

**COUNTY OF ST. LAWRENCE,
NEW YORK**

*Basic Financial Statements, Required Supplementary
Information, Supplementary Information and Federal
Awards Information for the Year Ended
December 31, 2018 and Independent Auditors' Reports*

COUNTY OF ST. LAWRENCE, NEW YORK
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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable County Board of Legislators and County Administrator
County of St. Lawrence, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of St. Lawrence, New York (the "County"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the St. Lawrence Industrial Development Agency—Civic Development Corporation (the "CDC") and Canton Human Service Initiatives, Inc. (the "CHSI"), which represent 7.3% and 44.3% assets, respectively, and 0.1% and 9.5% of the revenues, respectively, of the business-type activities. We did not audit the financial statements of the St. Lawrence County Industrial Development Agency (the "Agency"), the St. Lawrence County Industrial Development Agency—Local Development Corporation (the "LDC") and the St. Lawrence County Property Development Corporation (the "PDC"), which represent 35.4%, 62.3% and 0.4%, respectively, of the assets and 56.3%, 12.2% and 3.1%, respectively, of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the CDC, CHSI, Agency, LDC and PDC, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinion on the governmental activities, business-type activities, major funds and aggregate remaining fund information; and (2) qualified audit opinion on the aggregate discretely presented component units.

Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the St. Lawrence County Soil and Water Conservation District have not been audited, and we were not engaged to audit the St. Lawrence County Soil and Water Conservation District's financial statements as part of our audit of the County's basic financial statements. The St. Lawrence County Soil and Water Conservation District's financial activities are included in the County's basic financial statements as a discretely presented component unit and represent 1.9% and 28.5% of the assets and revenues, respectively, of the County's aggregate discretely presented component units.

Qualified Opinion on the Aggregate Discretely Presented Component Units

In our opinion, based on the reports of other auditors, except for the effects of the matter described in the Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units for the County, as of December 31, 2018, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the Governmental Activities, Business-type Activities, Major Funds and the Aggregate Remaining Fund Information

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, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, the County implemented Government Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

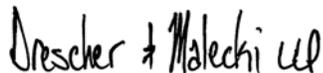
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulation ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, 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 the other auditors. In our opinion, the Supplementary Information, as listed in the table of contents, 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 August 12, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of 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.



August 12, 2019

COUNTY OF ST. LAWRENCE, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2018

As management of the County of St. Lawrence (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2018. This document should be read in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The liabilities and deferred inflows of resources of the primary government exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$113,330,710. This consists of \$128,350,640 net investment in capital assets, \$2,971,642 restricted for specific purposes, offset by an unrestricted net position of \$(244,652,992).
- The County's primary government total net position increased by \$22,204,875 during the year ended December 31, 2018. Governmental Activities increased the County's net position by \$21,248,964, while the net position of the County's Business-type Activities increased \$955,911.
- At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$31,579,312, an increase of \$7,468,596 in comparison with the prior year's fund balance of \$24,110,716.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$15,442,412, or 9.1 percent of total General Fund expenditures and transfers out. This amount constitutes approximately 60.9 percent of the General Fund's total fund balance of \$25,355,549 at December 31, 2018.
- The County's primary government total bonded indebtedness decreased by \$1,310,000 as a result of scheduled principal payments.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise 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 statement themselves.

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, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government support, education, public safety, public health, transportation, economic assistance and opportunity, culture and recreation and home and community services. The business-type activities of the County include solid waste management and two blended component units, the St. Lawrence County Industrial Development Agency—Civic Development Corporation (“CDC”) and Canton Human Service Initiatives, Inc. (“CHSI”).

The government-wide financial statements include not only the County and its blended component units (known as the *primary government*), but also the St. Lawrence County Industrial Development Agency, the St. Lawrence County Industrial Development Agency—Local Development Corporation, the St. Lawrence County Soil and Water Conservation District and the St. Lawrence County Property Development Corporation discretely presented component units, for which the County is financially accountable. Financial information for the component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14-15 of this report.

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 funds’ balance sheet and the governmental funds’ statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the County Road Fund, which are considered to be a major funds. Data from the other three governmental funds are combined into a single, aggregated

presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds—The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses an enterprise fund to account for Solid Waste, CDC and CHSI operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for the operation of the self-insurance workers' compensation program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Solid Waste Fund, CDC and CHSI. In addition, the Internal Service Fund is presented in the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 20-23 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of the funds are not available to support the County's own programs. The County maintains two fiduciary funds, the Agency Fund and the Private Purpose Trust Fund.

The Agency Fund reports resources held by the County in a custodial capacity for individuals, private organizations and other governments.

The Private Purpose Trust Fund is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The County uses this fund to account for New York Power Authority Grants.

The fiduciary funds financial statements can be found on page 24-25 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-62 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County's net pension liability, the County's other postemployment benefits and the County's budgetary comparison schedules for the General Fund and County Road Fund. Required Supplementary Information and related notes to the Required Supplementary Information can be found on pages 63-68 of this report.

The combining statements of discretely presented component units and the combining statements referred to earlier in connection with the nonmajor governmental funds are presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 69-72.

The Federal Awards Information presents the County's Schedule of Expenditures of Federal Awards. This section can be found on pages 73-84 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the County's primary government, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$113,330,710 at the close of the most recent fiscal year, as compared to liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$113,535,585 at the close of the fiscal year ended December 31, 2017, as restated.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2018	2017 (as restated)	2018	2017 (as restated)	2018	2017 (as restated)
Current assets	\$ 78,779,773	\$ 78,450,243	\$ 4,120,981	\$ 3,198,637	\$ 82,900,754	\$ 81,648,880
Noncurrent assets	166,940,121	163,294,915	5,966,478	6,281,881	172,906,599	169,576,796
Total assets	245,719,894	241,745,158	10,087,459	9,480,518	255,807,353	251,225,676
Deferred outflows of resources	36,311,350	14,398,412	1,102,195	592,176	37,413,545	14,990,588
Current liabilities	26,682,432	33,481,586	444,338	200,321	27,126,770	33,681,907
Noncurrent liabilities	321,575,265	348,760,312	11,667,956	12,679,574	333,243,221	361,439,886
Total liabilities	348,257,697	382,241,898	12,112,294	12,879,895	360,369,991	395,121,793
Deferred inflows of resources	45,150,986	6,528,075	1,030,631	101,981	46,181,617	6,630,056
Net position:						
Net investment						
in capital assets	126,253,266	117,654,369	2,097,374	2,335,575	128,350,640	119,989,944
Restricted	2,971,642	939,261	-	-	2,971,642	939,261
Unrestricted	(240,602,347)	(251,220,033)	(4,050,645)	(5,244,757)	(244,652,992)	(256,464,790)
Total net position	\$ (111,377,439)	\$ (132,626,403)	\$ (1,953,271)	\$ (2,909,182)	\$ (113,330,710)	\$ (135,535,585)

The largest portion of the County's net position, \$128,350,640, reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Accordingly, 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.

An additional portion of the County's net position, \$2,971,642, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The remaining balance of net position, \$(244,652,992) is considered to be unrestricted.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2018 and December 31, 2017.

Table 2—Condensed Statements of Changes in Net Position—Primary Government

	Governmental activities		Business-type activities		Total	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues	\$ 76,648,873	\$ 77,728,104	\$ 5,288,787	\$ 4,919,809	81,937,660	82,647,913
General revenues	<u>122,208,066</u>	<u>112,267,322</u>	<u>120,698</u>	<u>121,017</u>	<u>122,328,764</u>	<u>112,388,339</u>
Total revenues	<u>198,856,939</u>	<u>189,995,426</u>	<u>5,409,485</u>	<u>5,040,826</u>	<u>204,266,424</u>	<u>195,036,252</u>
Total expenses	<u>177,607,975</u>	<u>204,373,366</u>	<u>4,453,574</u>	<u>4,884,521</u>	<u>182,061,549</u>	<u>209,257,887</u>
Change in net position	21,248,964	(14,377,940)	955,911	156,305	22,204,875	(14,221,635)
Net position—beginning	(132,626,403)	(17,568,599)	(2,909,182)	(449,782)	(135,535,585)	(18,018,381)
Restatement	-	(100,679,864)	-	(2,615,705)	-	(103,295,569)
Net position—ending	<u>\$ (111,377,439)</u>	<u>\$ (132,626,403)</u>	<u>\$ (1,953,271)</u>	<u>\$ (2,909,182)</u>	<u>\$ (113,330,710)</u>	<u>\$ (135,535,585)</u>

Governmental activities—Governmental activities increased the County’s net position by \$21,248,964. A summary of revenues for governmental activities for the years ended December 31, 2018 and 2017 is presented below.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2018	2017	Dollars	Percent
Charges for services	\$ 21,353,850	\$ 23,740,081	\$ (2,386,231)	(10.1)
Operating grants and contributions	48,507,733	47,959,844	547,889	1.1
Capital grants and contributions	6,787,290	6,028,179	759,111	12.6
Property taxes and tax items	49,917,653	49,543,149	374,504	0.8
Non-property taxes	60,847,504	58,517,000	2,330,504	4.0
Other general revenues	<u>11,442,909</u>	<u>4,207,173</u>	<u>7,235,736</u>	172.0
Total revenues	<u>\$ 198,856,939</u>	<u>\$ 189,995,426</u>	<u>\$ 8,861,513</u>	4.7

The most significant source of revenues for governmental activities is non-property taxes, which accounts for \$60,847,504, or 30.6 percent of total revenues. The other significant sources of revenue include property taxes and tax items, which comprise \$49,917,653, or 25.1 percent of total revenues, operating grants and contributions, which comprise \$48,507,733, or 24.4 of total revenues, and charges for services, which comprise \$21,353,850, or 10.7 percent of total revenues. For the year ended December 31, 2017, the most significant source of revenues for governmental activities is non-property taxes, which accounts for \$58,517,000, or 30.8 percent of total revenues. The other significant sources of revenue include property taxes and tax items, which comprise \$49,543,149, or 26.1 percent of total revenues, operating grants and contributions, which comprise \$47,959,844, or 25.2 of total revenues, and charges for services, which comprise \$23,740,081, or 12.5 percent of total revenues.

Total revenues for the year ended December 31, 2018 were \$8,861,513 greater than the prior year. Other general revenues were \$7,235,736 greater than the prior year as a result of a significant adjustment to the workers' compensation plan liability following updated valuations techniques and assumptions used by the County's third-party actuary.

A summary of program expenses of governmental activities for the years ended December 31, 2018 and 2017 is presented below in table 4.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2018	2017	Dollars	Percent
General government support	\$ 50,383,791	\$ 56,001,462	\$ (5,617,671)	(10.0)
Education	843,830	1,019,069	(175,239)	(17.2)
Public safety	17,367,708	23,234,779	(5,867,071)	(25.3)
Public health	14,742,592	15,953,052	(1,210,460)	(7.6)
Transportation	21,638,080	23,920,015	(2,281,935)	(9.5)
Economic assistance and opportunity	68,665,643	79,622,696	(10,957,053)	(13.8)
Culture and recreation	424,598	418,540	6,058	1.4
Home and community services	2,463,091	3,010,571	(547,480)	(18.2)
Interest and fiscal charges	1,078,642	1,193,182	(114,540)	(9.6)
Total program expenses	<u>\$ 177,607,975</u>	<u>\$ 204,373,366</u>	<u>\$ (26,765,391)</u>	(13.1)

The County's most significant expense items for governmental activities were economic assistance and opportunity of \$68,665,643, or 38.7 percent of total governmental activities expenses, general government support of \$50,383,791, or 28.4 percent of total governmental activities expenses, transportation of \$21,638,080, or 12.2 percent of total governmental activities expenses, and public safety of \$17,367,708, or 9.8 percent of total governmental activities expenses for the year ended December 31, 2018. For the year ended December 31, 2017, significant expense items were economic assistance and opportunity of \$79,622,696, or 39.0 percent of total governmental activities expenses, general government support of \$56,001,642, or 27.4 percent of total governmental activities expenses, transportation of \$23,920,015, or 11.7 percent of total governmental activities expenses, and public safety of \$23,234,779, or 11.4 percent of total governmental activities expenses.

During the year ended December 31, 2018, total expenses decreased by \$26,765,391, which was largely due to changes in expenses related to the other postemployment benefits obligation and health insurance.

Business-type Activity—Business-type activities increased the County’s net position by \$955,911. A summary of revenues and operating expenses for the County’s business-type activities for the years ended December 31, 2018 and 2017 is presented below.

Table 5—Summary of Revenues and Expenses—Business-type Activities

	Year Ended December 31,		Increase/(Decrease)	
	2018	2017	Dollar	Percent
Revenues:				
Operating revenues	\$ 5,246,404	\$ 5,017,648	\$ 228,756	4.6
Nonoperating revenues	163,081	23,178	139,903	603.6
Total revenues	<u>\$ 5,409,485</u>	<u>\$ 5,040,826</u>	<u>\$ 368,659</u>	7.3
Operating expenses:				
General government support	\$ 430,127	\$ 399,565	\$ 30,562	7.6
Home and community services	3,541,286	3,969,733	(428,447)	(10.8)
Depreciation	482,161	515,223	(33,062)	(6.4)
Total operating expenses	<u>\$ 4,453,574</u>	<u>\$ 4,884,521</u>	<u>\$ (430,947)</u>	(8.8)

Financial Analysis of the Government’s Funds

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

Governmental funds—The focus of the County’s *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the County Board of Legislators.

At December 31, 2018, the County’s governmental funds reported combined ending fund balances of \$31,579,312, an increase of \$7,468,596 in comparison with the prior year. \$15,442,412 or 48.9 percent of this amount, constitutes *unassigned fund balance*, which may be available for spending per the County’s fund balance policy. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is: (1) not in spendable form, \$3,066,551, (2) restricted for particular purposes, \$2,971,642, or (3) assigned for particular purposes, \$10,098,707.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,442,412, while total fund balance increased \$7,034,478 to \$25,355,549. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to the total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 9.1 percent of General Fund expenditures and transfers out, while total fund balance represents 15.0 percent of that same amount.

The County Road Fund fund balance increased by \$227,967 from the prior year, primarily due to less expenditures for transportation costs than originally expected within the budget.

Proprietary funds—Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The net position of the enterprise funds at the end of the current fiscal year totaled \$(1,953,271).

The Internal Service Fund is used to account for the County’s self-insurance workers’ compensation program. The total net position at the end of the fiscal year was \$(6,425,920). This represents an increase of \$2,344,939.

General Fund Budgetary Highlights

The County’s General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year’s encumbrances since the funds were allocated under the previous year’s budget, and the County has appropriately assigned an equal amount of fund balance at year-end for this purpose. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended December 31, 2018 is presented in Table 6 below:

Table 6—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 172,684,868	\$ 176,462,623	\$ 176,384,700	\$ (77,923)
Expenditures and other financing uses	172,765,260	180,775,006	169,350,222	11,424,784
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (80,392)	\$ (4,312,383)	\$ 7,034,478	\$ 11,346,861

Original budget compared to final budget—During the year, the budget was modified primarily to reflect the increase in the collection of sales tax, which explains the increases in appropriations and revenue from the original adopted budget to the final budget. Additionally, the County amended their budget by \$1,351,034 for unanticipated costs in administering the CDBG program within home and community services and by \$1,291,267 related to higher than anticipated operating expenses and technical equipment within public safety.

Final budget compared to actual results—The General Fund had a positive variance from final budgetary appropriations of \$11,424,784. The primary positive variances were realized in general government support, economic assistance and opportunity and employee benefits due to lower than anticipated costs within these functions.

Capital Assets and Debt Administration

Capital assets—The County’s investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounted to \$162,412,561 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, land improvements, buildings and building improvements, and machinery and equipment.

All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the County’s capital asset policy.

Capital assets net of accumulated depreciation for the governmental activities and business-type activities at the years ended December 31, 2018 and December 31, 2017 are presented in Table 7 below:

Table 7—Summary of Capital Assets (Net of Accumulated Depreciation)

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,243,080	\$ 2,243,080	\$ 318,800	\$ 318,800	\$ 2,561,880	\$ 2,561,880
Construction in progress	5,855,194	4,385,995	-	-	5,855,194	4,385,995
Infrastructure	112,162,735	107,751,542	-	-	112,162,735	107,751,542
Land improvements	-	-	777,950	875,128	777,950	875,128
Buildings and building improvements	26,124,364	26,856,441	3,567,251	3,727,885	29,691,255	30,584,326
Machinery and equipment	<u>10,200,173</u>	<u>7,759,969</u>	<u>1,163,374</u>	<u>1,304,397</u>	<u>11,363,547</u>	<u>9,064,366</u>
Total	<u>\$ 156,585,546</u>	<u>\$ 148,997,027</u>	<u>\$ 5,827,375</u>	<u>\$ 6,226,210</u>	<u>\$ 162,412,561</u>	<u>\$ 155,223,237</u>

The County’s infrastructure assets are recorded at historical cost in the government-wide financial statements. The County has elected to depreciate its infrastructure assets. Additional information on County’s capital assets can be found in Note 5 of this report.

