	41,466
Low-Income Home Energy Assistance Program			
Foster Grandparent Program	93.568	N/A	7,285
	94.011	N/A	171,104
Affordable Care Act - Medicare Improvements for Patients and Providers			
Centers for Medicare and Medicaid Services Research	93.518	N/A	5,063
Demonstrations and Evaluations	93.779	N/A	<u>43,768</u>
<i>Total NYS Office for the Aging</i>			<u>465,906</u>
Passed through Coordinated Care Services, Inc. -			
Children's Health Insurance Program	93.767	N/A	6,807
Medical Assistance Program	93.778	N/A	<u>12,156</u>
<i>Total Coordinated Care Services, Inc.</i>			<u>18,963</u>

(Continued)

**COUNTY OF LIVINGSTON, NEW YORK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

(Continued)

Federal Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services: (Continued)			
Passed through the NYS Department of Health -			
Family Planning - Services	93.217	C027028	150,532
Public Health Emergency Preparedness	93.069	1617-10	52,875
Medical Assistance Program	93.778	N/A	70,766
Medical Assistance Program	93.778	C021360	55,552
Immunization Cooperative Agreements	93.268	C023251	13,102
Maternal and Child Health Services Block Grant to the States	93.994	C026516	15,728
Maternal and Child Health Services Block Grant to the States	93.994	C027028	71,682
Maternal and Child Health Services Block Grant to the States	93.994	C024624	<u>14,134</u>
<i>Total NYS Department of Health</i>			<u>444,371</u>
Passed through National Association of County and City Health Officials			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	2012	<u>24,871</u>
<i>Total National Association of County and City Health Officials</i>			<u>24,871</u>
Passed through the NYS Department of Labor -			
Medical Assistance Program	93.778	N/A	<u>1,500,501</u>
<i>Total NYS Department of Labor</i>			<u>1,500,501</u>
Passed through the NYS Office of Temporary and Disability Assistance -			
<b>Child Support Enforcement</b>	<b>93.563</b>	<b>N/A</b>	<b>402,130</b>
<b>ARRA - Child Support Enforcement</b>	<b>93.563</b>	<b>N/A</b>	<b>146,993</b>
Low-Income Home Energy Assistance	93.568	N/A	<u>2,625,467</u>
<i>Total NYS Office of Temporary and Disability Assistance</i>			<u>3,174,590</u>
Passed through the NYS Division of Housing and Community Renewal			
Low-Income Home Energy Assistance	93.568	C091036-11	179,783
Low-Income Home Energy Assistance	93.568	C091036-12	<u>111,123</u>
<i>Total NYS Division of Housing and Community Renewal</i>			<u>290,906</u>
Total - U.S. Department of Health and Human Services			<u>16,745,413</u>
U.S. Department of Education:			
Passed through the NYS Department of Health -			
Special Education - Grants for Infants and Families	84.181	C027487	<u>46,480</u>
Total - U.S. Department of Education			<u>46,480</u>

(Continued)

**COUNTY OF LIVINGSTON, NEW YORK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

(Continued)

Federal Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security:			
Passed through the NYS Division of Homeland Security and Emergency Services -			
Homeland Security Grant Program	97.055	C151905	90,000
Homeland Security Grant Program	97.067	C837200	8,110
Homeland Security Grant Program	97.067	C837202	72,845
Homeland Security Grant Program	97.067	C971312	<u>87,204</u>
Total - U.S. Department of Homeland Security			<u>258,159</u>
U.S. Department of Justice:			
Passed through the NYS Division of Criminal Justice Services -			
Violence Against Women Formula Grants	16.588	C554245	43,499
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	BR111023EEO	<u>4,261</u>
Total - U.S. Department of Justice			<u>47,760</u>
U.S. Department of Energy			
Passed through the NYS Division of Housing and Community Renewal:			
ARRA - Weatherization Assistance for Low-Income Persons	81.042	C0902236	<u>19,395</u>
Total - U.S. Department of Energy			<u>19,395</u>
U.S. Election Assistance Commission:			
Passed through the NYS Board of Elections -			
Help America Vote Act Requirements Payments	90.401	C003226	<u>12,101</u>
Total - U.S. Election Assistance Commission			<u>12,101</u>
U.S. Environmental Protection Agency:			
Passed through the NYS Department of Health -			
State Indoor Radon	60.032	T027072	<u>165</u>
Total - U.S. Environmental Protection Agency			<u>165</u>
Total Expenditures of Federal Awards			<u>\$ 22,338,846</u>

**Note: Bold items denote major programs.**

## COUNTY OF LIVINGSTON, NEW YORK

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2012

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#### 1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of federal financial assistance programs administered by the County of Livingston, New York (the County), an entity as defined in the basic financial statements, except that it does not include the federal financial assistance programs, if any, of the Livingston County Center for Nursing and Rehabilitation, Livingston County Water and Sewer Authority, Livingston Tobacco Asset Securitization Corporation, and Livingston County Industrial Development Agency.

#### 2. PASS-THROUGH PROGRAMS

Where the County receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than the CFDA numbers, which may be assigned by pass-through grantors are not maintained in the County's financial management system. The County has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

#### 3. NONMONETARY FEDERAL PROGRAMS

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements to the County, termed "nonmonetary programs."

New York State pays benefits directly to vendors, primarily utility companies, on behalf of eligible persons participating in the Low-Income Home Energy Assistance Program (CFDA Number 93.568). Included in the amount presented on the schedule of expenditures of federal awards is \$2,477,624 in direct payments to vendors.

New York State pays benefits directly to recipients of the Special Supplemental Nutrition Program for Women, Infants and Children (CFDA Number 10.557). Included in the amount presented on the schedule of expenditures of federal awards is \$1,052,740 in direct payments to recipients.

#### 4. BASIS OF ACCOUNTING

The schedule of expenditures of federal awards is presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the County's general ledger. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the schedule of expenditures of federal awards up to such amounts.

**5. INDIRECT COSTS**

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

**6. MATCHING COSTS**

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

## COUNTY OF LIVINGSTON, NEW YORK

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2012

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#### A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report expresses an unqualified opinion on the basic financial statements of the County of Livingston, New York (the County).
2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported in the 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*.
3. No instances of noncompliance material to the basic financial statements of the County were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance.
5. The auditors' report on compliance for the County's major federal award programs expresses an unqualified opinion.
6. There were no audit findings relative to major federal award programs for the County.
7. The programs tested as major programs were:
  - CFDA No. 93.563 Child Support Enforcement
  - CFDA No. 93.558 Temporary Assistance for Needy Families (TANF)
  - CFDA No. 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
8. The threshold for distinguishing Types A and B programs was \$670,165.
9. The County was determined to be a low-risk auditee.

#### B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

#### C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.