

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

*Basic Financial Statements, Required Supplementary
Information, Supplementary Information and Federal
Awards Information for the Year Ended
December 31, 2015 and Independent Auditors' Reports*

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable County Administrator and County Board of Legislators
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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 Canton Human Service Initiatives, Inc. (the "CHSI"), which represent 57.1% and 11.0% of the assets and revenues, respectively, of the business-type activities. We did not audit the financial statements of the St. Lawrence County Industrial Development Agency and the St. Lawrence County Industrial Development Agency—Local Development Corporation, which represent 32.2% and 66.4%, respectively, of the assets and 64.5% and 10.9%, 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 aggregate discretely presented component units, 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 1.4% and 24.6% 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, 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, 2015, 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, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2015 the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Additionally, the County has restated net position of governmental activities and net position of business-type activities and fund balance of the General Fund and Nonmajor Funds as of December 31, 2014. 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 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 Title 2 U.S. Code of Federal Regulation 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 January 25, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



January 25, 2017

COUNTY OF ST. LAWRENCE, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2015

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, 2015. 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 \$6,483,238 (*deficit net position*). This consists of \$109,666,468 net investment in capital assets, \$3,176,311 restricted for specific purposes, offset by an unrestricted net deficit of \$119,326,017.
- The County's total net position decreased by \$10,252,299 during the year ended December 31, 2015. Governmental Activities decreased the County's net position by \$10,085,201, while the net position of the County's Business-type Activities decreased \$167,098.
- At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$11,305,122, an increase of \$549,145 in comparison with the prior year's fund balance of \$10,755,977, as restated.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$2,904,482, or 1.7 percent of total General Fund expenditures and transfers out. This amount constitutes approximately 28.9 percent of the General Fund's total fund balance of \$10,066,464 at December 31, 2015.
- The County's primary government total bonded indebtedness decreased by \$1,395,000 as a result of the refunding bond issuance of \$25,135,000, which refunded \$25,200,000 of previously outstanding bonds and scheduled principal payments of \$1,330,000.

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, 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 a blended component unit, Canton Human Service Initiatives, Inc. (“CHSI”).

The government-wide financial statements include not only the County and its blended component unit (known as the *primary government*), but also the St. Lawrence County Industrial Development Agency, the St. Lawrence County Industrial Development Agency—Local Development Corporation and the St. Lawrence County Soil and Water Conservation District 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, which is considered to be a major fund. Data from the other four 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 its Solid Waste operations and CHSI. *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 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* reported 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 Expendable Trust Fund and the Agency Fund.

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

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 26-60 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 progress in funding its obligation to provide postemployment benefits to its employees, the County's net pension liability, and the County's budgetary comparison schedule for the General Fund. Required Supplementary Information and a related note to the Required Supplementary Information can be found on pages 61-65 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 66-69.

The Federal Awards Information presents the County's Schedule of Expenditures of Federal Awards. This section can be found on pages 70-84 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 \$6,483,238 (deficit net position) at the close of the most recent fiscal year, as compared to a net position of \$3,769,061 (as restated) at the close of the fiscal year ended December 31, 2014.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2015	2014 (as restated)	2015	2014 (as restated)	2015	2014 (as restated)
Current assets	\$ 76,107,806	\$ 79,773,013	\$ 1,999,105	\$ 3,023,732	\$ 78,106,911	\$ 82,796,745
Noncurrent assets	152,106,627	141,875,154	6,756,094	6,477,673	158,862,721	148,352,827
Total assets	228,214,433	221,648,167	8,755,199	9,501,405	236,969,632	231,149,572
Deferred outflows of resources	7,508,340	5,297,185	442,461	106,423	7,950,801	5,403,608
Current liabilities	41,902,273	39,951,001	203,663	556,761	42,105,936	40,507,762
Noncurrent liabilities	197,311,351	181,369,785	9,560,654	9,481,140	206,872,005	190,850,925
Total liabilities	239,213,624	221,320,786	9,764,317	10,037,901	248,977,941	231,358,687
Deferred inflows of resources	2,401,216	1,431,432	24,514	-	-	1,431,432
Net position:						
Net investment						
in capital assets	107,122,277	103,388,601	2,544,191	2,477,673	109,666,468	105,866,274
Restricted	3,176,311	5,763,937	-	-	3,176,311	5,763,937
Unrestricted	(116,190,655)	(104,959,404)	(3,135,362)	(2,901,746)	(119,326,017)	(107,861,150)
Total net position	\$ (5,892,067)	\$ 4,193,134	\$ (591,171)	\$ (424,073)	\$ (6,483,238)	\$ 3,769,061

The largest portion of the County's net position, \$109,666,468, 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, \$3,176,311, 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, \$119,326,017 is considered to be an unrestricted deficit.

Table 2, as presented on the following page, shows the changes in net position for the years ended December 31, 2015 and December 31, 2014.

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,	
	2015	2014 (as restated)	2015	2014 (as restated)	2015	2014 (as restated)
Revenues:						
Program revenues	\$ 75,021,125	\$ 70,596,406	\$ 4,457,434	\$ 4,334,857	79,478,559	74,931,263
General revenues	116,126,937	114,047,883	106,598	169,167	116,233,535	114,217,050
Total revenues	191,148,062	184,644,289	4,564,032	4,504,024	195,712,094	189,148,313
Total expenses	201,233,263	195,965,311	4,731,130	4,607,927	205,964,393	200,573,238
Change in net position	(10,085,201)	(11,321,022)	(167,098)	(103,903)	(10,252,299)	(11,424,925)
Net position—beginning	4,193,134	16,330,932	(424,073)	(268,811)	3,769,061	16,062,121
Restatement	-	(816,776)	-	(51,359)	-	(868,135)
Net position—ending	\$ (5,892,067)	\$ 4,193,134	\$ (591,171)	\$ (424,073)	\$ (6,483,238)	\$ 3,769,061