Long-term debt—The County currently has \$34,287,491 in total net bonded debt for functions considered governmental and business-type activities. This includes serial bonds and related premiums, and bonds issued by CHSI.

The County’s governmental and business-type activities also have recorded debt for a capital lease, compensated absences, workers’ compensation claims, OPEB obligation, landfill obligation and net pension liabilities.

A summary of the County's long-term liabilities at December 31, 2018 and December 31, 2017 is presented in Table 8 below:

Table 8—Summary of Long-Term Liabilities

	Governmental Activities		Business-type Activities	
	December 31,		December 31,	
	2018	2017 (as restated)	2018	2017 (as restated)
Bonds payable	\$ 27,720,000	\$ 29,030,000	\$ 5,040,000	\$ 5,320,000
Premium on bonds	1,527,491	1,621,279	-	-
Capital lease	1,084,789	901,487	-	-
Compensated absences	6,409,514	6,389,383	229,916	446,168
Workers' compensation liability	23,452,305	28,974,229	-	-
OPEB obligation	255,961,153	266,453,560	6,053,384	6,301,525
Landfill obligation	-	-	216,475	253,786
Net pension liability	5,420,013	15,390,374	128,181	358,095
Total	<u>\$ 321,575,265</u>	<u>\$ 348,760,312</u>	<u>\$ 11,667,956</u>	<u>\$ 12,679,574</u>

For additional information on the County's long-term liabilities, refer to Note 12 of this report.

Economic Factors and Next Year's Budgets

According to the New York State Department of Labor, the unemployment rate, not seasonally adjusted, for St. Lawrence County during 2018 was 5.6 percent. This is unfavorable to both New York State and the national unemployment rate of 3.9 percent.

The County's 2019 budget of \$236,927,372 represents an increase in appropriations from the 2018 budget of \$231,287,976. While the 2019 tax levy of \$47,793,962 represents an increase of 0.4% over the 2018 tax levy. The County has not appropriated fund balance in the 2019 budget.

Request for Information

This financial report is designed to provide the County's citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the St. Lawrence County Treasurer's Office, 48 Court Street, Canton, New York 13617.

BASIC FINANCIAL STATEMENTS

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COUNTY OF ST. LAWRENCE, NEW YORK
Statement of Net Position
December 31, 2018

	Primary Government			Aggregate Discretely Presented Component Units
	Governmental Activities	Business- type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 24,990,779	\$ 3,248,371	\$ 28,239,150	\$ 2,738,396
Restricted cash and cash equivalents	5,046,876	-	5,046,876	8,797,051
Investments	6,498,951	-	6,498,951	3,769,973
Receivables, net of allowances:				
Taxes	16,735,151	-	16,735,151	-
Accounts	1,796,575	629,917	2,426,492	1,326,493
Grants	-	-	-	1,883,560
Other	-	33,245	33,245	-
Intergovernmental receivables	21,381,737	176,722	21,558,459	-
Internal balances	166,583	(166,583)	-	-
Prepaid items	2,163,121	32,726	2,195,847	16,326
Noncurrent intergovernmental receivables	10,354,575	-	10,354,575	-
Mortgages, loans, notes and leases receivable	-	139,103	139,103	5,203,855
Capital assets not being depreciated	8,098,274	318,800	8,417,074	458,343
Capital assets, net of accumulated depreciation	<u>148,487,272</u>	<u>5,508,575</u>	<u>153,995,847</u>	<u>3,178,139</u>
Total assets	<u>245,719,894</u>	<u>9,920,876</u>	<u>255,640,770</u>	<u>27,372,136</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding bonds	1,281,050	273,742	1,554,792	-
Deferred outflows of resources—relating to pensions	17,735,492	419,437	18,154,929	172,668
Deferred outflows of resources—relating to OPEB	<u>17,294,808</u>	<u>409,016</u>	<u>17,703,824</u>	<u>85,363</u>
Total deferred outflows of resources	<u>36,311,350</u>	<u>1,102,195</u>	<u>37,413,545</u>	<u>258,031</u>
LIABILITIES				
Accounts payable	6,764,709	176,415	6,941,124	1,326
Retainage payable	7,624	-	7,624	-
Accrued liabilities	3,064,219	101,340	3,165,559	285,094
Intergovernmental payables	16,506,912	-	16,506,912	-
Unearned revenue	338,968	-	338,968	124,123
Noncurrent liabilities:				
Due within one year	5,155,522	340,672	5,496,194	805,187
Due in more than one year	<u>316,419,743</u>	<u>11,327,284</u>	<u>327,747,027</u>	<u>3,065,824</u>
Total liabilities	<u>348,257,697</u>	<u>11,945,711</u>	<u>360,203,408</u>	<u>4,281,554</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources—grants	1,571,812	-	1,571,812	-
Deferred inflows of resources—relating to pensions	19,172,144	453,414	19,625,558	193,148
Deferred inflows of resources—relating to OPEB	<u>24,407,030</u>	<u>577,217</u>	<u>24,984,247</u>	<u>343,485</u>
Total deferred inflows of resources	<u>45,150,986</u>	<u>1,030,631</u>	<u>46,181,617</u>	<u>536,633</u>
NET POSITION				
Net investment in capital assets	126,253,266	2,097,374	128,350,640	1,756,603
Restricted for:				
Insurance	2,748,154	-	2,748,154	-
Capital projects	223,488	-	223,488	-
Debt reduction	-	-	-	17,055,786
Unrestricted	<u>(240,602,347)</u>	<u>(4,050,645)</u>	<u>(244,652,992)</u>	<u>3,999,591</u>
Total net position	<u>\$ (111,377,439)</u>	<u>\$ (1,953,271)</u>	<u>\$ (113,330,710)</u>	<u>\$ 22,811,980</u>

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

COUNTY OF ST. LAWRENCE, NEW YORK
Statement of Activities
Year Ended December 31, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Aggregate Discretely Presented Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government support	\$ 50,383,791	\$ 15,219,573	\$ 2,755,405	\$ -	\$ (32,408,813)	\$ -	\$ (32,408,813)	\$ -
Education	843,830	929,106	-	-	85,276	-	85,276	-
Public safety	17,367,708	616,297	5,684,545	-	(11,066,866)	-	(11,066,866)	-
Public health	14,742,592	2,975,022	5,322,270	-	(6,445,300)	-	(6,445,300)	-
Transportation	21,638,080	2,783,152	4,457,632	6,787,290	(7,610,006)	-	(7,610,006)	-
Economic assistance and opportunity	68,665,643	2,698,451	29,721,971	-	(36,245,221)	-	(36,245,221)	-
Culture and recreation	424,598	-	565,910	-	141,312	-	141,312	-
Home and community services	2,463,091	88,709	-	-	(2,374,382)	-	(2,374,382)	-
Interest and fiscal charges	1,078,642	-	-	-	(1,078,642)	-	(1,078,642)	-
Total governmental activities	<u>177,607,975</u>	<u>25,310,310</u>	<u>48,507,733</u>	<u>6,787,290</u>	<u>(97,002,642)</u>	<u>-</u>	<u>(97,002,642)</u>	<u>-</u>
Business-type activities:								
Solid waste management	3,862,813	4,622,034	159,141	-	-	918,362	918,362	-
I.D.A.—Civic Development Corporation	191,333	-	-	-	-	(191,333)	(191,333)	-
Canton Human Service Initiatives	399,428	507,612	-	-	-	108,184	108,184	-
Total business-type activities	<u>4,453,574</u>	<u>5,129,646</u>	<u>159,141</u>	<u>-</u>	<u>-</u>	<u>835,213</u>	<u>835,213</u>	<u>-</u>
Total primary government	<u>\$ 182,061,549</u>	<u>\$ 30,439,956</u>	<u>\$ 48,666,874</u>	<u>\$ 6,787,290</u>	<u>(97,002,642)</u>	<u>835,213</u>	<u>(96,167,429)</u>	<u>-</u>
Aggregate Discretely Presented Component units:								
	<u>\$ 3,422,301</u>	<u>\$ 212,431</u>	<u>\$ 2,230,488</u>	<u>\$ -</u>				<u>(979,382)</u>
General revenues:								
Property taxes and other tax items					49,917,653	-	49,917,653	-
Non-property taxes					60,847,504	-	60,847,504	-
Use of money and property					179,938	3,940	183,878	185,264
Miscellaneous					5,476,070	60,569	5,536,639	642,002
Sale of property and compensation for loss					1,830,441	56,189	1,886,630	-
Total general revenues					<u>118,251,606</u>	<u>120,698</u>	<u>118,372,304</u>	<u>827,266</u>
Change in net position					21,248,964	955,911	22,204,875	(152,116)
Net position—beginning, as restated					<u>(132,626,403)</u>	<u>(2,909,182)</u>	<u>(135,535,585)</u>	<u>22,964,096</u>
Net position—ending					<u>\$ (111,377,439)</u>	<u>\$ (1,953,271)</u>	<u>\$ (113,330,710)</u>	<u>\$ 22,811,980</u>

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

COUNTY OF ST. LAWRENCE, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2018

	General Fund	County Road Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 17,350,229	\$ 1,987,094	\$ 2,314,536	\$ 21,651,859
Restricted cash and cash equivalents	4,467,860	-	579,016	5,046,876
Investments	1,499,530	-	499,843	1,999,373
Receivables (net of allowances):				
Taxes	16,735,151	-	-	16,735,151
Accounts receivable	1,734,164	53,017	9,394	1,796,575
Due from other funds	161,290	49,568	251,062	461,920
Intergovernmental receivables	18,352,123	1,557,277	-	19,909,400
Prepaid items	2,163,121	-	-	2,163,121
Total assets	<u>\$ 62,463,468</u>	<u>\$ 3,646,956</u>	<u>\$ 3,653,851</u>	<u>\$ 69,764,275</u>
LIABILITIES				
Accounts payable	\$ 6,245,771	\$ 224,641	\$ 211,222	\$ 6,681,634
Accrued liabilities	2,728,426	163,395	28,540	2,920,361
Intergovernmental payables	16,506,912	-	-	16,506,912
Due to other funds	37,284	217,941	40,231	295,456
Unearned revenues	147,894	-	191,074	338,968
Total liabilities	<u>25,666,287</u>	<u>605,977</u>	<u>471,067</u>	<u>26,743,331</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources—property taxes	9,869,820	-	-	9,869,820
Deferred inflows of resources—grants	1,571,812	-	-	1,571,812
Total deferred inflows of resources	<u>11,441,632</u>	<u>-</u>	<u>-</u>	<u>11,441,632</u>
FUND BALANCES				
Nonspendable	3,066,551	-	-	3,066,551
Restricted	2,748,154	-	223,488	2,971,642
Assigned	4,098,432	3,040,979	2,959,296	10,098,707
Unassigned	15,442,412	-	-	15,442,412
Total fund balances	<u>25,355,549</u>	<u>3,040,979</u>	<u>3,182,784</u>	<u>31,579,312</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 62,463,468</u>	<u>\$ 3,646,956</u>	<u>\$ 3,653,851</u>	<u>\$ 69,764,275</u>

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

COUNTY OF ST. LAWRENCE, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2018

Amounts reported for governmental activities in the statement of net position (page 14) are different because:

Total fund balances—governmental funds (page 16)		\$ 31,579,312
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$263,072,228 and the accumulated depreciation is \$106,486,682.		156,585,546
Other long-term receivables are not available to pay for current period expenditures and, therefore, are not reported in the funds.		1,472,337
Uncollected property taxes are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.		9,869,820
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows related to employer contributions	\$ 4,151,335	
Deferred outflows related to experience, assumptions, and investment earnings	13,584,157	
Deferred inflows related to pension plans	<u>(19,172,144)</u>	(1,436,652)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows relating to employer contributions and changes in assumptions	\$ 17,223,562	
Deferred inflows relating to experience	<u>(24,306,485)</u>	(7,082,923)
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge and recognized as a component of interest expense over either the lesser of the life of the debt issuance or the bonds refunded for the government-wide statements.		1,281,050
Internal service funds are used by management to charge the cost of insurance, judgments, claims and related administrative expenses to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		(6,425,920)
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(7,624)
Net accrued interest expense for bonds is not reported in the funds.		(143,858)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:		
Bonds payable	\$(27,720,000)	
Premium on bonds	(1,527,491)	
Capital lease	(1,084,789)	
Compensated absences	(6,409,514)	
Other postemployment benefits obligation	(254,906,720)	
Net pension liability	<u>(5,420,013)</u>	<u>(297,068,527)</u>
Net position of governmental activities		<u>\$ (111,377,439)</u>

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

COUNTY OF ST. LAWRENCE, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
Year Ended December 31, 2018

	<u>General Fund</u>	<u>County Road Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes	\$ 46,975,016	\$ -	\$ -	\$ 46,975,016
Real property tax items	3,361,863	-	-	3,361,863
Non-property tax items	60,847,504	-	-	60,847,504
Departmental income	14,143,712	13,300	-	14,157,012
Intergovernmental charges	1,644,779	2,084,260	230,618	3,959,657
Use of money and property	64,173	9,585	90,665	164,423
Licenses and permits	39,000	-	-	39,000
Fines and forfeitures	109,538	-	-	109,538
Sale of property and compensation for loss	1,623,509	30,272	278,923	1,932,704
Miscellaneous	2,644,735	376,205	507,587	3,528,527
Interfund revenues	328,279	-	2,454,873	2,783,152
State aid	23,173,323	5,617,535	-	28,790,858
Federal aid	20,602,868	4,457,632	1,443,665	26,504,165
Total revenues	<u>175,558,299</u>	<u>12,588,789</u>	<u>5,006,331</u>	<u>193,153,419</u>
EXPENDITURES				
Current:				
General government support	45,339,920	-	-	45,339,920
Education	818,709	-	-	818,709
Public safety	16,867,157	552,265	-	17,419,422
Health	14,317,585	-	-	14,317,585
Transportation	1,931,065	17,822,554	2,949,444	22,703,063
Economic assistance and opportunity	65,193,330	-	1,443,665	66,636,995
Culture and recreation	411,958	-	-	411,958
Home and community services	2,389,764	-	-	2,389,764
Employee benefits	8,795,464	-	-	8,795,464
Debt service:				
Principal	1,372,202	-	225,000	1,597,202
Interest and fiscal charges	954,483	-	56,188	1,010,671
Capital outlay	-	-	5,069,098	5,069,098
Total expenditures	<u>158,391,637</u>	<u>18,374,819</u>	<u>9,743,395</u>	<u>186,509,851</u>
Excess (deficiency) of revenues over expenditures	<u>17,166,662</u>	<u>(5,786,030)</u>	<u>(4,737,064)</u>	<u>6,643,568</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,373	10,854,848	5,093,851	15,950,072
Transfers out	(10,958,585)	(4,840,851)	(150,636)	(15,950,072)
Capital lease	825,028	-	-	825,028
Total other financing sources (uses)	<u>(10,132,184)</u>	<u>6,013,997</u>	<u>4,943,215</u>	<u>825,028</u>
Net change in fund balances	7,034,478	227,967	206,151	7,468,596
Fund balances—beginning	18,321,071	2,813,012	2,976,633	24,110,716
Fund balances—ending	<u>\$ 25,355,549</u>	<u>\$ 3,040,979</u>	<u>\$ 3,182,784</u>	<u>\$ 31,579,312</u>

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

COUNTY OF ST. LAWRENCE, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances—Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2018

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances—total governmental funds (page 18)		\$ 7,468,596
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital asset additions	\$ 12,537,410	
Depreciation expense	(4,854,900)	
Loss on disposition	<u>(93,991)</u>	7,588,519
<p>Certain tax and other revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in other receivables	\$ (102,263)	
Change in deferred inflows of resources—property taxes	<u>(419,226)</u>	(521,489)
<p>Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:</p>		
Direct pension contributions	\$ 5,666,016	
Cost of benefits earned net of employee contributions	<u>(5,788,638)</u>	(122,622)
<p>Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization.</p>		
Employer contributions and changes in assumptions	\$ 17,223,562	
Changes relating to experience	<u>(24,306,485)</u>	(7,082,923)
<p>For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge on the government-wide statements and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.</p>		
		(78,034)
<p>Internal service funds are used by management to charge the costs of insurance, judgments, claims and related administrative expenses to individual funds. The net loss of certain activities is reported within governmental activities.</p>		
		2,344,939
<p>Governmental funds report retained percentages expenditures on constructions contracts when the retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues.</p>		
		(7,624)
<p>In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.</p>		
		10,063
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:</p>		
Principal payments on bonds payable	1,310,000	
Amortization of premium on bonds	93,788	
Proceeds from capital lease	(825,028)	
Payment of capital lease	641,726	
Change in compensated absences	<u>(20,131)</u>	
Change in other postemployment benefits obligation	<u>10,449,184</u>	<u>11,649,539</u>
Change in net position of governmental activities		<u>\$ 21,248,964</u>