Governmental activities—Governmental activities decreased the County’s net position by \$10,085,201. A summary of revenues for governmental activities for the years ended December 31, 2015 and 2014 is presented below.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2015	2014	Dollars	Percent (%)
Charges for services	\$ 22,025,471	\$ 18,812,876	\$ 3,212,595	17.1
Operating grants and contributions	47,164,687	46,972,288	192,399	0.4
Capital grants and contributions	5,830,967	4,811,242	1,019,725	21.2
Property taxes and tax items	48,838,740	46,901,301	1,937,439	4.1
Non-property taxes	56,747,764	58,478,528	(1,730,764)	(3.0)
Other general revenues	10,540,433	8,668,054	1,872,379	21.6
Total revenues	\$ 191,148,062	\$ 184,644,289	\$ 6,503,773	3.5

The most significant source of revenues for governmental activities is non-property taxes, which accounts for \$56,747,764, or 29.7 percent of total revenues. The other significant sources of revenue include property taxes and tax items, which comprise \$48,838,740, or 25.6 percent of total revenues, operating grants and contributions, which comprise \$47,164,687, or 24.7 of total revenues, and charges for services, which comprise \$22,025,471, or 11.5 percent of total revenues. For the year ended December 31, 2014, the most significant source of revenues for governmental activities was non-property taxes, which accounted for \$58,478,528, or 31.7 percent of total revenues. The other significant sources of revenue included operating grants and contributions, which comprised \$46,972,288, or 25.4 of total revenues, property taxes and tax items, which comprised \$46,901,301, or 25.4 percent of total revenues, and charges for services, which comprised \$18,812,876, or 10.2 percent of total revenues.

During the year ended December 31, 2015, total revenues increased by \$6,503,773, of which charges for services accounted for a \$3,212,595 increase. This increase is primarily attributable to increased departmental activities provided by the County, which created more revenues and were offset by more expenditures.

A summary of program expenses of governmental activities for the years ended December 31, 2015 and 2014 is presented below in table 4.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2015	2014	Dollars	Percent (%)
General government support	\$ 54,330,404	\$ 50,448,786	\$ 3,881,618	7.7
Education	1,011,897	792,206	219,691	27.7
Public safety	21,262,575	25,519,196	(4,256,621)	(16.7)
Public health	16,206,251	15,911,683	294,568	1.9
Transportation	24,180,278	20,563,854	3,616,424	17.6
Economic assistance and opportunity	80,066,235	77,062,291	3,003,944	3.9
Culture and recreation	299,171	243,266	55,905	23.0
Home and community services	2,690,517	4,063,253	(1,372,736)	(33.8)
Interest and fiscal charges	1,185,935	1,360,776	(174,841)	(12.8)
Total program expenses	<u>\$ 201,233,263</u>	<u>\$ 195,965,311</u>	<u>\$ 5,267,952</u>	2.7

The County's most significant expense items for governmental activities were economic assistance and opportunity of \$80,066,235, or 39.8 percent of total governmental activities expenses, general government support of \$54,330,404, or 27.0 percent of total governmental activities expenses, transportation of \$24,180,278, or 12.0 percent of total governmental activities expenses, and public safety of \$21,262,575, or 10.6 percent of total governmental activities expenses for the year ended December 31, 2015. Similarly, for the year ended December 31, 2014, significant expense items were economic assistance and opportunity of \$77,062,291, or 39.3 percent of total governmental activities expenses, general government support of \$50,448,786, or 25.7 percent of total governmental activities expenses, public safety of \$25,519,196, or 13.0 percent of total governmental activities expenses, and transportation of \$20,563,854, or 10.5 percent of total governmental activities expenses.

During the year ended December 31, 2015, general government support and transportation expenses increased by \$3,881,618 and \$3,616,424, respectively. The increase in general government support and transportation is due to a significant increase in other postemployment benefits obligation and an increase in allocable employee benefits expenses. The increase in employee benefits was partially offset by the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* had on 2015 activity. During 2015, the County recognized its' proportionate share of the New York State Employee Retirement System net pension liability, which reduced the employee benefit expenses recognized on the government-wide statements.

Business-type Activity—Business-type activities decreased the County’s net position by \$167,098. A summary of revenues and operating expenses for the County’s business-type activities for the years ended December 31, 2015 and 2014 is presented below.

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

	Year Ended December 31,		Increase/(Decrease)	
	2015	2014	Dollar	Percent (%)
Revenues:				
Operating revenues	4,496,964	4,440,965	55,999	1.3
Nonoperating revenues	67,068	63,059	4,009	6.4
Total revenues	<u>\$ 4,564,032</u>	<u>\$ 4,504,024</u>	<u>\$ 60,008</u>	1.3
Operating expenses:				
Personal services	\$ 819,081	\$ 769,529	\$ 49,552	6.4
Contractual expenses	2,616,592	2,402,990	213,602	8.9
Benefits	806,280	964,244	(157,964)	(16.4)
Depreciation	489,177	471,164	18,013	3.8
Total operating expenses	<u>\$ 4,731,130</u>	<u>\$ 4,607,927</u>	<u>\$ 123,203</u>	2.7

The County’s business-type activities revenues for the year ended December 31, 2015 increased 1.3 percent from the previous year.

The most significant expense item for the year ended December 31, 2015 is contractual expenses, which accounted for \$2,616,592, or 55.3 percent of total operating expenses. Similarly, for the year ended December 31, 2014, the most significant expense item was contractual expenses, which accounted for \$2,402,990, or 52.1 percent of total operating expenses.