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

COUNTY OF ST. LAWRENCE, NEW YORK
Statement of Net Position—Proprietary Funds
December 31, 2018

	Business-type Activities— Enterprise Funds			Governmental Activities	
	Solid Waste Fund	Industrial Development Agency—Civic Development Corporation	Canton Human Service Initiatives	Total Business- type Activities	Internal Service Fund
	ASSETS				
Current assets:					
Cash and cash equivalents	\$ 1,951,056	\$ 560,953	\$ 736,362	\$ 3,248,371	\$ 3,338,920
Investments	-	-	-	-	4,499,578
Receivables (net of allowances)	629,917	-	-	629,917	-
Due from other funds	1,827	-	-	1,827	189
Intergovernmental receivables	176,722	-	-	176,722	-
Accrued interest receivable	-	1,456	-	1,456	-
Notes receivable	-	31,789	-	31,789	-
Prepaid items	32,726	-	-	32,726	-
Total current assets	<u>2,792,248</u>	<u>594,198</u>	<u>736,362</u>	<u>4,122,808</u>	<u>7,838,687</u>
Noncurrent assets:					
Intergovernmental receivables	-	-	-	-	10,354,575
Notes receivable	-	139,103	-	139,103	-
Capital assets not being depreciated	156,050	-	162,750	318,800	-
Capital assets, net of accumulated depreciation	1,941,324	-	3,567,251	5,508,575	-
Total noncurrent assets	<u>2,097,374</u>	<u>139,103</u>	<u>3,730,001</u>	<u>5,966,478</u>	<u>10,354,575</u>
Total assets	<u>4,889,622</u>	<u>733,301</u>	<u>4,466,363</u>	<u>10,089,286</u>	<u>18,193,262</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	-	-	273,742	273,742	-
Deferred outflows relating to pensions	419,437	-	-	419,437	-
Deferred outflows relating to OPEB	409,016	-	-	409,016	71,246
Total deferred outflows of resources	<u>828,453</u>	<u>-</u>	<u>273,742</u>	<u>1,102,195</u>	<u>71,246</u>
LIABILITIES					
Current liabilities:					
Accounts payable	176,415	-	-	176,415	83,075
Accrued liabilities	37,163	-	64,177	101,340	-
Due to other funds	168,410	-	-	168,410	70
Total current liabilities	<u>381,988</u>	<u>-</u>	<u>64,177</u>	<u>446,165</u>	<u>83,145</u>
Noncurrent liabilities:					
Due within one year:					
Bonds payable	-	-	290,000	290,000	-
Compensated absences	11,496	-	-	11,496	-
Landfill obligation	39,176	-	-	39,176	-
Workers' compensation claims	-	-	-	-	3,029,904
Due in more than one year:					
Bonds payable	-	-	4,750,000	4,750,000	-
Compensated absences	218,420	-	-	218,420	-
OPEB obligation	6,053,384	-	-	6,053,384	1,054,433
Landfill obligation	177,299	-	-	177,299	-
Net pension liability	128,181	-	-	128,181	-
Workers' compensation claims	-	-	-	-	20,422,401
Total noncurrent liabilities	<u>6,627,956</u>	<u>-</u>	<u>5,040,000</u>	<u>11,667,956</u>	<u>24,506,738</u>
Total liabilities	<u>7,009,944</u>	<u>-</u>	<u>5,104,177</u>	<u>12,114,121</u>	<u>24,589,883</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows relating to pensions	453,414	-	-	453,414	-
Deferred inflows relating to OPEB	577,217	-	-	577,217	100,545
Total deferred inflows of resources	<u>1,030,631</u>	<u>-</u>	<u>-</u>	<u>1,030,631</u>	<u>100,545</u>
NET POSITION					
Net investment in capital assets	2,097,374	-	-	-	-
Unrestricted	(4,419,874)	733,301	(364,072)	(4,050,645)	(6,425,920)
Total net position	<u>\$ (2,322,500)</u>	<u>\$ 733,301</u>	<u>\$ (364,072)</u>	<u>\$ (1,953,271)</u>	<u>\$ (6,425,920)</u>

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

COUNTY OF ST. LAWRENCE, NEW YORK
Statement of Revenues, Expenses and Changes in Fund Net Position—
Proprietary Funds
Year Ended December 31, 2018

	Business-type Activities— Enterprise Funds			Governmental Activities	
	Solid Waste Fund	Industrial Development Agency—Civic Development Corporation	Canton Human Service Initiatives	Total Business- type Activities	Internal Service Fund
Operating revenues:					
Charges for services	\$ 4,622,034	\$ -	\$ 507,612	\$ 5,129,646	\$ -
Intergovernmental revenues	-	-	-	-	4,261,951
Sale of property and compensation for loss	60,469	-	-	60,469	-
Miscellaneous	49,855	100	6,334	56,289	-
Total operating revenues	<u>4,732,358</u>	<u>100</u>	<u>513,946</u>	<u>5,246,404</u>	<u>4,261,951</u>
Operating expenses:					
General government support	-	191,333	238,794	430,127	3,786,282
Home and community services	3,541,286	-	-	3,541,286	-
Depreciation	321,527	-	160,634	482,161	-
Total operating expenses	<u>3,862,813</u>	<u>191,333</u>	<u>399,428</u>	<u>4,453,574</u>	<u>3,786,282</u>
Operating income (loss)	<u>869,545</u>	<u>(191,233)</u>	<u>114,518</u>	<u>792,830</u>	<u>475,669</u>
Nonoperating revenues:					
State aid	159,141	-	-	159,141	-
Use of money and property	940	3,000	-	3,940	15,515
Change in workers' compensation claims	-	-	-	-	1,853,755
Total nonoperating revenues	<u>160,081</u>	<u>3,000</u>	<u>-</u>	<u>163,081</u>	<u>1,869,270</u>
Change in net position	1,029,626	(188,233)	114,518	955,911	2,344,939
Total net position—beginning, as restated	<u>(3,352,126)</u>	<u>921,534</u>	<u>(478,590)</u>	<u>(2,909,182)</u>	<u>(8,770,859)</u>
Total net position—ending	<u>\$ (2,322,500)</u>	<u>\$ 733,301</u>	<u>\$ (364,072)</u>	<u>\$(1,953,271)</u>	<u>\$ (6,425,920)</u>

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

COUNTY OF ST. LAWRENCE, NEW YORK
Statement of Cash Flows—
Proprietary Funds
Year Ended December 31, 2018

	Business-type Activities—			Total Business- type Activities	Governmental
	Enterprise Funds				Activities
	Solid Waste Fund	Industrial Development Agency—Civic Development Corporation	Canton Human Service Initiatives		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from services provided	\$4,354,939	\$ 100	\$507,612	\$4,862,651	\$ 4,248,743
Receipts from other operating revenue	110,324	-	6,334	116,658	-
Payments to employees	(1,533,262)	-	(14,268)	(1,547,530)	(244,825)
Payments to suppliers	(2,255,760)	(191,333)	-	(2,447,093)	(313,649)
Cash paid for insurance and interest	-	-	(211,476)	(211,476)	-
Cash paid for workers' compensation benefits	-	-	-	-	(2,983,996)
Net cash provided by (used for) operating activities	<u>676,241</u>	<u>(191,233)</u>	<u>288,202</u>	<u>773,210</u>	<u>706,273</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grants received	31,174	-	-	31,174	-
Cash paid to other funds	(91,874)	-	-	(91,874)	61
Net cash (used for) provided by noncapital financing activities	<u>(60,700)</u>	<u>-</u>	<u>-</u>	<u>(60,700)</u>	<u>61</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital purchases	(83,326)	-	-	(83,326)	-
Repayment of bonds	-	-	(280,000)	(280,000)	-
Net cash used for capital and related financing activities	<u>(83,326)</u>	<u>-</u>	<u>(280,000)</u>	<u>(363,326)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Issuance of new notes	-	(120,475)	-	(120,475)	-
Payments received on notes	-	13,777	-	13,777	-
Interest received	940	3,247	-	4,187	15,515
Net cash provided by (used for) investing activities	<u>940</u>	<u>(103,451)</u>	<u>-</u>	<u>(102,511)</u>	<u>15,515</u>
Increase (decrease) in cash and cash equivalents	533,155	(294,684)	8,202	246,673	721,849
Cash and cash equivalents—beginning	<u>1,417,901</u>	<u>855,637</u>	<u>728,160</u>	<u>3,001,698</u>	<u>7,116,649</u>
Cash, cash equivalents and investments—ending	<u>\$1,951,056</u>	<u>\$ 560,953</u>	<u>\$736,362</u>	<u>\$3,248,371</u>	<u>\$ 7,838,498</u>

(continued)

COUNTY OF ST. LAWRENCE, NEW YORK
Statement of Cash Flows—
Proprietary Funds
Year Ended December 31, 2018

(concluded)

	Business-type Activities— Enterprise Funds			Total	Governmental Activities
	Industrial Development Agency—Civic Solid Waste Fund	Canton Human Service Initiatives	Total Business- type Activities	Internal Service Fund	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 869,545	\$ (191,233)	\$ 114,518	\$ 792,830	\$ 475,669
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	321,527	-	160,634	482,161	-
(Increase) in receivables	(267,095)	-	-	(267,095)	-
Decrease in prepaids	867	-	-	867	-
(Increase) in intergovernmental receivables	-	-	-	-	3,943,313
(Increase) in deferred outflows related to pensions	(116,211)	-	-	(116,211)	-
(Increase) in deferred outflows related to OPEB	(409,016)	-	-	(409,016)	(71,246)
Decrease in deferred charge on refunding	-	-	15,208	15,208	-
Increase (decrease) in accounts payable	76,160	-	-	76,160	(30,616)
Increase (decrease) in accrued liabilities	3,432	-	(2,158)	1,274	-
(Decrease) in compensated absences	(216,252)	-	-	(216,252)	-
(Decrease) in OPEB obligation	(248,141)	-	-	(248,141)	(43,223)
(Decrease) in landfill obligation	(37,311)	-	-	(37,311)	-
(Decrease) in net pension liability	(229,914)	-	-	(229,914)	-
(Decrease) in workers' compensation claims	-	-	-	-	(3,668,169)
Increase in deferred inflows related to pensions	351,433	-	-	351,433	-
Increase in deferred inflows related to OPEB	577,217	-	-	577,217	100,545
Total adjustments	<u>(193,304)</u>	<u>-</u>	<u>173,684</u>	<u>(19,620)</u>	<u>230,604</u>
Net cash provided by (used for) operating activities	<u>\$ 676,241</u>	<u>\$ (191,233)</u>	<u>\$ 288,202</u>	<u>\$ 773,210</u>	<u>\$ 706,273</u>

COUNTY OF ST. LAWRENCE, NEW YORK
Statement of Fiduciary Net Position—Fiduciary Funds
December 31, 2018

	<u>Agency Fund</u>	<u>Private Purpose Trust Fund</u>
ASSETS		
Restricted cash	\$ 873,972	\$ 100,825
Total assets	<u>\$ 873,972</u>	<u>100,825</u>
LIABILITIES		
Due to other governments	\$ 14,428	-
Other liabilities	<u>859,544</u>	<u>-</u>
Total liabilities	<u>\$ 873,972</u>	<u>-</u>
NET POSITION		
Restricted net position		<u>\$ 100,825</u>

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

COUNTY OF ST. LAWRENCE, NEW YORK
Statement of Changes in Fiduciary Net Position—Fiduciary Funds
Year Ended December 31, 2018

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
New York Power Authority deposits	\$ 3,062,572
Interest earned	<u>833</u>
Total additions	<u>3,063,405</u>
 DEDUCTIONS	
Transfer to other entities	3,042,686
Fees	<u>450,000</u>
Total deductions	<u>3,492,686</u>
Change in net position	(429,281)
Net position—beginning	<u>530,106</u>
Net position—ending	<u><u>\$ 100,825</u></u>

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

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COUNTY OF ST. LAWRENCE, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County of St. Lawrence, New York (the “County”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting principles are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The County, which was established in 1802, is governed by County local law, other general laws of the State of New York and various local laws and ordinances. The County Board of Legislators (the “Board”), which is a legislative body responsible for overall operating of the County, consists of fifteen legislators. The County administrator serves as chief administrative officer and the County Treasurer serves as chief fiscal officer of the County.

The County provides mandated social service programs such as Medicaid and Temporary Assistance for Needy Families. The County also provides the following basic services: general government support, highway construction and maintenance, economic assistance and opportunity, cultural and recreational programs, public safety and law enforcement and public health.

The County’s financial statements include those entities for which the County has clear oversight responsibility. This responsibility is determined through a review of such factors as the selecting of governing boards, financial interdependency and the ability to influence management and operations on a continuing basis. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Discretely Presented Component Units—The component unit column in the government-wide financial statements includes the financial data of the County’s discretely presented component units. The combining statements of discretely presented component units present the four component units in separate columns. These statements are presented separately from the financial data of the primary government to emphasize that they are legally separate from the County.

The St. Lawrence County Industrial Development Agency (the “Agency”)—The Agency is a public benefit corporation created by State legislation to promote the economic welfare, opportunities, and property of the County’s inhabitants. Members of the Agency are appointed by the County Board of Legislators. Agency revenues are generated by bonds secured by the assets acquired for the related project. The County is not liable for any Agency indebtedness. Separate financial statements for the Agency may be obtained by contacting the Agency directly, which is located in Canton, New York.

The St. Lawrence County Industrial Development Agency – Local Development Corporation (the “LDC”)—The LDC is a public benefit corporation established by the St. Lawrence County Industrial Development Agency to collect loan repayments from Community Development Block Grant Projects, and establish a County-wide revolving loan fund. The separately issued financial statements of the LDC include the Greater Massena Economic Development Fund (“GMEDF”) and the St. Lawrence River Valley Redevelopment Agency (“SLRVRA”).

Members of the LDC are appointed by the County Board of Legislators. LDC revenues are generated from the collection of interest on loans made from Community Development Block Projects. The County is not liable for any LDC indebtedness.

The GMEDF was established in 1987 with a \$1,000,000 grant from the New York Power Authority to be used to provide loans to certain business enterprises for the establishment, maintenance or expansion of plants, facilities or operations in the Town of Massena and the County of St. Lawrence. Initially, the New York Job Development Authority assumed administrative responsibility for the GMEDF. It was subsequently transferred to the LDC.

The SLRVRA is a joint action agency formed on June 2, 2010 to make use of certain New York Power Authority assets for the purposes of economic development in the St. Lawrence Valley and surrounding communities. The New York Power Authority made certain assets available consisting of \$16 million and 20 megawatts of electrical power generation from hydro-electric facilities situated on the St. Lawrence River. There is an agreement between the SLRVRA and the LDC for the administration of these assets.

Separate financial statements for the LDC may be obtained by contacting the LDC directly, which is located in the same office as the Agency, at 19 Commerce Lane, Suite 1, Canton, New York, 13617.

The St. Lawrence County Soil and Water Conservation District (the “District”)—The District was established by the County Board of Legislators on January 21, 1957. The District is responsible for the conservation of soil and water resources and control and prevention of soil erosion and prevention of floodwater and sediment damages. The County Board of Legislators appoints seven members to the District and appropriates funds for the operation of the Soil and Water Conservation District. The District’s financial statements are not audited.

The St. Lawrence County Property Development Corporation (the “PDC”)—The PDC is a Not-For-Profit Local Development Corporation formed pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York as defined in subparagraph (a)(5) of Section 102 of the Law. The PDC was formed on July 12, 2018. Directors of the LDC, which are appointed by the County Board of Legislators also serve as Directors of the PDC.

The purposes for which the PDC was formed is to operate exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, to relieve and reduce unemployment, promote and provide for additional and maximum employment, improve and maintain job opportunities, lessen the burdens of government and act in the public interest.

Separate financial statements for the PDC may be obtained by contacting the PDC directly, which is located in the same office as the LDC, at 19 Commerce Lane, Suite 1, Canton, New York, 13617.

Blended Component Units—The following component units are a legally separate entity from the County but is, in substance, part of the County’s operations and therefore data from this unit is combined with data from the primary government:

The St. Lawrence County Industrial Development Agency – Civic Development Corporation (the “CDC”)—The CDC was established pursuant to Section 402 of the not-for-profit corporation law of the State of New York as a local development corporation under Section 1411 of the law, for the purpose of, among other things, relieving and reducing unemployment, promoting and providing for additional and maximum employment and bettering and maintaining job opportunities. The establishments of the CDC was authorized by the County and the CDC has the powers to issue bonds, notes, and other obligations for the benefit of not-for-profit entities considered essential to the continued development, construction, improvement, and operation of projects for these entities.

The County is the one sole member of the CDC and a Board of Directors are appointed by the County. Further, the bylaws of the CDC can be amended by the County, thus establishing its governance and control of the CDC.

Separately issued financial statements for the CDC may be obtained from CDC’s Chief Executive Officer at 19 Commerce Lane, Suite 1, Canton, New York, 13617.