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, 2015, the County’s governmental funds reported combined ending fund balances of \$11,305,122, an increase of \$594,145 in comparison with the prior year, as restated. Excluding the effects of a \$2,977,647 fund balance deficit in the Capital Projects Fund, approximately 20.3 percent of this amount, \$2,904,482, 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*, *committed*, or *assigned* to indicate that it is: (1) not in spendable form, \$3,175,826, (2) restricted for particular purposes, \$3,668,785, or (3) assigned for particular purposes, \$4,533,676.

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 \$2,904,482, while total fund balance increased to \$10,066,464. 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 1.7 percent of General Fund expenditures and transfers out, while total fund balance represents 5.9 percent of that same amount.

Proprietary funds—Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The deficit net position of the enterprise funds at the end of the current fiscal year totaled \$591,171.

The Internal Service Fund is used to account for the County's self-insurance workers' compensation program. The total deficit net position at the end of the fiscal year was \$7,606,736. This represents an improvement of \$833,930, which is due to increased assessments from municipal participants included in the workers' compensation program.

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, 2015 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	\$ 177,790,874	\$ 180,958,953	\$ 171,711,946	\$ (9,247,007)
Expenditures and other financing uses	177,972,933	181,735,612	170,376,106	11,359,506
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (182,059)	\$ (776,659)	\$ 1,335,840	\$ 2,112,499

Original budget compared to final budget—During the year, the budget is modified, primarily to reflect the acceptance of new grants. These grants explain some of the increases in appropriations and revenue from the original adopted budget to the final budget. Significant grants for which the budget was modified were for community development block grants, which amended appropriations of \$1,245,854 in home and community services and public safety grants related to technical and automotive equipment, which increased appropriations by \$886,010 within public safety. A majority of the remaining increases in budgeted appropriations were a result of higher than anticipated operating expenses.

Final budget compared to actual results—The General Fund had a favorable variance from final budgetary appropriations of \$2,112,499. The primary positive variances were realized in general government support and economic assistance and opportunity 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, 2015 amounted to \$144,405,444 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and building improvements, land improvements, machinery and equipment and infrastructure.

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 depreciation for the governmental activities and business-type activities at the years ended December 31, 2015 and December 31, 2014 are presented in Table 7 below:

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

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2015	2014 (as restated)	2015	2014 (as restated)	2015	2014 (as restated)
Land	\$ 2,243,080	\$ 2,243,080	\$ 318,800	\$ 318,800	\$ 2,561,880	\$ 2,561,880
Construction in progress	489,602	2,320,174	-	-	489,602	2,320,174
Buildings and building improvements	28,807,221	30,159,108	4,049,153	4,209,787	32,856,374	34,368,895
Land improvements	-	-	925,409	879,693	925,409	879,693
Machinery and equipment	5,257,030	4,689,136	1,462,732	1,441,930	6,719,762	6,131,066
Infrastructure	100,852,417	96,744,260	-	-	100,852,417	96,744,260
Total	\$ 137,649,350	\$ 136,155,758	\$ 6,756,094	\$ 6,850,210	\$ 144,405,444	\$ 143,005,968

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 \$33,330,464 in total net bonded debt for functions considered governmental and business-type activities. This includes serial bonds and related premiums, and bonds issued by the Canton Human Service Initiatives, Inc. (the “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, 2015 and December 31, 2014 is presented in Table 8 below:

Table 8—Summary of Long-Term Liabilities

	Governmental Activities		Business-type Activities	
	December 31,		December 31,	
	2015	2014 (as restated)	2015	2014 (as restated)
Bonds payable	\$ 25,690,000	\$ 26,825,000	\$ 5,860,000	\$ 6,120,000
Premium	1,780,464	-	-	-
Capital lease	154,083	299,694	-	-
Landfill obligation	-	-	323,162	355,392
Workers' compensation claims	28,912,671	28,802,799	-	-
Compensated absences	4,088,151	3,133,335	382,824	332,816
OPEB obligation	130,936,678	114,618,484	2,875,540	2,513,581
Net pension liability	5,749,304	7,690,473	119,128	159,351
Total	<u>\$ 197,311,351</u>	<u>\$ 181,369,785</u>	<u>\$ 9,560,654</u>	<u>\$ 9,481,140</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

The unemployment rate, not seasonally adjusted, for St. Lawrence County during December 2015 was 6.2 percent. This is unfavorable to New York State’s unemployment rate of 4.7 percent and the national unemployment rate of 5.0 percent.

The County’s 2016 budget of \$227,923,342 represents a decrease in appropriations from the 2015 budget of \$233,221,828. The 2016 tax levy of \$47,600,944 represents an increase of .85% over the levy in 2015. The County has not appropriated fund balance in the 2016 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, 2015

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	
ASSETS				
Cash and cash equivalents	\$ 23,536,112	\$ 1,619,521	\$ 25,155,633	\$ 2,866,312
Restricted cash and cash equivalents	6,336,190	-	6,336,190	15,172,194
Receivables, net of allowances				
Taxes	19,427,056	-	19,427,056	-
Accounts receivable	2,504,969	251,837	2,756,806	1,317,396
Intergovernmental receivables	22,262,163	-	22,262,163	45,383
Internal balances	362,742	(362,742)	-	-
Prepaid items	1,678,574	490,489	2,169,063	13,486
Noncurrent intergovernmental receivables	14,457,277	-	14,457,277	-
Mortgages, loans and leases receivable	-	-	-	3,619,478
Capital assets not being depreciated	2,732,682	318,800	3,051,482	281,353
Capital assets, net of accumulated depreciation	<u>134,916,668</u>	<u>6,437,294</u>	<u>141,353,962</u>	<u>4,392,997</u>
Total assets	<u>228,214,433</u>	<u>8,755,199</u>	<u>236,969,632</u>	<u>27,708,599</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding bonds	1,515,152	318,279	1,833,431	-
Deferred outflows of resources—relating to pensions	<u>5,993,188</u>	<u>124,182</u>	<u>6,117,370</u>	<u>95,843</u>
Total deferred outflows of resources	<u>7,508,340</u>	<u>442,461</u>	<u>7,950,801</u>	<u>95,843</u>
LIABILITIES				
Accounts payable	6,221,211	103,248	6,324,459	42,420
Accrued liabilities	3,281,616	100,230	3,381,846	1,921
Due to Agency Fund	-	185	185	-
Interest payable	185,124	-	185,124	-
Intergovernmental payables	17,329,026	-	17,329,026	-
Bond anticipation notes payable	3,395,000	-	3,395,000	-
Revenue anticipation notes payable	10,000,000	-	10,000,000	-
Unearned revenue	1,490,296	-	1,490,296	6,987
Noncurrent liabilities:				
Due within one year	2,293,010	317,983	2,610,993	99,165
Due in more than one year	<u>195,018,341</u>	<u>9,242,671</u>	<u>204,261,012</u>	<u>2,329,556</u>
Total liabilities	<u>239,213,624</u>	<u>9,764,317</u>	<u>248,977,941</u>	<u>2,480,049</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources—grants	1,218,125	-	1,218,125	-
Deferred inflows of resources—relating to pensions	<u>1,183,091</u>	<u>24,514</u>	<u>1,207,605</u>	<u>24,782</u>
Total deferred inflows of resources	<u>2,401,216</u>	<u>24,514</u>	<u>2,425,730</u>	<u>24,782</u>
NET POSITION				
Net investment in capital assets	107,122,277	2,544,191	109,666,468	6,399,758
Restricted for:				
Insurance	3,114,785	-	3,114,785	-
Debt reduction	61,526	-	61,526	13,949,245
Unrestricted	<u>(116,190,655)</u>	<u>(3,135,362)</u>	<u>(119,326,017)</u>	<u>4,950,608</u>
Total net position	<u>\$ (5,892,067)</u>	<u>\$ (591,171)</u>	<u>\$ (6,483,238)</u>	<u>\$ 25,299,611</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, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Units</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>			
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Primary government:								
Governmental activities:								
General government support	\$ 54,330,404	\$ 11,311,337	\$ 2,417,193	\$ -	\$ (40,601,874)	\$ -	\$ (40,601,874)	\$ -
Education	1,011,897	646,100	-	-	(365,797)	-	(365,797)	-
Public safety	21,262,575	579,613	7,304,432	-	(13,378,530)	-	(13,378,530)	-
Public health	16,206,251	4,002,941	4,289,391	-	(7,913,919)	-	(7,913,919)	-
Transportation	24,180,278	2,443,438	-	5,344,046	(16,392,794)	-	(16,392,794)	-
Economic assistance and opportunity	80,066,235	2,922,373	32,499,987	-	(44,643,875)	-	(44,643,875)	-
Culture and recreation	299,171	-	550,318	-	251,147	-	251,147	-
Home and community services	2,690,517	119,669	103,366	486,921	(1,980,561)	-	(1,980,561)	-
Interest and fiscal charges	1,185,935	-	-	-	(1,185,935)	-	(1,185,935)	-
Total governmental activities	<u>201,233,263</u>	<u>22,025,471</u>	<u>47,164,687</u>	<u>5,830,967</u>	<u>(126,212,138)</u>	<u>-</u>	<u>(126,212,138)</u>	<u>-</u>
Business-type activities:								
Solid waste management	4,283,007	3,935,036	19,892	-	-	(328,079)	(328,079)	-
Canton Human Service Initiatives	448,123	502,506	-	-	-	54,383	54,383	-
Total primary government	<u>\$ 205,964,393</u>	<u>\$ 26,463,013</u>	<u>\$ 47,184,579</u>	<u>\$ 5,830,967</u>	<u>(126,212,138)</u>	<u>(273,696)</u>	<u>(126,485,834)</u>	<u>-</u>
Component units:	<u>\$ 3,732,375</u>	<u>\$ 1,119,791</u>	<u>\$ 482,539</u>	<u>\$ -</u>				<u>(2,130,045)</u>
		General revenues:						
					48,838,740	-	48,838,740	-
					56,747,764	-	56,747,764	-
					143,783	133	143,916	141,845
					3,887,855	24,924	3,912,779	809,592
					3,277,919	34,498	-	-
					(47,043)	47,043	-	-
					3,277,919	-	3,277,919	-
					<u>116,126,937</u>	<u>106,598</u>	<u>112,921,118</u>	<u>951,437</u>
					(10,085,201)	(167,098)	(10,252,299)	(1,178,608)
					<u>4,193,134</u>	<u>(424,073)</u>	<u>3,769,061</u>	<u>26,478,219</u>
					<u>\$ (5,892,067)</u>	<u>\$ (591,171)</u>	<u>\$ (6,483,238)</u>	<u>\$ 25,299,611</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, 2015