Canton Human Service Initiatives (the “CHSI”)—The CHSI is a not-for-profit corporation that was established in 2001 to finance, build and rent a health service facility to the County. Although legally separate and independent of the County, CHSI is considered an affiliated organization under GASB for determining whether certain organizations are component units and is reported as a blended component unit of the County.

Separately issued financial statements for the CHSI may be obtained from St. Lawrence County Administrator’s Office at 48 Court Street, Canton, New York, 13617.

Basis of Presentation—Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and its fiduciary fund, even though the latter is excluded from the government-wide financial statements.

As discussed earlier, the government has four discretely presented component units, which are presented in aggregate. All four component units, the Agency, the LDC, the District and the PDC are aggregated in a single column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and various other functions of the County. Elimination of these changes would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation—Fund Financial Statements

The fund financial statements provide information about the County’s funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds

are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the County and is used to account for all operations not required to be accounted for in other funds.
- *County Road Fund*—The County Road Fund is used to account for expenditures for highway purposes authorized by Section 114 of New York State Highway Law.

The County reports the following major enterprise funds:

- *Solid Waste Fund*—The Solid Waste Fund accounts for the handling of solid waste, including four transfer stations, where the governing officials have determined that the costs of operations are to be financed through charges for services to users.
- *Industrial Development Agency—Civic Development Corporation—CDC*, a blended component unit of the government, is a not-for-profit corporation that was established in 2010 to relieve and reduce unemployment, promote and provide for additional and maximum employment and to better and maintain job opportunities.
- *Canton Human Service Initiatives—CHSI*, a blended component unit of the government, is a not-for-profit corporation that was established in 2001 to finance, build and rent a health service facility to the County.

Additionally, the County reports the following fund types:

Internal Service Fund—The Internal Service Fund is used to account for the activity of the County’s self-insured workers’ compensation plans. This fund accounts for the accumulation of resources for payments of compensation, assessments, and other obligations under the Workers’ Compensation Law, Article 5.

Special Revenue Funds—These nonmajor governmental funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:

- *Road Machinery Fund*—The Road Machinery Fund is used to account for the purchase, repair, maintenance and storage of highway machinery, tools and equipment pursuant to Section 133 of New York State Highway Law.
- *Special Grant Fund*—The Special Grant Fund is used to account for funds received under the Workforce Investment Act.

Capital Project Funds—The Capital Projects Fund is a nonmajor fund used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment other than those financed by the Enterprise Fund.

Fiduciary Funds—These funds are used to account for assets held by the County in a trustee or custodial capacity, and therefore are not available to support the County’s programs. The following are the County’s Fiduciary Funds:

- *Agency Fund*—The Agency Fund is used to account for assets held by the County in a trustee capacity or as an agent for individuals or other governmental units.

- *Private Purpose Trust Fund*—The Private Purpose Trust Fund represents a trust arrangement under which New York Power Authority grants are maintained.

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are recorded at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide 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 a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period; all other revenues are deemed to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period of availability (within 90 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and the amount is received during the period of

availability (within 90 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the County.

The proprietary and private purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis* of accounting. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Assets, Liabilities Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The County’s cash and cash equivalents include cash on hand, demand deposits, time deposits, and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. County monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Investments maturing in more than one year are stated at fair value based on quoted market prices, while investments maturing in less than one year are stated at amortized cost in accordance with GASB.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent amounts to support fund balance restrictions, unspent proceeds of debt, cash received in advance relating to unearned revenue and deferred inflows of resources and amounts held on behalf of others.

Receivables—Receivables are stated net of allowances for estimated uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the County to reimburse it for expenditures incurred pursuant to state and federally funded programs.

Prepaid Items—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. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

Capital Assets—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as within the individual proprietary fund. Capital assets are defined by the County as assets with an individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of its donation. Major outlay for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add value to the asset or materially extend the asset’s life are not capitalized.

Land and construction in progress are not depreciated. The other capital assets of the primary government are depreciated using the straight-line method over the estimated useful lives as shown on the following page.

Class of Asset	Years
Infrastructure	
Roads, network	60
Bridges (includes culverts)	70
Traffic control systems	40
Land improvements	20
Buildings	40
Building improvements	20
Machinery and equipment:	
Office equipment	10
Furniture	10
Computer and computer equipment	3
Vehicles	5-7
Heavy equipment	10
Other	5

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new highway vehicle included as part of *expenditures—transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Unearned revenue—Certain amounts received have not been spent or otherwise used to meet the revenue recognition criteria for government-wide or fund financial purposes. At December 31, 2018, the County reported unearned revenues of \$147,894 and \$191,074 within the General Fund and nonmajor funds, respectively.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2018, the County has three items that qualify for reporting in this category. The first item is a deferred charge on refunding bonds which the County reports within its governmental activities and business-type activities. A deferred charge on refunding bonds results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the governmental activities and business-type activities. This represents the effect of the net change in the County’s proportion of the collective net pension liability, the difference during the measurement period between the County’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension system made subsequent to the measurement date. The last item is related to OPEB reported in the governmental activities and business-type activities and represents the effects of the change in the County’s proportion of the collective net OPEB liability and the difference during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability

In addition to liabilities, the statement of financial position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2018, the County

has four items that qualify for reporting in this category. Under the modified accrual basis of accounting, the governmental funds report unavailable revenues from two sources: property taxes and certain grants and aid that will not be realized within the period of availability. Additionally, the County's government-wide financial statement also reports deferred inflows of resources related to certain grants which represent resources that have been received before timing requirements have been met. The third item represents the effect of the net change in the County's proportion of the collective net pension liability and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide statements. The last item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the County's proportion of the collective net OPEB liability and the difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. These amounts are deferred and recognized in the period that the amounts become available.

Net Position Flow Assumption—Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's position to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund Balance Flow Assumptions—Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The County's Board of Legislators is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The County's Board of Legislators has authorized the Administrator to recommend amounts assigned for specific purposes. The Board of Legislators may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Real Property Taxes—The County levies its real property taxes on January 1, prior to the year of collection and attached as an enforceable lien on January 1. On March 1, interest is accrued on all unpaid taxes in accordance with real property tax law. Property tax is only 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 60 days thereafter in the governmental fund financial statements.

Compensated Absences—The County employees are entitled, with certain limitations, to accrue sick leave, personal leave and vacation time. Estimated sick leave, personal leave and vacation time is accumulated by governmental fund type employees as a liability and expenditure in the government-wide financial statements under governmental activities. For proprietary fund type employees, the accumulation is recorded as a noncurrent liability of the proprietary fund type. More information regarding compensated absences is included in Note 12.

Pensions—The County is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

Other Postemployment Benefits—In addition to providing pension benefits, the County provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees at the time of retirement as discussed in Note 8.

Proprietary Funds Operating and Nonoperating Revenues and Expenses—Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues of enterprise funds consist of charges for services and operating grants. Operating expenses of enterprise funds consist of salaries, wages and benefits, contractual services and depreciation. Transactions related to capital and financing activities, non-capital financing activities, investing activities and interfund transfers from other funds and State appropriations are components of nonoperating income. Subsidies and grants to proprietary funds which finance capital activities are reported as nonoperating revenue.

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement—During the year ended December 31, 2018, the County implemented GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*; No. 85, *Omnibus 2017*; and No. 86, *Certain Debt Extinguishment Issues*. GASB Statement No. 75 replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, and requires more extensive note disclosures and required supplementary information about their OPEB liabilities. GASB Statement No. 85 enhances consistency in the application of accounting and financial reporting requirements. GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—were placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Other than the matter discussed in Note 2, the implementation of GASB Statements No. 75, 85, and 86 did not have a material impact on the County’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; and No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending December 31, 2019, No. 87, *Leases*; and No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending December 31, 2020, and No. 91, *Conduit Debt Obligations*, effective for the year ending December 31, 2021. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 83, 84, 87, 88, 89, 90 and 91 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The County follows these procedures in establishing the budgetary data reflected in the basic financial statements are described below.

- Prior to October 15th of the year, the County Administrator/Budget Officer, submits to the Board of Legislators a tentative budget for the fiscal year commencing the following January 1st. The tentative budget includes expenditures and the sources of financing. Public hearings are conducted to obtain taxpayers’ comments.
- After public hearings are conducted to obtain taxpayer comments, the Board of Legislators acts on the tentative budget prior to December 20th.
- The County Administrator is authorized to approve all budget transfer requests \$5,000 or less except for personal service transfers and interdepartmental and interfund transfers, which must be approved by the Board of Legislators.
- Formal annual budgetary accounts are adopted and employed for control of all governmental funds except for capital project funds. Budgetary control over individual capital projects is provided by Legislative approval or bond authorizations and provision of bond indebtedness.
- Total expenditures for each object may not legally exceed the total appropriations for that object. Encumbrances outstanding at year-end are accounted for by a reservation of fund balance.

- These budgets are adopted on a basis consistent with GAAP except that encumbrances are treated as budgetary expenditures in the year of occurrence of the commitment to purchase. Open encumbrances authorized by appropriation from the previous year’s budget, after review and approval by the County Treasurer, are added to the current year’s budget approved by the Board of Legislators. All unencumbered appropriations lapse at the end of the fiscal year. Budgetary comparisons presented in this report are on the budgetary basis and represent the budget as modified.

Deficit Net Position—At December 31, 2018, the County’s Enterprise Funds, the Solid Waste Fund and the Canton Human Service Initiatives, reported a net position of \$(2,322,500) and \$(364,072), respectively. These deficits result primarily from the recognition of long-term liabilities related to the OPEB obligation and bonds payable, respectively. The County anticipates these deficits will be remedied through future grant receipts and governmental fund transfers. Additionally, the Internal Service Fund reported a net position of \$(6,425,920). This deficit is the result of the long-term unfunded portion of the County’s liability for workers’ compensation claims and is expected to be remedied through future premiums reimbursed by participants in the fund and the County contributions.

2. RESTATEMENT OF NET POSITION

During the year ended December 31, 2018, the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of GASB Statement No. 75 requires the County’s net OPEB liability to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position. As a result of the implementation, the OPEB liability was restated from \$169,459,516 to \$272,755,085 at December 31, 2017.

The effect of the restatement to the County is summarized as follows:

	Governmental Activities	Business-type Activities
Net position—December 31, 2017, as previously stated	\$ (31,946,539)	\$ (293,477)
GASB Statement No. 75 implementation:		
OPEB liability adjustment	(100,679,864)	(2,615,705)
Net position—December 31, 2017, as restated	<u>\$ (132,626,403)</u>	<u>\$ (2,909,182)</u>

Discretely Presented Component Units

St. Lawrence County Industrial Development Agency—For the fiscal year ended December 31, 2018, the Agency also implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation, net position as of December 31, 2017 was restated from \$6,181,309 to \$5,260,446.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Available cash of the County is deposited and invested in accordance with the provisions of applicable State statutes. The County also has its own written investment guidelines which have been established by the County Board of Legislators.

County monies must be deposited in Federal Deposit Insurance Corporation (“FDIC”) insured commercial banks or trust companies located within the State. The County Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, contractual repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The County has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Total cash and cash equivalents (including restricted cash) reported by the County at December 31, 2018 is presented below:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Balance
Petty cash (uncollateralized)	\$ 7,110	\$ 1,800	\$ -	\$ 8,910
Deposits	30,030,545	3,246,571	974,797	34,251,913
Total	<u>\$ 30,037,655</u>	<u>\$ 3,248,371</u>	<u>\$ 974,797</u>	<u>\$ 34,260,823</u>

Deposits with Financial Institutions—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2018 as follows:

	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 500,000	\$ 500,000
Uninsured:		
Collateral held by bank's agent in the County's name	35,540,960	33,751,913
Total	<u>\$ 36,040,960</u>	<u>\$ 34,251,913</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. For investments, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2018, the County's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the County's name.

Restricted Cash and cash equivalents—The County reports fund balance restrictions, unspent proceeds of debt and cash received in advance relating to unearned revenue and deferred inflows of resources and amounts held on behalf of others as restricted cash and cash equivalents. At December 31, 2018, the County reported \$5,046,876 as restricted cash and cash equivalents within its governmental activities and \$974,797 within its fiduciary funds.

Investments—At December 31, 2018, the County reported \$6,498,951 in investments, which consists of U.S. Treasury Bills with maturity dates of six months. Investments with maturities less than one year are measured at amortized cost, while all other investments are measured at fair value in accordance with GASB. All investments are collateralized at December 31, 2018.

Fair Value Measurements—Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

- Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All investments reported by the County are measured using level 1 inputs.

Custodial Credit Risk—Investments—For investments, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. A margin of 2% or higher of the market value of purchased securities in repurchase transactions must be maintained and the securities must be held by a third party in the County’s name.

Credit Risk—In compliance with the State law, County investments are limited to obligations of the Federal government, obligations guaranteed by the Federal government where the payment of principal and interest are guaranteed by the Federal government, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and certain joint or cooperative investment programs.

Concentration of Credit Risk—To promote competition in rates and service cost, and to limit the risk of institutional failure, County deposits and investments are placed with multiple institutions. The general rule is not to place more than \$100 million or 50% of the County’s total investment portfolio, whichever is less, in overnight investments with any one institution.

Interest Rate Risk—The County has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are limited to a maximum of two years, however the County generally limits its investments to 180 days or less.

Discretely Presented Component Units

St. Lawrence County Industrial Development Agency—The Agency had unrestricted deposits of \$2,197,149 and restricted deposits of \$25,872, which were fully insured or collateralized by securities held by the pledging financial institution’s trust department or agent in the Agency’s name. Additionally, at December 31, 2018, the Agency reported \$1,978,930 of level 1 investments consisting of U.S. Treasury Bills.

St. Lawrence County Industrial Development Agency – Local Development Corporation—The LDC’s cash and cash equivalents totaled \$321,517 while restricted cash and cash equivalents totaled \$8,373,829 at December 31, 2018. These amounts are deposited at various banks and were insured up to FDIC limits. Any balances in excess of FDIC insurance were uncollateralized at December 31, 2018. Additionally, at December 31, 2018, the LDC reported \$1,791,043 of level 1 investments, which consists of U.S. Treasury Bills and Notes.

St. Lawrence County Soil and Water Conservation District (unaudited)—The District reported unrestricted and restricted deposits of \$187,473 and \$332,350, respectively, which were covered fully by FDIC insurance.

St. Lawrence County Property Development Corporation—The PDC reported cash and restricted cash of \$32,157 and \$65,000, respectively, at December 31, 2018, which were covered fully by FDIC insurance.

4. RECEIVABLES

Taxes Receivable—Represents amounts due from County taxpayers that remain unpaid. At December 31, 2018, the County recorded \$16,735,151 related to taxes receivable. These amounts are reported net of an allowance for uncollectible taxes provisions of \$400,000.

Accounts Receivable—Represents amounts due from various sources. The County’s accounts receivable at December 31, 2018 are presented below:

Governmental funds:	
General Fund	\$ 2,773,567
Less: allowance for doubtful accounts	(1,039,403)
County Road Fund	53,017
Other nonmajor funds	9,394
Total	<u>\$ 1,796,575</u>
Proprietary funds:	
Solid Waste Fund	\$ 633,561
Less: allowance for doubtful accounts	<u>(3,644)</u>
Total	<u>\$ 629,917</u>

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State or other local governments. Intergovernmental receivables at December 31, 2018 are as follows:

Governmental funds:	
General Fund	
Due from State and Federal	\$ 18,094,974
Due from other governments	257,149
County Road Fund	
Due from State and Federal	<u>1,557,277</u>
Total	<u>\$ 19,909,400</u>
Proprietary funds:	
Solid Waste Fund:	
Due from State and Federal	<u>\$ 176,722</u>
Total	<u>\$ 176,722</u>
Internal Service Fund:	
Due from other governments—noncurrent	<u>\$ 10,354,575</u>
Total	<u>\$ 10,354,575</u>

At December 31, 2018, the General Fund had intergovernmental receivables of \$18,352,123 of which \$1,806,860 relates to casino and tribal revenue that has been owed to the County for several years. Of this amount \$903,430 is payable to other municipalities, accordingly the County reports \$903,430 due to other governments and \$903,430 of nonspendable fund balance.

At December 31, 2018, the CDC reported accrued interest receivable of \$1,456 and notes receivable of \$170,892, of which \$139,103 is considered to be noncurrent.

Discretely Presented Component Units

St. Lawrence County Industrial Development Agency—At December 31, 2018, the Agency reported accounts receivable, accrued interest receivable, and grant receivable of \$42,365, \$411, and \$1,883,560, respectively. The Agency also had other leases receivable of \$95,360, of which \$80,293 is noncurrent, and capital leases receivable of \$517,763, of which \$448,035 is noncurrent.

St. Lawrence County Industrial Development Agency – Local Development Corporation—At December 31, 2018, the LDC reported accrued interest receivable and accounts receivable of \$16,421 and \$5,699, respectively. The LDC also reported mortgages and notes receivable (net of allowance of \$387,200) of \$5,852,329, of which \$4,675,527 is noncurrent.

5. CAPITAL ASSETS

Governmental activities—Capital asset activity for the primary government’s governmental activities, for the year ended December 31, 2018, was as follows:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Capital assets, not being depreciated:				
Land	\$ 2,243,080	\$ -	\$ -	\$ 2,243,080
Construction in progress	4,385,995	6,967,619	5,498,420	5,855,194
Total capital assets not being depreciated	<u>6,629,075</u>	<u>6,967,619</u>	<u>5,498,420</u>	<u>8,098,274</u>
Capital assets, being depreciated:				
Infrastructure	177,289,245	6,846,619	-	184,135,864
Buildings and building improvements	48,391,934	146,440	-	48,538,374
Machinery and equipment	19,126,534	4,075,152	901,970	22,299,716
Total capital assets being depreciated	<u>244,807,713</u>	<u>11,068,211</u>	<u>901,970</u>	<u>254,973,954</u>
Less accumulated depreciation for:				
Infrastructure	69,537,703	2,435,426	-	71,973,129
Buildings and building improvements	21,535,493	878,517	-	22,414,010
Machinery and equipment	11,366,565	1,540,957	807,979	12,099,543
Total accumulated depreciation	<u>102,439,761</u>	<u>4,854,900</u>	<u>807,979</u>	<u>106,486,682</u>
Total capital assets, being depreciated, net	<u>142,367,952</u>	<u>6,213,311</u>	<u>93,991</u>	<u>148,487,272</u>
Governmental activities capital assets, net	<u>\$ 148,997,027</u>	<u>\$ 13,180,930</u>	<u>\$ 5,592,411</u>	<u>\$ 156,585,546</u>

Depreciation expense for governmental activities was charged to functions and programs of the primary government as follows:

Governmental activities:	
General government support	\$ 641,193
Public safety	1,110,236
Public health	27,109
Transportation	3,045,974
Economic assistance and opportunity	30,388
Total depreciation expense—governmental activities	<u>\$ 4,854,900</u>

Business-type activities—Capital asset activity for the primary government’s business-type activities (Enterprise Funds), for fiscal year ended December 31, 2018, is presented below:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Capital assets, not being depreciated:				
Land	\$ 318,800	\$ -	\$ -	\$ 318,800
Total capital assets not being depreciated	<u>318,800</u>	<u>-</u>	<u>-</u>	<u>318,800</u>
Capital assets, being depreciated:				
Land improvements	3,840,283	10,782	-	3,851,065
Buildings and improvements	6,274,011	-	-	6,274,011
Machinery and equipment	3,295,065	72,544	-	3,367,609
Total capital assets being depreciated	<u>13,409,359</u>	<u>83,326</u>	<u>-</u>	<u>13,492,685</u>
Less accumulated depreciation for:				
Land improvements	2,965,155	107,960	-	3,073,115
Buildings and improvements	2,546,126	160,634	-	2,706,760
Machinery and equipment	1,990,668	213,567	-	2,204,235
Total accumulated depreciation	<u>7,501,949</u>	<u>482,161</u>	<u>-</u>	<u>7,984,110</u>
Total capital assets, being depreciated, net	<u>5,907,410</u>	<u>(398,835)</u>	<u>-</u>	<u>5,508,575</u>
Business-type activities capital assets, net	<u>\$ 6,226,210</u>	<u>\$ (398,835)</u>	<u>\$ -</u>	<u>\$ 5,827,375</u>

Depreciation expense for business-type activities was charged to functions and programs of the primary government as follows:

Business-type activities:	
Solid Waste Fund	\$ 321,527
Canton Human Service Initiatives	<u>160,634</u>
	<u>\$ 482,161</u>

Discretely Presented Component Units

St. Lawrence County Industrial Development Agency—Capital asset activity for the Agency is presented below:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Capital assets, not being depreciated:				
Land and land improvements	\$ 458,343	\$ -	\$ -	\$ 458,343
Total capital assets, not being depreciated	<u>458,343</u>	<u>-</u>	<u>-</u>	<u>458,343</u>
Capital assets, being depreciated:				
Buildings and improvements	2,998,093	79,598	-	3,077,691
Automotive equipment	39,560	-	-	39,560
Office equipment and furnishings	27,096	-	-	27,096
Total capital assets being depreciated	<u>3,064,749</u>	<u>79,598</u>	<u>-</u>	<u>3,144,347</u>
Less accumulated depreciation	<u>568,044</u>	<u>94,505</u>	<u>-</u>	<u>662,549</u>
Total capital assets, being depreciated, net	<u>2,496,705</u>	<u>(14,907)</u>	<u>-</u>	<u>2,481,798</u>
Total capital assets, net	<u>\$ 2,955,048</u>	<u>\$ (14,907)</u>	<u>\$ -</u>	<u>\$ 2,940,141</u>

Depreciation expense for the year ended December 31, 2018 was \$94,505.

St. Lawrence County Industrial Development Agency – Local Development Corporation—Capital asset activity for the Corporation was as follows:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Capital assets, being depreciated:				
Buildings and improvements	\$ 850,662	\$ -	\$ -	\$ 850,662
Total capital assets, being depreciated	<u>850,662</u>	<u>-</u>	<u>-</u>	<u>850,662</u>
Less accumulated depreciation:	<u>125,254</u>	<u>29,067</u>	<u>-</u>	<u>154,321</u>
Total capital assets, being depreciated, net	<u>725,408</u>	<u>(29,067)</u>	<u>-</u>	<u>696,341</u>
Total capital assets, net	<u>\$ 725,408</u>	<u>\$ (29,067)</u>	<u>\$ -</u>	<u>\$ 696,341</u>

Depreciation expense for the year ended December 31, 2018 was \$29,067.

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental and business-type activities at December 31, 2018, were as follows:

	Governmental Funds			Governmental Funds Total
	General Fund	County Road Fund	Nonmajor Governmental Funds	
Salary and employee benefits	<u>\$ 2,728,426</u>	<u>\$ 163,395</u>	<u>\$ 28,540</u>	<u>\$ 2,920,361</u>

	Enterprise Funds		Enterprise Funds Total
	Soild Waste Fund	CHSI	
Salary and employee benefits	<u>\$ 37,163</u>	<u>\$ 64,177</u>	<u>\$ 101,340</u>

7. PENSION PLANS

Plan Descriptions and Benefits Provided

Employees’ Retirement System—The County participates in the New York State and Local Employees’ Retirement System (“ERS”) a cost sharing multiple-employer retirement system (the “System”). The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (“NYSRSSL”). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State’s financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at

www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The system is noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010, who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions—At December 31, 2018, the County reported the following liabilities for its proportionate share of the net pension liabilities for ERS. The net pension liabilities were measured as of March 31, 2018. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2017, with update procedures used to roll forward the total net pension liabilities to the measurement date. The County's proportion of the net pension liabilities were based on projections of the County's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the County.

	Governmental Activities	Business-type Activities
	ERS	
Measurement date	March 31, 2018	March 31, 2018
Net pension liability	\$ 5,420,013	\$ 128,181
County's portion of the Plan's total net pension liability	0.1679356%	0.0039710%

For the year ended December 31, 2018, the County recognized ERS pension expenses of \$5,716,487 and \$135,193 for governmental activities and business-type activities, respectively. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources presented below:

	ERS			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Differences between expected and actual experiences	\$ 1,933,143	\$ 45,718	\$ 1,597,476	\$ 37,780
Changes of assumptions	3,593,916	84,995		
Net difference between projected and actual earnings on pension plan investments	7,872,139	186,173	15,538,812	367,487
Changes in proportion and differences between the County's contributions and proportionate share of contributions	184,959	4,374	2,035,856	48,147
County contributions subsequent to the measurement date	4,151,335	98,177	-	-
Total	<u>\$ 17,735,492</u>	<u>\$ 419,437</u>	<u>\$ 19,172,144</u>	<u>\$ 453,414</u>

The County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS	
	Governmental Activities	Business-type Activities
2019	\$ 324,231	\$ 7,668
2020	327,413	7,743
2021	(4,287,526)	(101,398)
2022	(1,952,105)	(46,167)

Actuarial Assumptions—The total pension liabilities as of the measurement date were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liabilities to the measurement date. The actuarial valuations used the actuarial assumptions presented below:

	ERS
Measurement date	March 31, 2018
Actuarial valuation date	April 1, 2017
Interest rate	7.00%
Salary scale	3.80%
Decrement tables	April 1, 2010- March 31, 2015
Inflation rate	2.5%
Cost-of-living Adjustments	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Measurement date	March 31, 2018	
Asset class:		
Domestic equities	36.0 %	4.6 %
International equities	14.0	6.4
Private equity	10.0	7.5
Real estate	10.0	5.6
Absolute return strategies	2.0	3.8
Opportunistic portfolio	3.0	5.7
Real assets	3.0	5.3
Bonds and mortgages	17.0	1.3
Cash	1.0	(0.3)
Inflation-indexed bonds	4.0	1.5
Total	100 %	

Discount Rate—The discount rate used to calculate the total pension liabilities was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the County’s proportionate share of the net pension liabilities calculated using the discount rate of 7.0%, as well as what the County’s proportionate share of the net pension liabilities would be if they were calculated using a discount rate that is one percentage-point lower (6.0%) or one percentage-point higher (8.0%) than the current assumption.

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Governmental Activities:			
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 41,009,275	\$ 5,420,013	\$ (24,687,081)
Business-type Activities:			
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 969,854	\$ 128,181	\$ (583,840)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liabilities of the employers as of the valuation dates, are shown on the following page.

	<u>(Dollars in Thousands)</u>
	<u>ERS</u>
Valuation date	March 31, 2018
Employers' total pension liability	\$ 183,400,590
Plan fiduciary net position	<u>180,173,145</u>
Employers' net pension liability	<u>\$ 3,227,445</u>
System fiduciary net position as a percentage of total pension liability	98.2%

Discretely Presented Component Units

St. Lawrence County Industrial Development Agency

Plan Description and Benefits Provided—The Agency participates in the ERS and the plan description is identical to the County's footnote described above.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions—At December 31, 2018, the Agency reported a liability of \$49,741 for its proportionate share of the net pension liability. This amount is recorded as a long-term liability due to the NYS Retirement System. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended December 31, 2018, the Agency recognized pension expense of \$44,558. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 17,741	\$ 14,661
Change of assumptions	32,982	
Net difference between projected and actual earnings on pension plan investments	72,245	142,604
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	-	35,883
Agency contributions subsequent to the measurement date	<u>49,700</u>	<u>-</u>
Total	<u>\$ 172,668</u>	<u>\$ 193,148</u>

The Agency’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending March 31,	ERS
2019	\$ (4,929)
2020	(2,778)
2021	(43,403)
2022	(19,070)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—
The chart below represents the Agency’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Agency’s proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (6.0%) or one percentage point higher (8.0%) than the current assumption.

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 376,355	\$ 49,741	\$ (226,561)

The actuarial assumptions, asset allocations and pension plan fiduciary net position are the same as those disclosed for the System within the County’s portion of this note.

8. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description and Benefits Provided—In addition to pension benefits, the County administers a single-employer defined benefit medical plan (the “Plan”). The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the County subject to applicable collective bargaining and employment agreements. Generally, the employees may retire with benefits when they reach the age of 55 and have 20 years of service with the County. The Plan does not issue standalone publicly available financial reports since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Employees Covered by Benefit Terms—At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	614
Active employees	<u>739</u>
Total	<u><u>1,353</u></u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments, which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“AAL”) under GASB Statement No. 45.

Total OPEB Liability

The County’s total OPEB liability of \$262,014,537 was measured as of January 1, 2018, and was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions and Other Inputs—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2018 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 3.78% effective January 1, 2018 to 3.44% effective December 31, 2018 based on a review of the Bond Buyer Weekly 20-Bond General Obligation Index. The salary scale is 3.00%. Adjusted RPH-2014, fully generational using scale MP-2018 was used for mortality rates. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 5.00%, while the ultimate healthcare cost trend rate is 7.00%.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	<u>Total OPEB Liability</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Balance at December 31, 2017, as restated	\$ 266,453,560	\$ 6,301,525
Changes for the year:		
Service cost	8,221,502	194,435
Interest	10,253,486	242,491
Differences between expected and actual experience	(29,747,737)	(703,523)
Changes of assumptions and other inputs	11,997,065	283,727
Change in benefit terms	(4,379,101)	(103,564)
Benefit payments	(6,837,622)	(161,707)
Net changes	<u>(10,492,407)</u>	<u>(248,141)</u>
Balance at December 31, 2018	<u>\$ 255,961,153</u>	<u>\$ 6,053,384</u>

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have a profound impact on total liabilities. The table below presents the effect of a 1% change in the discount rate assumption would have on the total OPEB liability.

	1% Decrease (2.44%)	Current Discount Rate (3.44%)	1% Increase (4.44%)
Governmental activities:			
Net OPEB liability	\$ 302,169,890	\$ 255,961,153	\$ 219,536,371
Business-type activities:			
Net OPEB liability	\$ 7,146,203	\$ 6,053,384	\$ 5,191,952

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the net OPEB liability of a 1% change in the initial (7.0%)/ultimate (3.9%) healthcare cost trend rates.

	1% Decrease (6.0%/2.9%)	Health Healthcare Cost Trend Rates (7.0%/3.9%)	1% Increase (8.0%/4.9%)
Governmental activities:			
Net OPEB liability	\$ 216,926,646	\$ 255,961,153	\$ 306,011,082
	1% Decrease (6.0%/2.9%)	Health Healthcare Cost Trend Rates (7.0%/3.9%)	1% Increase (8.0%/4.9%)
Business-type activities:			
Net OPEB liability	\$ 5,130,233	\$ 6,053,384	\$ 7,237,046

Funding Policy—Authorization for the County to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the County Legislators. The County recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The County’s contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 16. Any amendments to the employer’s contributions are subject to the collective bargaining agreements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The County reports deferred inflows of resources due to differences during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The following table presents the County’s deferred outflows and inflows of resources at December 31, 2018:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Difference between expected and actual experience	\$ -	\$ -	\$ 24,407,030	\$ 577,217
Changes of assumptions	9,843,194	232,788	-	-
Contributions subsequent to the measurement date	7,451,614	176,228	-	-
Total	<u>\$ 17,294,808</u>	<u>\$ 409,016</u>	<u>\$ 24,407,030</u>	<u>\$ 577,217</u>

The amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ending December 31,	Governmental Activities	Business-type Activities
2019	\$ (3,186,836)	\$ (75,367)
2020	(3,186,836)	(75,367)
2021	(3,186,836)	(75,367)
2022	(3,186,836)	(75,367)
2023 and Thereafter	(1,816,492)	(42,961)

Discretely Presented Component Units

St. Lawrence County Industrial Development Agency—The Agency’s defined benefit OPEB plan, the St. Lawrence County Health Care Plan, provides OPEB for all permanent full-time employees of the Agency. The St. Lawrence County Health Care Plan is a single-employer defined benefit OPEB plan administered by St. Lawrence County. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the St. Lawrence County Board. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of Statement 75.

The St. Lawrence County Health Care Plan provides healthcare benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The benefit terms provide for payment of 90 percent of the health insurance premiums for non-Medicare-eligible individual retirees.

Employees Covered by Benefit Terms—At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>5</u>
Total	<u><u>6</u></u>

Total OPEB Liability

The Agency’s total OPEB liability of \$1,692,370 was measured as of January 1, 2018, and was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions and Other Inputs—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2018 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate was 3.44% effective December 31, 2018 based on a review of the Fidelity General Obligation 20-Year AA Municipal Bond Index. The salary scale is 3.00%. Adjusted RPH-2014, fully generational using scale MP-2018 was used for mortality rates. In order to estimate the change in the cost of healthcare, the actuaries healthcare cost trend rate used is 6.00% pre-65 and 6.50% post-65, with future anticipated decreases.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance at December 31, 2017, as restated	\$ 1,865,238
Changes for the year:	
Service cost	81,664
Interest	73,298
Expected and actual experience	(387,465)
Changes of assumptions	75,268
Benefit payments	(15,633)
Net changes	(172,868)
Balance at December 31, 2018	\$ 1,692,370

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have a profound impact on total liabilities. The table below presents the effect of a 1% change in the discount rate assumption would have on the total OPEB liability.

	1% Decrease (2.44%)	Current Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB liability	\$ 2,045,080	\$ 1,692,370	\$ 1,415,039

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the net OPEB liability of a 1% change in healthcare cost trend rates.