	<u>General</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 11,932,742	\$ 4,135,532	\$ 16,068,274
Restricted cash and cash equivalents	5,638,036	698,154	6,336,190
Receivables (net of allowances):			
Taxes	19,427,056	-	19,427,056
Accounts receivable	2,494,627	10,342	2,504,969
Due from other funds	367,189	497,457	864,646
Intergovernmental receivables	18,428,774	555,470	18,984,244
Prepaid items	1,678,574	-	1,678,574
Total assets	<u>\$ 59,966,998</u>	<u>\$ 5,896,955</u>	<u>\$ 65,863,953</u>
LIABILITIES			
Accounts payable	\$ 5,771,373	\$ 377,788	\$ 6,149,161
Accrued liabilities	3,114,630	166,986	3,281,616
Intergovernmental payables	17,329,026	-	17,329,026
Due to other funds	27,923	471,827	499,750
Bond anticipation notes payable	-	3,395,000	3,395,000
Revenue anticipation notes payable	10,000,000	-	10,000,000
Unearned revenues	1,243,600	246,696	1,490,296
Total liabilities	<u>37,486,552</u>	<u>4,658,297</u>	<u>42,144,849</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources—property taxes	11,195,857	-	11,195,857
Deferred inflows of resources—grants	1,218,125	-	1,218,125
Total deferred inflows of resources	<u>12,413,982</u>	<u>-</u>	<u>12,413,982</u>
FUND BALANCES (DEFICIT)			
Nonspendable	3,175,826	-	3,175,826
Restricted	3,176,311	492,474	3,668,785
Assigned	809,845	3,723,831	4,533,676
Unassigned	2,904,482	(2,977,647)	(73,165)
Total fund balances (deficit)	<u>10,066,464</u>	<u>1,238,658</u>	<u>11,305,122</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 59,966,998</u>	<u>\$ 5,896,955</u>	<u>\$ 65,863,953</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, 2015

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

Total fund balances—governmental funds (page 16)		\$ 11,305,122
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$234,261,397 and the accumulated depreciation is \$96,612,047.		137,649,350
Other long-term receivables are not available to pay for current period expenditures and, therefore, are not reported in the funds.		3,277,919
Uncollected property taxes are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.		11,195,857
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	\$ 4,810,565	
Deferred outflows related to experience and investment	1,182,623	
Deferred inflows related to pension plans	(1,183,091)	4,810,097
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.		1,515,152
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.		(7,606,736)
Net accrued interest expense for serial bonds is not reported in the funds.		(185,124)
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:		
Serial bonds	\$ (25,690,000)	
Premium on serial bonds	(1,780,464)	
Capital lease	(154,083)	
Compensated absences	(4,088,151)	
Other postemployment benefits obligation	(130,391,702)	
Net pension liability	(5,749,304)	(167,853,704)
Net position of governmental activities		\$ (5,892,067)

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, 2015

	General	Total Nonmajor Funds	Total Governmental Funds
REVENUES			
Real property taxes	\$ 45,944,312	\$ -	\$ 45,944,312
Real property tax items	2,867,333	-	2,867,333
Non-property tax items	56,747,764	-	56,747,764
Departmental income	14,471,144	15,811	14,486,955
Intergovernmental charges	1,413,761	2,307,020	3,720,781
Use of money and property	55,784	87,473	143,257
Licenses and permits	37,500	-	37,500
Fines and forfeitures	29,327	-	29,327
Sale of property and compensation for loss	1,722,093	45,878	1,767,971
Miscellaneous	1,894,971	1,412,183	3,307,154
Interfund revenues	460,395	1,983,043	2,443,438
State aid	22,477,582	4,990,484	27,468,066
Federal aid	22,482,056	3,045,532	25,527,588
Total revenues	<u>170,604,022</u>	<u>13,887,424</u>	<u>184,491,446</u>
EXPENDITURES			
Current:			
General government support	42,454,834	-	42,454,834
Education	860,664	-	860,664
Public safety	17,059,774	653,750	17,713,524
Health	13,733,337	-	13,733,337
Transportation	357,294	19,498,788	19,856,082
Economic assistance and opportunity	66,863,675	1,237,412	68,101,087
Culture and recreation	254,458	-	254,458
Home and community services	2,279,794	-	2,279,794
Employee benefits	13,525,542	-	13,525,542
Debt service:			
Principal	1,070,000	-	1,070,000
Interest and fiscal charges	879,820	220,720	1,100,540
Capital outlay	-	3,126,766	3,126,766
Total expenditures	<u>159,339,192</u>	<u>24,737,436</u>	<u>184,076,628</u>
Excess (deficiency) of revenues over expenditures	<u>11,264,830</u>	<u>(10,850,012)</u>	<u>414,818</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,107,924	13,840,458	14,948,382
Transfers out	(11,036,914)	(3,985,423)	(15,022,337)
Proceeds from refunding bonds	-	25,135,000	25,135,000
Premium on refunding bonds	-	1,833,954	1,833,954
Payment to escrow agent	-	(26,760,672)	(26,760,672)
Total other financing sources (uses)	<u>(9,928,990)</u>	<u>10,063,317</u>	<u>134,327</u>
Net change in fund balances	1,335,840	(786,695)	549,145
Fund balances—beginning, as restated	8,730,624	2,025,353	10,755,977
Fund balances—ending	<u>\$ 10,066,464</u>	<u>\$ 1,238,658</u>	<u>\$ 11,305,122</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, 2015

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)		\$ 549,145
<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 and reclassifications	\$ 6,155,876	
Depreciation expense	<u>(4,662,284)</u>	1,493,592
<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	1,655,072	
Change in deferred inflows of resources—property taxes	<u>27,095</u>	1,682,167
<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	6,848,104	
Cost of benefits earned net of employee contributions	<u>(5,232,916)</u>	1,615,188
<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>		
		1,515,152
<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>		
		833,930
<p>In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.</p>		
		(39,875)
<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>		
Proceeds from refunding bonds	\$ (25,135,000)	
Refunded bonds	25,200,000	
Principal payments on serial bonds	1,070,000	
Premium on refunding bonds	(1,833,954)	
Amortization of bond premiums	53,490	
Payment of capital lease	145,611	
Change in compensated absences	(954,816)	
Change in other postemployment benefits obligation	<u>(16,279,831)</u>	<u>(17,734,500)</u>
Change in net position of governmental activities		<u>\$ (10,085,201)</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, 2015