	1% Decrease (5.5%/5.0%)	Health Healthcare Cost Trend Rates (6.5%/6.0%)	1% Increase (7.5%/7.0%)
Total OPEB liability	\$ 1,374,326	\$ 1,692,370	\$ 2,109,068

Funding Policy—Authorization for the Agency to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the Agency’s Board. The Agency recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The Agency’s contributions to the OPEB plan are based on negotiated contracts with three bargaining units. Any amendments to the employer’s contributions are subject to the collective bargaining agreements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The Agency reports deferred inflows of resources due to differences during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The table on the following page presents the Agency’s deferred inflows of resources at December 31, 2018.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 343,485
Changes in assumptions	66,725	-
Contributions subsequent to the measurement date	18,638	-
Total	<u>\$ 85,363</u>	<u>\$ 343,485</u>

The amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	
2019	\$ (35,437)
2020	(35,437)
2021	(35,437)
2022	(35,437)
Thereafter	(135,012)

9. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; business interruption; errors or omissions; injuries to employees; and natural disasters. The County purchases commercial insurance to cover a portion of such potential risks. The County purchases insurance for crime liability with limits ranging from \$5,000 to \$200,000. The County has not incurred claims over the respective coverage limits in any of the last three fiscal years.

The County is self-insured and assumes the liability for most risks including, but not limited to, property damage, personal injury liability and as described above, workers' compensation. Asserted and incurred but not reported claims and judgments are recorded, when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. Such recording is consistent with the requirements of GASB.

The County established a workers' compensation fund, within its' Internal Service Fund, pursuant to Workers' Compensation Law to finance the liability and risks related to workers' compensation claims. The workers' compensation plan is a municipal risk sharing pool, which is administered by the County and insures workers' compensation for all employees of the participants. In addition to the County, participation in the Plan is available to, and includes, each of the 32 towns, 12 villages, and 1 city within the County. Funding of the plan is determined annually by the County Legislature. Payments are collected through the annual tax levy for towns and cities, and are billed annually to villages. The County purchases an excess workers' compensation policy which is limited to \$500,000 per occurrence and an aggregate \$1 million limit.

The changes since January 1, 2016 in risk financing activities for workers' compensation claims are presented on the following page.

Year Ended December 31,	Liability, Beginning of Year	Claims and Adjustments	Claim Payments and Adjustments	Liability, End of Year
2018	\$ 28,974,229	\$ 2,427,262	7,949,186	\$ 23,452,305
2017	28,971,133	4,014,308	4,011,212	28,974,229
2016	28,912,671	3,409,988	3,351,526	28,971,133

Intergovernmental receivables from other plan participants, relating to their share of the aforementioned liability at December 31, 2018 amounted to \$10,354,575, and is recorded as long-term intergovernmental receivables in the Internal Service Fund.

10. LEASE OBLIGATIONS

Operating Leases—In 2001, the County and CHSI, a blended component unit, entered into an operating lease agreement under which the County would lease the health services facility constructed and owned by CHSI through September 2032. Monthly rent was \$46,926 during 2018 and calls for modifications in the rent should the annual debt service requirements be reduced on the Series 2001 Bonds. The County is responsible for maintenance and insurance costs on the facility. The lease agreement is an obligation of the County only to the extent of monies appropriated and available. The success of the health services facility depends on economic conditions in the County. Should the County suffer an adverse financial impact, there can be no assurance that there will be sufficient monies to fund the debt service on the refinanced series 2013 bonds. Neither the full faith and credit nor the taxing power of the County is pledged to the payment of any amounts due under the lease agreement.

Additionally, the County leases certain property and equipment. Leased property having elements of ownership is recorded in the government-wide financial statements. The related obligation, in amounts equal to the present value of the minimum lease payments payable during the remaining term of the leases, is also recorded in the government-wide financial statements. Other leased property, not having elements of ownership, are classified as operating leases. Both capital and operating lease payments are recorded as expenditures when payable in the fund financial statements.

Total expenditures on operating leases, excluding the building rent to CHSI (which is a blended component unit included in these financial statements) are:

Year Ending December 31,	Governmental Activities
2019	\$ 349,731
2020	339,754
2021	339,754
Future minimum payments	<u>\$ 1,029,240</u>

Capital Lease—During the years ended December 31, 2016, 2017 and 2018, the County entered into lease agreements of \$580,330, \$554,483 and \$825,028, respectively, for the acquisition of vehicles.

As of December 31, 2018 a long-term liability of \$1,084,789 has been recorded within the County's governmental activities. The table on the following page summarizes the requirements of the capital lease.

Year ended December 31,	Governmental Activities
2019	\$ 335,032
2020	335,032
2021	305,518
2022	219,221
2023	52,793
Less: amount representing imputed interest	<u>(162,807)</u>
Present value of minimum lease payments	<u>\$ 1,084,789</u>

The assets acquired through the capital leases are as follows:

	Governmental Activities
Assets:	
Vehicles	1,634,655
Less: Accumulated depreciation	<u>(635,484)</u>
Total	<u>\$ 999,171</u>

11. SHORT-TERM DEBT

Liabilities for revenue anticipation notes (“RANs”) are accounted for in the General Fund. The following is a summary of the County’s short-term debt as of, and for the year ended December 31, 2018:

Description	Interest Rate	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Revenue anticipation notes:					
Various purposes	1.32%	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -
Total		<u>\$ 5,000,000</u>	<u>\$ -</u>	<u>\$ 5,000,000</u>	<u>\$ -</u>

12. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriations and expenditure of governmental fund financial resources.

The County’s outstanding long-term liabilities include bonds payable, capital lease, compensated absences, workers’ compensation claims, other postemployment benefits (“OPEB”) obligation, net pension liability/(asset), and landfill obligation. The serial bonds of the County are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the County’s long-term liabilities for the year ended December 31, 2018 is presented on the following page.

	Balance 1/1/2018 (as restated)	Additions	Decreases	Balance 12/31/2018	Due Within One Year
Governmental activities:					
Bonds payable	\$ 29,030,000	\$ -	\$ 1,310,000	\$ 27,720,000	\$ 1,365,000
Premium on bonds	1,621,279	-	93,788	1,527,491	93,788
Net bonds payable	30,651,279	-	1,403,788	29,247,491	1,458,788
Capital lease	901,487	825,028	641,726	1,084,789	335,032
Compensated absences	6,389,383	9,039,730	9,019,599	6,409,514	331,798
Workers' compensation liability	28,974,229	2,427,262	7,949,186	23,452,305	3,029,904
OPEB obligation	266,453,560	30,472,053	40,964,460	255,961,153	-
Net pension liability*	15,390,374	-	9,970,361	5,420,013	-
Total governmental activities	<u>\$ 348,760,312</u>	<u>\$ 42,764,073</u>	<u>\$ 69,949,120</u>	<u>\$ 321,575,265</u>	<u>\$ 5,155,522</u>
Business type activities:					
Bonds payable	\$ 5,320,000	\$ -	\$ 280,000	\$ 5,040,000	\$ 290,000
Compensated absences	446,168	-	216,252	229,916	11,496
OPEB obligation	6,301,525	720,653	968,794	6,053,384	-
Landfill obligation	253,786	-	37,311	216,475	39,176
Net pension liability*	358,095	-	229,914	128,181	-
Total business-type activities	<u>\$ 12,679,574</u>	<u>\$ 720,653</u>	<u>\$ 1,732,271</u>	<u>\$ 11,667,956</u>	<u>\$ 340,672</u>

(*reductions to the net pension liability are shown net of additions.)

Bonds payable—The County borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the statement of net position.

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.

A summary of additions and payments for the year ended December 31, 2018 is shown below:

Description	Original Issue	Interest Rate	Year of Maturity	Balance 1/1/2018	Additions	Payments	Balance 12/31/2018	Due Within One Year
Governmental activities serial bonds issued by the County:								
2015 Refunding	\$ 25,135,000	3.0-5.0	2035	\$ 23,950,000	\$ -	\$ 915,000	\$ 23,035,000	\$ 960,000
2016 Serial bonds	3,000,000	2.0-2.6	2031	2,810,000	-	225,000	2,585,000	230,000
2016 Serial bonds	2,430,000	2.0	2029	2,270,000	-	170,000	2,100,000	175,000
Unamortized premium				1,621,729	-	93,788	1,527,941	93,788
Total governmental activities bonded debt				<u>\$ 30,651,729</u>	<u>\$ -</u>	<u>\$ 1,403,788</u>	<u>\$ 29,247,941</u>	<u>\$ 1,458,788</u>
Business-type activities serial bonds issued by Canton Human Services Initiatives ("CHSI"):								
2013 Refunding	6,475,000	2.5-4.0	2032	\$ 5,320,000	\$ -	\$ 280,000	\$ 5,040,000	\$ 290,000

Amortization of Bond Premiums—The County issued serial bonds which included bond premiums. The premiums are being amortized on a straight-line basis over the life of the bonds. The total unamortized premium as of December 31, 2018 was \$1,527,491.

The County's debt service requirements for its bonds are as follows:

Fiscal Year Ending December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,365,000	\$ 914,288	\$ 290,000	\$ 192,006
2020	1,415,000	871,638	295,000	182,219
2021	1,445,000	822,788	310,000	172,263
2022	1,500,000	772,438	315,000	161,800
2023	1,560,000	719,938	325,000	151,169
2024-2028	8,525,000	2,589,914	1,840,000	560,000
2029-2033	8,430,000	1,142,820	1,665,000	165,000
2034-2035	3,480,000	105,450	-	-
Total	<u>\$ 27,720,000</u>	<u>\$ 7,939,274</u>	<u>\$ 5,040,000</u>	<u>\$ 1,584,457</u>

Capital Lease—As discussed in Note 10, the County has entered into a lease agreement for the acquisition of County vehicles at a total cost of \$825,028. At December 31, 2018, the future minimum lease obligation is \$1,084,789.

Compensated Absences—As explained in Note 1, the County records the value of governmental fund type compensated absences in the governmental activities. The payment of compensated absences is dependent on many factors and, therefore, cannot be reasonably estimated as to future timing of payment. The annual budgets of the operating funds provide for such as amounts become payable. At December 31, 2018, total compensated absences recorded within the governmental and business-type activities was \$6,409,514 and \$229,916, respectively. The County estimates \$331,798 and \$11,496 of governmental and business-type activities, respectively, will be due within one year which comprises accrued vacation, sick and compensatory time.

Workers' Compensation—As explained in Note 9, the County reports workers' compensation liabilities from administering their self-insurance plan within its governmental activities as an Internal Service Fund. The total workers' compensation outstanding liability at December 31, 2018 is \$23,452,305.

Other Postemployment Benefits ("OPEB") Obligation—As explained in Note 8, the County provides health insurance coverage for retirees. The County's OPEB cost is calculated based in the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The estimated long-term OPEB liability for governmental and business-type activities is estimated to be \$255,961,153 and \$6,053,384, respectively, at December 31, 2018.

Landfill Obligation—The County maintains three landfill sites, which are not accepting additional waste. State and Federal laws and regulations require the County to place final covers on its landfill sites when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. As of December 31, 2018, the balance of this liability is \$216,475, with \$39,176 estimated to be due within one year.

Net Pension Liability—The County reports a liability for its proportionate share of the net pension liability for the Employee Retirement System. The net pension liability is estimated to be \$5,420,013 and \$128,181 in the governmental and business-type activities, respectively. Refer to Note 7 for additional information related to the County's net pension liability.

Discretely Presented Component Units

St. Lawrence County Industrial Development Agency—The Agency’s outstanding long-term liability balances and activity for the year are summarized below:

	Balance 1/1/2018	Additions	Reductions	Balance 12/31/2018	Due Within One Year
Loans payable	\$ 2,319,943	\$ -	\$ 386,405	\$ 1,933,538	\$ 805,187
Compensated absences	182,981	12,381	-	195,362	-
OPEB obligation	910,104	782,266	-	1,692,370	-
Net pension liability*	145,764	-	96,023	49,741	-
Total	<u>\$ 3,558,792</u>	<u>\$ 794,647</u>	<u>\$ 482,428</u>	<u>\$ 3,871,011</u>	<u>\$ 805,187</u>

(*reductions to the net pension liability are shown net of additions.)

Loans payable at December 31, 2018 consisted of the following:

Holder	Interest Rate (%)	Maturity	Original Amount	Balance 12/31/18
SLCIDA-LDC Canton Industrial Building	1.0	11/1/2021	\$ 700,000	\$ 570,918
SLCIDA-River Valley Redevelopment Agency	0.5	11/1/2044	700,000	612,620
SLCIDA-SLRVRA-Rail	1.5	9/30/2017	750,000	750,000
Total				<u>\$ 1,933,538</u>

Future maturities of long-term debt are projected as follows:

Year Ending December 31,	Principal	Interest
2019	\$ 805,187	\$ 16,071
2020	55,629	8,128
2021	56,077	7,681
2022	56,527	7,230
2023	56,982	6,775
2024-2028	291,875	26,910
2029-2033	303,862	14,925
2034-2038	158,749	5,461
2039-2043	123,424	2,206
2044	25,226	69
Total	<u>\$ 1,933,538</u>	<u>\$ 95,456</u>

13. NET POSITION AND FUND BALANCE

Net Position—The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these

assets reduce the balance in this category. A reconciliation of the County’s governmental activities net investment in capital assets is presented below:

Governmental activities:	
Capital assets, net of accumulated depreciation	\$ 156,585,546
Related debt:	
Bonds outstanding	\$ (27,720,000)
Unamortized bond premium	(1,527,491)
Capital lease	<u>(1,084,789)</u>
Net investment in capital assets—governmental activities	<u>\$ 126,253,266</u>
Business-type activities:	
Capital assets, net of accumulated depreciation	<u>\$ 2,097,374</u>
Net investment in capital assets—business-type activities*	<u>\$ 2,097,374</u>

* The CHSI, a not-for-profit organization and blended component unit of the County, does not report net investment in capital assets within the County’s business-type activities.

St. Lawrence County Industrial Development Agency—The Agency reports net investment in capital assets of \$1,756,603.

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation in the amount of \$2,971,642.
- **St. Lawrence County Industrial Development Agency–Local Development Corporation**—The LDC reports restricted net position of \$16,726,532. Of this amount, \$2,946,731 represents resources restricted for revolving loans, \$13,402,421 represents a restricted New York State Power Authority grant for the St. Lawrence River Valley Redevelopment Agency, while \$377,380 represents resources restricted for a Microenterprise Loan Fund as granted by the U.S. Department of Housing and Urban Development.
- **Unrestricted Net Position**—This category represents net position of the County not restricted for any project or other purpose.

Fund Balance—GASB defines the different types of fund balances that a governmental entity must use for financial reporting purposes as the fund balance categories listed below:

- **Nonspendable**—Amounts of assets that cannot be spent in the current period because of their form or because they must be maintained intact. As of December 31, 2018, the County had \$3,066,551 of nonspendable fund balance, of which \$903,430 represents a long-term intergovernmental receivable and \$2,163,121 represents prepaid expenses for amounts paid to vendors and employees that are applicable to future accounting periods.
- **Restricted**—Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. As of December 31, 2018, the County had the restricted funds listed on the following page.

	General Fund	Nonmajor Funds	Total
Restricted for:			
Insurance	\$ 2,748,154	\$ -	\$ 2,748,154
Capital projects	-	223,488	223,488
Total restricted fund balance	<u>\$ 2,748,154</u>	<u>\$ 223,488</u>	<u>\$ 2,971,642</u>

- **Committed**—Amounts that are subject to a purpose constraint imposed by a formal action of the County’s highest level of decision-making authority, or by their designated body or official. As of December 31, 2018, the County had no committed fund balance at year end.
- **Assigned**—Amounts that are subject to a purpose constraint that represents an intended use established by the County’s Board of Legislators, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. As of December 31, 2018, the balances presented below were considered to be assigned.

	General Fund	County Road Fund	Nonmajor Funds	Total
Assigned for:				
Encumbrances	\$ 534,483	\$ 232,995	\$ 210,561	\$ 978,039
District Attorney funds	34,481	-	-	34,481
Environmental remediation	71,492	-	-	71,492
Sheriff’s equitable sharing program	122,438	-	-	122,438
Fort La Presentation	58,325	-	-	58,325
Stop DWI program	182,125	-	-	182,125
Capital projects	1,500,000	-	-	1,500,000
Employee benefits	1,000,000	-	-	1,000,000
Miscellaneous purposes	95,088	-	-	95,088
Self insurance	500,000	-	-	500,000
County road	-	2,807,984	-	2,807,984
Road machinery	-	-	2,748,735	2,748,735
Total assigned fund balance	<u>\$ 4,098,432</u>	<u>\$ 3,040,979</u>	<u>\$ 2,959,296</u>	<u>\$ 10,098,707</u>

It is the County’s policy is to expend fund balances in the following order: non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year.

14. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the subsequent year. Interfund transfers are routine annual events for both the budget and accounting process and are necessary to present funds in their proper fund classification.

Interfund receivables, payables, and transfers of the County as of, and for the year ended December 31, 2018 are presented on the following page.

	Interfund			
	Receivables	Payables	Transfers In	Transfers Out
Governmental Funds:				
General Fund	\$ 161,290	\$ 37,284	\$ 1,373	\$ 10,958,585
County Road Fund	49,568	217,941	10,854,848	4,840,851
Other nonmajor funds	251,062	40,231	5,093,851	150,636
Proprietary Funds:				
Solid Waste Fund	1,827	168,410	-	-
Internal Service Fund	189	70	-	-
Total	<u>\$ 463,936</u>	<u>\$ 463,936</u>	<u>\$ 15,950,072</u>	<u>\$ 15,950,072</u>

15. AGENCY FUND

An agency fund exists for employee withholding and temporary deposit funds. A summary of changes in the assets and liabilities for the year ended December 31, 2018 is presented below:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
ASSETS				
Cash	\$ 1,130,645	\$ 68,404,303	\$ 68,660,976	\$ 873,972
Due from other funds	895	84,860	85,755	-
Total assets	<u>\$ 1,131,540</u>	<u>\$ 68,489,163</u>	<u>\$ 68,746,731</u>	<u>\$ 873,972</u>
LIABILITIES				
Due to other governments	\$ 13,536	\$ 892.00	\$ -	\$ 14,428
Other liabilities	1,118,004	36,554,223	36,812,683	859,544
Total liabilities	<u>\$ 1,131,540</u>	<u>\$ 36,555,115</u>	<u>\$ 36,812,683</u>	<u>\$ 873,972</u>

16. LABOR RELATIONS

The County's employees operate under six collective bargaining units. The Sheriff's Council 82, AFSCME Local No. 2390, the St. Lawrence County Deputies Association, Inc. and the St. Lawrence County Sheriff's Supervisor Association, Inc., are settled through December 31, 2021, and CSEA Local 1000 Unit 8427 Solid Waste Department, the Civil Service Employees Association, Inc., and the St. Lawrence County Indigent Defenders are settled through December 31, 2019.

17. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The County considers encumbrances significant if they are in excess of \$100,000. As of December 31, 2018, the County reported the following significant encumbrances shown below:

Fund	Purpose	Amount
General	Purchase of Two Passenger Buses	\$ 262,715
County Road	Purchase of Plow Truck and Package	209,915
Road Machinery	Beams for Bridge Project	123,816

18. TAX ABATEMENTS

The County is subject to tax abatements granted by the St. Lawrence County Industrial Development Agency. These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the Agency and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the County, the abatements have resulted in reductions of property taxes, which the County administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by Agency, the County collected \$241,918 during 2018 in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$1,597,276 in property taxes.

19. CONTINGENCIES

Grants—The County receives significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions, specified in the grant agreements and is subject to audit. Any disallowed expenditure resulting from such audits could become a liability of the governmental funds. While the amount of expenditure, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Litigation—Certain Indian tribes have asserted land claims under federal common law, and under the federal Non-Intercourse Act of 1790 as amended. The effect of these claims thus far has created some uncertainty as to the title to millions of acres of New York State land. Various alleged representatives of the St. Regis Mohawk tribe have made these claims for land in St. Lawrence County. The County has joined with other affected counties in defending the claims, and has also joined in the claims against the State of New York indemnity and for the cost of defense of the Indian claims. The case will be heard in the U.S. District Court. The impact of a decision on lands in St. Lawrence County, and therefore on the County, is indirect and difficult to assess. If the claimants were to succeed fully in their demands, the impact on the County and some of its constituent towns and individual land owners would be extremely severe. The County’s counsel is currently unable to appraise the possibility of success or failure. There are various other claims and legal actions pending against the County, as well as the Industrial Development Agency for which no provision has been made in the financial statements. In the opinion of the County Attorney and other County officials, liabilities arising from these claims and legal actions, if any, in connection with these matters will not have a material effect on the County’s financial condition or results of operations.

Landfill Post-closure—As discussed in Note 12, the County is responsible to perform specified operation and maintenance functions at a landfill sit for a period of thirty years. At December 31, 2018, the liability is \$216,475. The landfill post-closure liability is an estimate and is subject to changes resulting from inflation, deflation, technology or changes in applicable laws or regulations.

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 12, 2019, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of the Local Government's Proportionate Share of the
Net Pension Liability—Employees' Retirement System
Last Five Fiscal Years*

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Measurement date	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.9%	97.2%
St. Lawrence County ("County"):					
County's proportion of the net pension liability	0.1679351%	0.1637932%	0.1696946%	0.1701861%	0.1701861%
County's proportionate share of the net pension liability	<u>\$ 5,420,013</u>	<u>\$ 15,390,374</u>	<u>\$ 27,236,451</u>	<u>\$ 5,749,304</u>	<u>\$ 7,690,473</u>
County's covered payroll	<u>\$ 36,447,598</u>	<u>\$ 37,212,020</u>	<u>\$ 35,793,819</u>	<u>\$ 36,255,937</u>	<u>\$ 37,138,446</u>
County's proportionate share of the net pension liability as a percentage of its covered payroll	14.9%	41.4%	76.1%	15.9%	20.7%
Solid Waste Enterprise Fund					
Solid Waste's proportion of the net pension liability	0.0039716%	0.0038110%	0.0039415%	0.0035264%	0.0035264%
Solid Waste's proportionate share of the net pension liability	<u>\$ 128,181</u>	<u>\$ 358,095</u>	<u>\$ 632,628</u>	<u>\$ 119,129</u>	<u>\$ 159,351</u>
Solid Waste's covered payroll	<u>\$ 858,778</u>	<u>\$ 888,693</u>	<u>\$ 818,848</u>	<u>\$ 774,877</u>	<u>\$ 769,527</u>
Solid Waste's proportionate share of the net pension liability as a percentage of its covered payroll	14.9%	40.3%	77.3%	15.4%	20.7%
Discretely presented component unit:					
St. Lawrence County Industrial Development Agency (the "Agency"):					
	Year Ended December 31,				
	2018	2017	2016	2015	2014
Agency's proportion of the net pension liability	0.0015412%	0.0015513%	0.0020224%	0.0021613%	n/a
Agency's proportionate share of the net pension liability	<u>\$ 49,741</u>	<u>\$ 145,764</u>	<u>\$ 324,593</u>	<u>\$ 73,014</u>	n/a
Agency's covered payroll	<u>\$ 342,441</u>	<u>\$ 337,649</u>	<u>\$ 342,530</u>	<u>\$ 376,838</u>	n/a
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	14.5%	43.2%	94.8%	19.4%	n/a

* Information for the County prior to the year ended December 31, 2014 is not available and information for the Agency prior to the year ended December 31, 2015 is not available.

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of the Local Government's Contributions—
Employees' Retirement System
Last Five Fiscal Years*

	Year Ended December 31,				
	2018	2017	2016	2015	2014
St. Lawrence County ("County"):					
Contractually required contributions	\$ 5,591,351	\$ 5,728,022	\$ 5,822,765	\$ 6,522,591	\$ 6,961,227
Contributions in relation to the contractually required contribution	<u>(5,591,351)</u>	<u>(5,728,022)</u>	<u>(5,822,765)</u>	<u>(6,522,591)</u>	<u>(6,961,227)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 37,175,342	\$ 36,317,549	\$ 35,653,063	\$ 36,015,618	\$ 36,187,026
Contributions as a percentage of covered-employee payroll	15.0%	15.8%	16.3%	18.1%	19.2%
Solid Waste Enterprise Fund					
Contractually required contributions	\$ 132,233	\$ 133,277	\$ 131,288	\$ 135,152	\$ 144,214
Contributions in relation to the contractually required contribution	<u>(132,233)</u>	<u>(133,277)</u>	<u>(131,288)</u>	<u>(135,152)</u>	<u>(144,214)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Solid Waste's covered-employee payroll	\$ 901,785	\$ 866,712	\$ 839,316	\$ 816,458	\$ 757,442
Contributions as a percentage of covered-employee payroll	14.7%	15.4%	15.6%	16.6%	19.0%
Discretely presented component unit:					
St. Lawrence County Industrial Development Agency (the "Agency"):					
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 49,700	\$ 49,766	\$ 55,996	\$ 74,013	n/a
Contributions in relation to the contractually required contribution	<u>49,700</u>	<u>49,766</u>	<u>55,996</u>	<u>74,013</u>	n/a
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a
Solid Waste's covered-employee payroll	\$ 342,440	\$ 337,649	\$ 342,530	\$ 376,838	n/a
Contributions as a percentage of covered-employee payroll	14.5%	14.7%	16.3%	19.6%	n/a

* Information for the County prior to the year ended December 31, 2014 is not available and information for the Agency prior to the year ended December 31, 2015 is not available.

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Changes in the County's Total OPEB Liability and Related Ratios
Last Fiscal Year*

	2018
Governmental Activities:	
Total OPEB Liability	
Service cost	\$ 8,221,502
Interest	10,253,485
Difference between expected and actual experience	(29,747,737)
Changes of assumptions or other inputs	11,997,066
Changes in benefit terms	(4,379,101)
Benefit payments	(6,837,622)
Net changes in total OPEB liability	(10,492,407)
Total OPEB liability—beginning, as restated	266,453,560
Total OPEB liability—ending	\$ 255,961,153
Covered-employee payroll	\$ 36,778,788
County's net OPEB liability as a percentage of covered-employee payroll	695.9%
Business-type activities:	
Total OPEB Liability	
Service cost	\$ 194,435
Interest	242,492
Differences between expected and actual experience	(703,523)
Changes of assumptions or other inputs	283,726
Changes in benefit terms	(103,564)
Benefit payments	(161,707)
Net changes in total OPEB liability	(248,141)
Total OPEB liability—beginning, as restated	6,301,525
Total OPEB liability—ending	\$ 6,053,384
Covered-employee payroll	\$ 869,804
County's net OPEB liability as a percentage of covered-employee payroll	695.9%

*Information prior to the year ended December 31, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 48,109,170	\$ 48,109,170	\$ 46,975,016	\$ (1,134,154)
Real property tax items	2,871,150	2,871,150	3,361,863	490,713
Non-property tax items	56,284,827	57,959,827	60,847,504	2,887,677
Departmental income	15,233,602	16,197,258	14,143,712	(2,053,546)
Intergovernmental charges	1,617,847	1,630,197	1,644,779	14,582
Use of money and property	60,523	60,523	64,173	3,650
Licenses and permits	37,500	37,500	39,000	1,500
Fines and forfeitures	9,500	9,500	109,538	100,038
Sale of property and compensation for loss	1,638,500	1,646,050	1,623,509	(22,541)
Miscellaneous	1,688,912	1,727,312	2,644,735	917,423
Interfund revenues	328,279	328,279	328,279	-
State aid	23,464,468	24,400,478	23,173,323	(1,227,155)
Federal aid	21,340,590	21,485,379	20,602,868	(882,511)
Total revenues	<u>172,684,868</u>	<u>176,462,623</u>	<u>175,558,299</u>	<u>(904,324)</u>
EXPENDITURES				
Current:				
General government support	47,526,174	49,509,493	45,339,920	4,169,573
Education	952,688	952,688	818,709	133,979
Public safety	16,529,540	17,820,807	16,867,157	953,650
Health	14,456,074	15,061,166	14,317,585	743,581
Transportation	707,038	1,970,912	1,931,065	39,847
Economic assistance and opportunity	67,886,125	68,667,180	65,193,330	3,473,850
Culture and recreation	336,183	585,981	411,958	174,023
Home and community services	1,031,609	2,382,643	2,389,764	(7,121)
Employee benefits	10,510,694	10,511,694	8,795,464	1,716,230
Debt service	2,123,550	2,353,857	2,326,685	27,172
Total expenditures	<u>162,059,675</u>	<u>169,816,421</u>	<u>158,391,637</u>	<u>11,424,784</u>
Excess of revenues over expenditures	<u>10,625,193</u>	<u>6,646,202</u>	<u>17,166,662</u>	<u>10,520,460</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,373	1,373
Transfers out	(10,705,585)	(10,958,585)	(10,958,585)	-
Capital lease	-	-	825,028	825,028
Total other financing sources (uses)	<u>(10,705,585)</u>	<u>(10,958,585)</u>	<u>(10,132,184)</u>	<u>826,401</u>
Net change in fund balances*	(80,392)	(4,312,383)	7,034,478	11,346,861
Fund balances—beginning	<u>18,321,071</u>	<u>18,321,071</u>	<u>18,321,071</u>	<u>-</u>
Fund balances—ending	<u>\$ 18,240,679</u>	<u>\$ 14,008,688</u>	<u>\$ 25,355,549</u>	<u>\$ 11,346,861</u>

* The net change in fund balances was included in the budget as a re-appropriation of prior year encumbrances.

The note to the required supplementary information is an integral part of this schedule.

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—County Road Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Departmental income	\$ -	\$ -	\$ 13,300	\$ 13,300
Intergovernmental charges	2,110,000	2,110,000	2,084,260	(25,740)
Use of money and property	685	685	9,585	8,900
Sale of property and compensation for loss	11,000	11,000	30,272	19,272
Miscellaneous	450,500	469,485	376,205	(93,280)
State aid	5,953,626	6,253,626	5,617,535	(636,091)
Federal aid	2,744,000	4,344,000	4,457,632	113,632
Total revenues	<u>11,269,811</u>	<u>13,188,796</u>	<u>12,588,789</u>	<u>(600,007)</u>
EXPENDITURES				
Current:				
Public safety	704,912	724,282	552,265	172,017
Transportation	18,164,588	18,497,329	17,822,554	674,775
Total expenditures	<u>18,869,500</u>	<u>19,221,611</u>	<u>18,374,819</u>	<u>846,792</u>
Deficiency of revenues over expenditures	<u>(7,599,689)</u>	<u>(6,032,815)</u>	<u>(5,786,030)</u>	<u>246,785</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,705,585	10,705,585	10,854,848	149,263
Transfers out	<u>(3,430,000)</u>	<u>(5,464,200)</u>	<u>(4,840,851)</u>	<u>623,349</u>
Total other financing sources (uses)	<u>7,275,585</u>	<u>5,241,385</u>	<u>6,013,997</u>	<u>772,612</u>
Net change in fund balances*	(324,104)	(791,430)	227,967	1,019,397
Fund balances—beginning	<u>2,813,012</u>	<u>2,813,012</u>	<u>2,813,012</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,488,908</u>	<u>\$ 2,021,582</u>	<u>\$ 3,040,979</u>	<u>\$ 1,019,397</u>

* The net change in fund balances was included in the budget as a re-appropriation of prior year encumbrances.

The note to the required supplementary information is an integral part of this schedule.

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COUNTY OF ST. LAWRENCE, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2018

1. OPEB LIABILITY

Changes of Assumptions—The actuarial cost method used as of January 1, 2018 was the Entry Age Normal Level Percent of Pay method as prescribed under GASB 75. Previously, when the plan was subject to GASB 45, the Projected Unit Credit cost method was utilized.

The rate used to discount future plan cash flows decreased from 3.78% as of January 1, 2018 to 3.44% as of December 31, 2018 based on a review of the Bond Buyer Weekly 20-Bond General Obligation Index. Previously, the discount rate had been based on the expected rate of return on the employer's general assets under GASB 45.