	Business-type Activities—		Governmental
	Enterprise Funds		Activities
	Solid Waste Fund	Canton Human Service Initiatives	Internal Service Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 885,434	\$ 734,087	\$ 7,467,838
Receivables (net of allowances)	251,837	-	-
Due from other funds	4,862	-	-
Prepaid items	35,473	455,016	-
Total current assets	<u>1,177,606</u>	<u>1,189,103</u>	<u>7,467,838</u>
Noncurrent assets:			
Intergovernmental receivables	-	-	14,457,277
Capital assets not being depreciated	156,050	162,750	-
Capital assets, net of accumulated depreciation	2,388,141	4,049,153	-
Total noncurrent assets	<u>2,544,191</u>	<u>4,211,903</u>	<u>14,457,277</u>
Total assets	<u>3,721,797</u>	<u>5,401,006</u>	<u>21,925,115</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	318,279	-
Deferred outflows relating to pensions	124,182	-	-
Total deferred outflows of resources	<u>124,182</u>	<u>318,279</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable	103,248	-	72,050
Accrued liabilities	29,394	70,836	-
Due to other funds	367,789	-	2,154
Total current liabilities	<u>500,431</u>	<u>70,836</u>	<u>74,204</u>
Noncurrent liabilities:			
Due within one year	52,983	265,000	997,821
Due in more than one year	3,647,671	5,595,000	28,459,826
Total noncurrent liabilities	<u>3,700,654</u>	<u>5,860,000</u>	<u>29,457,647</u>
Total liabilities	<u>4,201,085</u>	<u>5,930,836</u>	<u>29,531,851</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows relating to pensions	24,514	-	-
Total deferred inflows of resources	<u>24,514</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	2,544,191	-	-
Unrestricted	(2,923,811)	(211,551)	(7,606,736)
Total net position	<u>\$ (379,620)</u>	<u>\$ (211,551)</u>	<u>\$ (7,606,736)</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, 2015

	Business-type		Governmental
	Activities—		
	Enterprise Funds	Canton Human	Internal
	Solid	Service	Service Fund
	Waste Fund	Initiatives	Service Fund
Operating revenues:			
Charges for services	\$ 3,935,036	\$ 502,506	\$ -
Intergovernmental revenues	-	-	4,440,265
Sale of property and compensation for loss	24,924	-	-
Miscellaneous	34,444	54	527,211
Total operating revenues	<u>3,994,404</u>	<u>502,560</u>	<u>4,967,476</u>
Operating expenses:			
General government support	-	260,183	4,160,984
Home and community services	3,954,464	-	-
Amortization	-	27,306	-
Depreciation	328,543	160,634	-
Total operating expenses	<u>4,283,007</u>	<u>448,123</u>	<u>4,160,984</u>
Operating gain (loss)	<u>(288,603)</u>	<u>54,437</u>	<u>806,492</u>
Nonoperating revenues:			
State aid	19,892	-	-
Use of money and property	133	-	526
Transfers from General Fund	47,043	-	26,912
Total nonoperating revenues	<u>67,068</u>	<u>-</u>	<u>27,438</u>
Change in net position	(221,535)	54,437	833,930
Total net position—beginning, as restated	<u>(158,085)</u>	<u>(265,988)</u>	<u>(8,440,666)</u>
Total net position—ending	<u>\$ (379,620)</u>	<u>\$ (211,551)</u>	<u>\$ (7,606,736)</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, 2015

	Business-type		Governmental
	Activities—		
	Enterprise Funds	Canton Human	Activities
	Solid	Service	Internal
	Waste Fund	Initiatives	Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from services provided	\$ 4,062,551	\$ 502,506	\$ 4,259,487
Receipts from other operating revenue	59,368	54	527,211
Payments to employees	(1,542,876)	(12,835)	(239,885)
Payments to suppliers	(2,124,392)	-	(500,097)
Cash paid for insurance and interest	-	(236,199)	-
Cash paid for workers' compensation benefits	-	-	(3,311,191)
Net cash provided by operating activities	<u>454,651</u>	<u>253,526</u>	<u>735,525</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Grants received	19,892	-	-
Cash received from (paid to) other funds	42,496	-	(34,988)
Transfers from General Fund	47,043	-	26,912
Net cash provided by (used for) noncapital financing activities	<u>109,431</u>	<u>-</u>	<u>(8,076)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital purchases	(395,061)	-	-
Repayment of bonds	-	(260,000)	-
Reduction of landfill obligation	(32,230)	-	-
Net cash used for capital and related financing activities	<u>(427,291)</u>	<u>(260,000)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	133	-	1,188
Net cash provided by investing activities	<u>133</u>	<u>-</u>	<u>1,188</u>
Increase (decrease) in cash and cash equivalents	136,924	(6,474)	728,637
Cash and cash equivalents—beginning	<u>748,510</u>	<u>740,561</u>	<u>6,739,201</u>
Cash and cash equivalents—ending	<u>\$ 885,434</u>	<u>\$ 734,087</u>	<u>\$ 7,467,838</u>

(continued)

COUNTY OF ST. LAWRENCE, NEW YORK
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2015

	(concluded)		
	Business-type Activities— Enterprise Funds	Governmental Activities	
	Solid Waste Fund	Canton Human Service Initiatives	Internal Service Fund
Reconciliation of operating loss to net cash provided by operating activities:			
Operating gain (loss)	\$ (288,603)	\$ 54,437	\$ 806,492
Adjustments to reconcile operating income to net cash provided by operating activities:			
Amortization expense	-	27,306	-
Depreciation expense	328,543	160,634	-
(Increase) in accounts receivable	(23,000)	-	(180,778)
Decrease in due from other governments	150,515	-	-
(Increase) in deferred outflows—relating to pensions	(17,759)	-	-
Decrease in deferred charge on refunding	-	14,122	-
(Decrease) in accounts payable	(96,526)	-	(38,425)
(Decrease) in accrued liabilities	(327,593)	(2,973)	-
Increase in OPEB obligation	361,959	-	38,364
Increase in compensated absences	382,824	-	-
Increase in judgements and claims	-	-	109,872
(Decrease) in net pension liability	(40,223)	-	-
Increase in deferred inflows—relating to pensions	24,514	-	-
Total adjustments	743,254	199,089	(70,967)
Net cash provided by operating activities	\$ 454,651	\$ 253,526	\$ 735,525

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

COUNTY OF ST. LAWRENCE, NEW YORK
Statement of Fiduciary Net Position—Fiduciary Funds
December 31, 2015

	Agency Fund	Expendable Trust Fund
ASSETS		
Cash	\$ 887,472	\$ 448,673
Due from other funds	185	-
Total assets	\$ 887,657	448,673
LIABILITIES		
Due to other governments	13,536	-
Other liabilities	874,121	-
Total liabilities	\$ 887,657	-
NET POSITION		
Restricted net position		\$ 448,673

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, 2015

	Expendable Trust Fund
ADDITIONS	
New York Power Authority deposits	\$ 2,338,645
Interest earned	<u>79</u>
Total additions	<u>2,338,724</u>
DEDUCTIONS	
Transfer to other entities	2,000,000
Fees	<u>555</u>
Total deductions	<u>2,000,555</u>
Change in net position	338,169
Net position—beginning	<u>110,504</u>
Net position—ending	<u>\$ 448,673</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, 2015

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: 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 include the financial data of the County’s discretely presented component units. The combining statements of discretely presented component units present the three 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 “Corporation”)—The Corporation 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 Corporation include the Greater Massena Economic Development Fund (“GMEDF”) and the St. Lawrence River Valley Redevelopment Agency (“SLRVRA”).

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

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 Corporation for the administration of these assets.

Separate financial statements for the Corporation may be obtained by contacting the Corporation 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.

Blended Component Unit—The following component unit is 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:

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 Statement No. 39 for determining whether certain organizations are component units and is reported as a blended component unit of the County. Therefore, rental income and rent expense of \$505,023 have been eliminated from the statement of activities.

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 three discretely presented component units, which are presented in aggregate. All three component units, the Agency, the Corporation and the District are aggregated in a single column in the government-wide financial statements and are presented in separate columns in the Combining Statement of Net Position—Discretely Presented Component Units and the Combining Statement of Activities—Discretely Presented Component Units within the supplementary information section.

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 fund:

- *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.

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.
- *Canton Human Service Initiatives, Inc.*—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:

- *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.
- *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 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:

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

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 expendable 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. The primary government had no investments at December 31, 2015. However, when the County does have investments it is County policy to record them at fair value based on quoted market prices.

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

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 following estimated useful lives:

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).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position 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, 2015, the County has two items that qualify for reporting in this category. The first item is a deferred charge on refunding which the County reports within its governmental activities and business-type activities. A deferred charge on refunding 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.

In addition to liabilities, the statement of financial position 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, 2015, the County has three items that qualify for reporting in this category. Two of the items arise under a modified accrual basis of accounting. Accordingly, the items are reported as deferred inflows of resources in the governmental funds balance sheet. The governmental funds report deferred inflows of resources from two sources: property taxes and certain grants and aid that will not be realized within the period of availability. These amounts are deferred and recognized in the period that the amounts become available. The other 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 financial statements.

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 Board of Legislators is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) 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 Board of Legislators has by resolution authorized the Treasurer to assign amounts 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.

Currently, New York State law limits the amount local governments can increase property taxes each year to the lower of 2% of the prior year's tax levy or the rate of inflation, unless they officially override the tax levy limitation by a 60% vote.

Unearned Revenue—Certain cash receipts have not met the revenue recognition criteria for government-wide or fund financial purposes. At December 31, 2015, the County reported unearned revenues of \$1,243,600 and \$246,696 within the General and Special Grant Fund, respectively.

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. The compensated absences liability for the County's governmental and business-type activities at December 31, 2015 totaled \$4,088,151 and \$382,824 respectively, and are reported in the government-wide financial statements and proprietary fund financial statements.

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.

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

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 Pronouncements—During the year ended December 31, 2015, the County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*; and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statements No. 68 and No. 71 improve accounting and financial reporting by governments for pensions.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 72, *Fair Value Measurement and Application*; No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; No. 77, *Tax Abatement Disclosures*; No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; and No. 79, *Certain External Investment Pools and Pool Participants*, effective for the year ending December 31, 2016, No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*; No. 81, *Irrevocable Split-Interest Agreements*; and No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the year ending December 31, 2017, No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, effective for the year ending December 31, 2018, and No. 83, *Certain Asset Retirement Obligations*; and No. 84, *Fiduciary Activities*, effective for the year ending December 31, 2019. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83 and 84 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 \$2,185 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, 2015, the County's governmental activities reported a deficit net position of \$5,892,067. Additionally, Enterprise Funds of the County, the Solid Waste Fund and the Canton Human Service Initiatives, reported a deficit net position of \$379,620 and \$211,551, respectively. The County anticipates these deficits will be remedied through future grant receipts and governmental fund transfers. Additionally, the Internal Service Fund reported a deficit net position of \$7,606,736. 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 AND FUND BALANCE

During the year ended December 31, 2015, the County determined that cash was understated at December 31, 2014. As a result, net position of the internal service fund and enterprise funds has been restated by \$662 and \$15,694, respectively. Additionally, governmental funds fund balance was restated to reflect a \$1,736,957 increase. This restatement has a net effect of a \$1,753,313 increase to total governmental activities net position.