The Adjusted RPH-2014, fully generational using scale MP-2018 was used for mortality rates. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 7.00%, while the ultimate healthcare cost trend rate is 3.94%.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, County Road Fund and Road Machinery Fund. The Capital Projects Fund is appropriated on a project-length basis. The Special Grant Fund does not have an appropriated budget since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. However, amendments of the budget must be approved by the governing board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The General Fund's expenditures for home and community services exceeded the amended budget by \$7,121 due to unforeseen expenditures related to the CDBG program.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriation and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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SUPPLEMENTARY INFORMATION

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COUNTY OF ST. LAWRENCE, NEW YORK
Combining Statement of Net Position—
Discretely Presented Component Units
December 31, 2018

	Industrial Development Agency	Industrial Development Agency—Local Development Corporation	Soil and Water Conservation District (unaudited)	Property Development Corporation	Total Discretely Presented Component Units
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,197,149	\$ 321,517	\$ 187,573	\$ 32,157	\$ 2,738,396
Restricted cash and cash equivalents	25,872	8,373,829	332,350	65,000	8,797,051
Investments	1,978,930	1,791,043	-	-	3,769,973
Receivables, net of allowances:					
Accounts	127,571	1,198,922	-	-	1,326,493
Grants	1,883,560	-	-	-	1,883,560
Prepaid items	11,830	-	4,496	-	16,326
Total current assets	<u>6,224,912</u>	<u>11,685,311</u>	<u>524,419</u>	<u>97,157</u>	<u>18,531,799</u>
Noncurrent assets:					
Mortgages, loans and leases receivable	528,328	4,675,527	-	-	5,203,855
Capital assets not being depreciated	458,343	-	-	-	458,343
Capital assets, net of accumulated depreciation	2,481,798	696,341	-	-	3,178,139
Total noncurrent assets	<u>3,468,469</u>	<u>5,371,868</u>	<u>-</u>	<u>-</u>	<u>8,840,337</u>
Total assets	<u>9,693,381</u>	<u>17,057,179</u>	<u>524,419</u>	<u>97,157</u>	<u>27,372,136</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources—relating to pensions	172,668	-	-	-	172,668
Deferred outflows of resources—relating to OPEB	85,363	-	-	-	85,363
Total deferred outflows of resources	<u>258,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>258,031</u>
LIABILITIES					
Current liabilities:					
Accounts payable	-	1,326	-	-	1,326
Accrued liabilities	285,094	-	-	-	285,094
Unearned revenue	119,065	5,058	-	-	124,123
Total current liabilities	<u>404,159</u>	<u>6,384</u>	<u>-</u>	<u>-</u>	<u>410,543</u>
Noncurrent liabilities:					
Due within one year	805,187	-	-	-	805,187
Due in more than one year	3,065,824	-	-	-	3,065,824
Total noncurrent liabilities	<u>3,871,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,871,011</u>
Total liabilities	<u>4,275,170</u>	<u>6,384</u>	<u>-</u>	<u>-</u>	<u>4,281,554</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources—relating to pensions	193,148	-	-	-	193,148
Deferred inflows of resources—relating to OPEB	343,485	-	-	-	343,485
Total deferred inflows of resources	<u>536,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>536,633</u>
NET POSITION					
Net investment in capital assets	1,756,603	-	-	-	1,756,603
Restricted	-	16,726,532	329,254	-	17,055,786
Unrestricted	3,383,006	324,263	195,165	97,157	3,999,591
Total net position	<u>\$ 5,139,609</u>	<u>\$ 17,050,795</u>	<u>\$ 524,419</u>	<u>\$ 97,157</u>	<u>\$ 22,811,980</u>

COUNTY OF ST. LAWRENCE, NEW YORK
Combining Statement of Activities—
Discretely Presented Component Units
December 31, 2018

	Industrial Development Agency	Industrial Development Agency—Local Development Corporation	Soil and Water Conservation District (unaudited)	Property Development Corporation	Total Discretely Presented Component Units
Program expenses:					
Operation and maintenance	\$ 1,260,953	\$ 457,774	\$ 27,361	\$ -	\$ 1,746,088
Administrative expenses	700,216	377,294	223,404	2,845	1,303,759
Contractual	-	-	372,454	-	372,454
Total program expenses	<u>1,961,169</u>	<u>835,068</u>	<u>623,219</u>	<u>2,845</u>	<u>3,422,301</u>
Program revenues:					
Charges for services	76,974	114,165	21,292	-	212,431
Operating grants and contributions	1,184,295	100,000	846,193	100,000	2,230,488
Total program revenues	<u>1,261,269</u>	<u>214,165</u>	<u>867,485</u>	<u>100,000</u>	<u>2,442,919</u>
Net income (expense)	<u>(699,900)</u>	<u>(620,903)</u>	<u>244,266</u>	<u>97,155</u>	<u>(979,382)</u>
General revenues:					
Use of money and property	16,081	169,183	-	-	185,264
Miscellaneous local sources	562,982	15,139	63,879	2	642,002
Total general revenues	<u>579,063</u>	<u>184,322</u>	<u>63,879</u>	<u>2</u>	<u>827,266</u>
Change in net position	(120,837)	(436,581)	308,145	97,157	(152,116)
Net position—beginning, as restated	5,260,446	17,487,376	216,274	-	22,964,096
Net position—ending	<u>\$ 5,139,609</u>	<u>\$ 17,050,795</u>	<u>\$ 524,419</u>	<u>\$ 97,157</u>	<u>\$22,811,980</u>

COUNTY OF ST. LAWRENCE, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2018

	Road Machinery Fund	Special Grant Fund	Capital Projects Fund	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	\$ 2,314,536	\$ -	\$ -	\$ 2,314,536
Restricted cash and cash equivalents	-	190,529	388,487	579,016
Investments	499,843	-	-	499,843
Receivables, net of allowances	9,394	-	-	9,394
Due from other funds	250,100	545	417	251,062
Total assets	<u>\$ 3,073,873</u>	<u>\$ 191,074</u>	<u>\$ 388,904</u>	<u>\$ 3,653,851</u>
LIABILITIES				
Accounts payable	\$ 84,840	\$ -	\$ 126,382	\$ 211,222
Accrued liabilities	28,540	-	-	28,540
Due to other funds	1,197	-	39,034	40,231
Unearned revenue	-	191,074	-	191,074
Total liabilities	<u>114,577</u>	<u>191,074</u>	<u>165,416</u>	<u>471,067</u>
FUND BALANCES				
Restricted	-	-	223,488	223,488
Assigned	2,959,296	-	-	2,959,296
Total fund balances	<u>2,959,296</u>	<u>-</u>	<u>223,488</u>	<u>3,182,784</u>
Total liabilities and fund balances	<u>\$ 3,073,873</u>	<u>\$ 191,074</u>	<u>\$ 388,904</u>	<u>\$ 3,653,851</u>

COUNTY OF ST. LAWRENCE, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended December 31, 2018

	Road Machinery Fund	Special Grant Fund	Capital Projects Fund	Total Nonmajor Funds
REVENUES				
Intergovernmental charges	\$ 230,618	\$ -	\$ -	\$ 230,618
Use of money and property	90,665	-	-	90,665
Sale of property and compensation for loss	278,923	-	-	278,923
Miscellaneous	507,587	-	-	507,587
Interfund revenues	2,454,873	-	-	2,454,873
Federal aid	-	1,443,665	-	1,443,665
Total revenues	<u>3,562,666</u>	<u>1,443,665</u>	<u>-</u>	<u>5,006,331</u>
EXPENDITURES				
Current:				
Transportation	2,949,444	-	-	2,949,444
Economic assistance and opportunity	-	1,443,665	-	1,443,665
Debt service:				
Principal	225,000	-	-	225,000
Interest and fiscal charges	56,188	-	-	56,188
Capital outlay	-	-	5,069,098	5,069,098
Total expenditures	<u>3,230,632</u>	<u>1,443,665</u>	<u>5,069,098</u>	<u>9,743,395</u>
Excess (deficiency) of revenues over expenditures	<u>332,034</u>	<u>-</u>	<u>(5,069,098)</u>	<u>(4,737,064)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	-	5,083,851	5,093,851
Transfers out	(149,263)	-	(1,373)	(150,636)
Total other financing sources (uses)	<u>(139,263)</u>	<u>-</u>	<u>5,082,478</u>	<u>4,943,215</u>
Net change in fund balances	192,771	-	13,380	206,151
Fund balances—beginning	<u>2,766,525</u>	<u>-</u>	<u>210,108</u>	<u>2,976,633</u>
Fund balances—ending	<u>\$ 2,959,296</u>	<u>\$ -</u>	<u>\$ 223,488</u>	<u>\$ 3,182,784</u>

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FEDERAL AWARDS INFORMATION

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantor/ Pass-Through Program Title or Cluster (1a)	Federal CFDA Number (1b)	Pass-Through Grantor's Number (1c)	Passed Through to Sub-recipients	Federal Expenditures (1d)
U.S. Department of Agriculture:				
Passed through NYS Office of Temporary and Disability Assistance:				
<i>SNAP Cluster</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	\$ -	\$ 1,323,134
<i>Total SNAP Cluster</i>			-	1,323,134
Total U.S. Department of Agriculture				
U.S. Department of Housing and Urban Development:				
Passed through NYS Office of Community Renewal:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	1106HR311-17	400,668	400,668
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	1106HR328-16	257,050	257,050
Total U.S. Department of Housing and Urban Development				
			657,718	657,718
U.S. Department of Labor:				
Passed through NYS Office for the Aging:				
Senior Community Service Employment Program	17.235	N/A	-	14,162
Passed through NYS Department of Labor:				
<i>WIOA cluster:</i>				
WIOA Adult Program	17.258	N/A	-	355,846
WIOA Youth Activities	17.259	N/A	-	424,155
WIOA Dislocated Worker Formula Grants	17.278	N/A	-	229,829
<i>Total WIOA cluster</i>			-	1,009,830
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	N/A	-	36,456
Trade Adjustment Assistance	17.245	N/A	-	34,887
Total U.S. Department of Labor				
			-	1,095,335
U.S. Department of Transportation:				
Passed through NYS Department of Transportation:				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	D034826; PIN 7753.54	-	1,036
Highway Planning and Construction	20.205	D034931; PIN 7753.55	-	1,528,422
Highway Planning and Construction	20.205	D035521; PIN 7753.64	-	2,686,738
Highway Planning and Construction	20.205	D035694; PIN 7753.71	-	223,783
<i>Total Highway Planning and Construction Cluster</i>			-	4,439,979

(continued)

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantor/ Pass-Through Program Title or Cluster (1a)	Federal CFDA Number (1b)	Pass-Through Grantor's Number (1c)	Passed Through to Sub-recipients	Federal Expenditures (1d)
Direct program:				
Formula Grants for Rural Areas	20.509	C005595	451,891	451,891
Total U.S. Department of Transportation			<u>451,891</u>	<u>4,891,870</u>
U.S. Department of Education:				
Passed through NYS Department of Health:				
Special Education - Grants for Infants and Families	84.181	N/A	-	46,410
Total U.S. Department of Education			<u>-</u>	<u>46,410</u>
U.S. Election Assistance Commission:				
Passed through NYS Department of State:				
Northern Border Regional Development	90.601	N/A	-	492,810
Total U.S. Election Assistance Commission			<u>-</u>	<u>492,810</u>
U.S. Department of Health and Human Services:				
Direct program:				
Public Health Emergency Preparedness	93.069	N/A	-	88,337
Passed through NYS Office for the Aging:				
Special Programs for Aging Title III , Part D, Disease Prevention and Health Promotion Services	93.043	N/A	-	5,712
Natonal Family Caregiver Support Title III, Part E	93.052	N/A	-	42,135
<i>Aging Cluster:</i>				
Special Programs for the Aging, Title III, Part B—Grants for Supportive Services and Senior Centers	93.044	N/A	-	109,612
Special Programs for the Aging, Title III, Part C—Nutrition Services	93.045	N/A	-	225,881
Nutrition Services Incentive Program	93.053	N/A	-	102,347
<i>Total Aging Cluster:</i>			<u>-</u>	<u>437,840</u>
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	N/A	-	33,021
Passed through the Health Research Institute:				
Medicare Enrollment Assistance Program	93.071	N/A	-	14,380
Passed through NYS Department of Health:				
Immunization Cooperative Agreements	93.268	N/A	-	57,374

(continued)

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

(concluded)

Federal Grantor/ Pass-Through Program Title or Cluster (1a)	Federal CFDA Number (1b)	Pass-Through Grantor's Number (1c)	Passed Through to Sub-recipients	Federal Expenditures (1d)
<i>Medical Assistance Program Medicaid Cluster:</i>				
Medical Assistance Program	93.778	N/A	-	2,442,096
<i>Total Medical Assistance Program Medicaid Cluster</i>			-	2,442,096
<i>Maternal and Child Health Services</i>				
Block Grant to the States	93.994	N/A	-	20,545
Passed through NYS Office of Temporary and Disability Assistance:				
<i>TANF Cluster</i>				
Temporary Assistance to Needy Families	93.558	N/A	-	7,814,937
<i>Total TANF Cluster</i>			-	7,814,937
Child Support Enforcement	93.563	N/A	-	1,025,117
Low Income Home Energy Assistance	93.568	N/A	-	7,617,523
Foster Care—Title IV-E	93.658	N/A		3,118,621
Social Services Block Grant	93.667	N/A	-	790,249
Chafee Foster Care Independence Program	93.674	N/A	-	55,822
Passed through NYS Office of Alcoholism and Substance Abuse Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	64805	605,191	605,191
Total U.S. Department of Health and Human Services			<u>605,191</u>	<u>24,168,900</u>
U.S. Department of Homeland Security:				
Passed through NYS Office for the Aging:				
<i>Emergency Food and Shelter National</i>				
Board Program	97.024	N/A	-	7,000
Emergency Management Performance Grant Board Program	97.042	N/A	-	46,572
Passed through NYS Division of Homeland Security and Emergency Services:				
<i>Homeland Security Program:</i>				
Homeland Security Grant Program	97.067	DHSES #WM16973560	-	120,500
Homeland Security Grant Program	97.067	DHSES #WM17973570	-	16,080
Homeland Security Grant Program	97.067	DHSES #WM17973562	-	30,016
Homeland Security Grant Program	97.067	DHSES #WM15172059	-	3,961
Homeland Security Grant Program	97.067	DHSES #WM16172069	-	21,130
<i>Total Homeland Security Program</i>			-	191,687
Total U.S. Department of Homeland Security			-	245,259
Total Expenditures of Federal Awards (1e)			<u>\$ 1,714,800</u>	<u>\$ 32,921,436</u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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COUNTY OF ST. LAWRENCE, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the County of St. Lawrence, New York (the “County”) under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County. The following notes were identified on the schedule of expenditures of federal awards:

- a) Includes all federal award programs of the County of St. Lawrence, New York. The federal expenditures of the St. Lawrence County Industrial Development Agency, the St. Lawrence County Local Development Agency-Local Development Corporation, the St. Lawrence County Soil and Water Conservation District and the St. Lawrence County Property Development Corporation have not been included.
- b) Source: Catalog of Federal Domestic Assistance.
- c) Pass-through entity identifying numbers are presented where available.
- d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- e) A reconciliation to the basic financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The County has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. INDIRECT COSTS

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

4. MATCHING COSTS

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

5. DEPARTMENT OF SOCIAL SERVICES – ADMINISTRATIVE COSTS

Differences between the amounts reflected in the Schedule of Expenditures of Federal Awards and the Department of Social Services’ federal financial reports (RF-2 claims) are due to allocation of administrative costs to the individual federal programs.

6. AMOUNTS PROVIDED TO SUBRECIPIENTS

Certain program funds are passed through the County to subrecipient organizations. The County identifies, to the extent practical, the total amount provided to subrecipients from each federal program; however, the Schedule does not contain separate schedules disclosing how the subrecipients outside of the County's control utilize the funds. The County requires subrecipients receiving funds to submit separate audit reports disclosing the use of the program funds.

Certified Public Accountants

**INDEPENDENT AUDITORS' 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**

Honorable County Board of Legislators and County Administrator
County of St. Lawrence, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of St. Lawrence, New York (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 12, 2019. Our report is qualified on the aggregate discretely presented component units, includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 75, and includes a reference to other auditors who audited the financial statements of the St. Lawrence County Industrial Development Agency—Civic Development Corporation, the Canton Human Service Initiatives, Inc., the St. Lawrence Industrial Development Agency, the St. Lawrence County Industrial Development Agency—Local Development Corporation, and the St. Lawrence County Property Development Corporation, and as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the St. Lawrence County Soil and Water Conservation District have not been audited.

Internal Control Over Financial Reporting

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

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

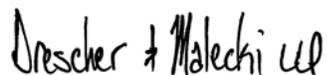
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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



August 12, 2019

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

Honorable County Board of Legislators and County Administrator
County of St. Lawrence, New York:

Report on Compliance for Each Major Federal Program

We have audited the County of St. Lawrence, New York's, (the "County") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. 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.

The County's basic financial statements include the operations of the St. Lawrence County Industrial Development Agency—Civic Development Corporation (the "CDC"), the Canton Human Service Initiatives, Inc. (the "CHSI"), the St. Lawrence County Industrial Development Agency (the "Agency"), the St. Lawrence County Industrial Development Agency—Local Development Corporation (the "LDC"), the St. Lawrence County Soil and Water Conservation District (the "District") and the St. Lawrence County Property Development Corporation (the "PDC"), which received \$0, \$0, \$0, \$0, \$39,692 and \$0 in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2018. Our compliance audit, described below, did not include the operations of the Agency, LDC, District and PDC. Other auditors were engaged to perform such audits on the Agency, LDC and PDC in accordance with the Uniform Guidance, as applicable, while financial statements of the District have not been audited for the year ended December 31, 2018.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance 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 each 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 each of its major federal programs for the year ended December 31, 2018.

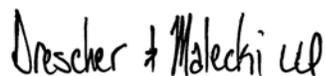
Report on Internal Control Over Compliance

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 each major federal program as a basis for designing 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



August 12, 2019

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified*
 *(which report is qualified on the aggregate discretely presented component units, includes an emphasis of matter paragraph regarding the implementation of GASB Statement No.75 and includes a reference to other auditors)

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	✓ _____ No
Significant deficiency(ies) identified?	_____ Yes	✓ _____ None reported
Noncompliance material to the financial statements noted?	_____ Yes	✓ _____ No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	✓ _____ No
Significant deficiency(ies) identified?	_____ Yes	✓ _____ None reported

Type of report the auditor issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	✓ _____ No
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Identification of major federal programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.561	SNAP Cluster
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
20.205	Highway Planning and Construction
93.563	Child Support Enforcement
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs?	\$	<u>987,643</u>
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Auditee qualified as low-risk auditee?	✓ _____ Yes	_____ No
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COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

Section II. FINANCIAL STATEMENT FINDINGS SECTION

No findings noted.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No findings noted.

COUNTY OF ST. LAWRENCE, NEW YORK
Summary Schedule of Prior Year Audit Findings and Corrective Action Plan
Year Ended December 31, 2018
(Follow Up on December 31, 2017 Findings)

No findings were reported.

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