The County administers a self-insurance workers' compensation plan on behalf of multiple participants. During the year ended December 31, 2015, the County determined that the intergovernmental receivables from the various municipalities within the pool of participants for their allocated share of the plan liability was overstated at December 31, 2014 by \$4,234,501. As a result, net position of the Internal Service Fund has been restated by \$4,234,501 at December 31, 2014. This restatement has a net effect of a \$4,234,501 decrease to Internal Service Fund net position.

Following the November 1998 Master Settlement Agreement between the States and the five largest tobacco companies in the United States, counties are responsible to recognize their respective share of the annual disbursements. At December 31, 2014, the County did not record their portion of the April 2015 disbursement within its governmental activities. As a result, the intergovernmental receivables and net position were understated by \$1,622,847 at December 31, 2014. Net position of governmental activities at December 31, 2014 has been restated by this amount. This restatement has a net effect of a \$1,622,847 increase to governmental activities net position.

Further, during the year ended December 31, 2015, the County reclassified Canton Human Service Initiatives (the "CHSI"), a blended component unit, from a governmental fund to an enterprise fund (business-type activity). As a result of this change in accounting policy, beginning net position of governmental and business-type activities was restated by \$1,001,264 and \$265,988, respectively. This restatement increased governmental activities net position by \$1,001,264 and decreased business-type activities net position by \$265,988.

For the fiscal year ended December 31, 2015, the County and certain component units implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The implementation of GASB Statements No. 68 and No. 71 resulted in the reporting of deferred outflows of resources, deferred inflows of resources and liabilities related to the County’s participation in the New York State Employees’ Retirement System.

The effect of the aforementioned restatements to the County’s primary government is summarized as follows:

	Primary Government				
	Internal Service Fund	Other Governmental Activities	Total Governmental Activities	Business-type Activities	Total
	Net Position	Net Position	Net Position	Net Position	Net Position
Net position—December 31, 2014, as previously stated	\$(4,206,827)	\$10,827,127	\$ 6,620,300	\$ (120,851)	\$ 6,499,449
Cash and cash equivalents	662	1,736,957	1,737,619	15,694	1,753,313
Intergovernmental receivables	(4,234,501)	1,622,847	(2,611,654)	-	(2,611,654)
CHSI reclassification	-	1,001,264	1,001,264	(265,988)	735,276
GASB Statements No. 68 and No. 71:					
Beginning system liability—					
Employees' Retirement System	-	(7,690,473)	(7,690,473)	(159,351)	(7,849,824)
Beginning deferred outflow of resources for contributions subsequent to the measurement date:					
Employees' Retirement System	-	5,136,078	5,136,078	106,423	5,242,501
Net position—December 31, 2014, as restated	<u>\$(8,440,666)</u>	<u>\$12,633,800</u>	<u>\$ 4,193,134</u>	<u>\$ (424,073)</u>	<u>\$ 3,769,061</u>

The effect of the restatements to the governmental funds is summarized as follows:

	General Fund	Nonmajor Funds
Fund balance—December 31, 2014, as previously stated	\$ 2,955,068	\$6,730,704
Cash and cash equivalents	5,775,556	(4,038,599)
CHSI reclassification	-	(666,752)
Fund balance—December 31, 2014, as restated	<u>\$ 8,730,624</u>	<u>\$2,025,353</u>

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, 2015 is presented below.

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Balance
Petty cash (uncollateralized)	\$ 7,210	\$ 1,800	\$ -	\$ 9,010
Deposits	24,253,064	1,617,721	1,336,145	27,206,930
Cash equivalents (money market funds)	<u>5,612,028</u>	<u>-</u>	<u>-</u>	<u>5,612,028</u>
Total	<u>\$ 29,872,302</u>	<u>\$ 1,619,521</u>	<u>\$ 1,336,145</u>	<u>\$ 32,827,968</u>

Deposits with financial institutions—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2015 as follows:

	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 937,223	\$ 937,223
Uninsured:		
Collateral held by bank's agent in the County's name	<u>34,128,016</u>	<u>31,881,735</u>
Total	<u>\$ 35,065,239</u>	<u>\$ 32,818,958</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, 2015, 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 resources received in advance relating to unearned revenue and deferred inflows of resources as restricted cash and cash equivalents. At December 31, 2015, the County reported \$6,336,190 as restricted cash and cash equivalents within its governmental activities.

Discretely Presented Component Units

St. Lawrence County Industrial Development Agency—The Agency had unrestricted deposits of \$2,395,079 which were insured or collateralized by securities held by the pledging financial institution's trust department or agent in the Agency's name.

The Agency has restricted cash of \$2,000,000.

St. Lawrence County Industrial Development Agency – Local Development Corporation—The Corporation’s cash and cash equivalents totaled \$13,320,481 at December 31, 2015. 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, 2015.

The Corporation has restricted cash of \$12,944,155.

St. Lawrence County Soil and Water Conservation District (unaudited)—The District reported unrestricted deposits of \$337,131, of which \$250,000 is covered by FDIC insurance and the remaining balance is collateralized.

4. RECEIVABLES

Taxes Receivable—Represents amounts due from County taxpayers that remain unpaid. At December 31, 2015, the County recorded \$19,427,056 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, 2015 are presented below:

Governmental funds:	
General Fund	\$ 2,606,004
Less: allowance for doubtful accounts	(111,377)
Other nonmajor funds	<u>10,342</u>
Total	<u>\$ 2,504,969</u>
Proprietary funds:	
Solid Waste Fund	\$ 279,547
Less: allowance for doubtful accounts	<u>(27,710)</u>
Total	<u>\$ 251,837</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, 2015 are shown below:

Governmental funds:	
General fund:	
Due from State and Federal	\$ 17,944,701
Due from other governments	484,073
Other nonmajor funds:	
Due from State and Federal	<u>555,470</u>
Total	<u>\$ 18,984,244</u>
Proprietary funds:	
Internal Service Fund:	
Due from other governments—noncurrent	<u>\$ 14,457,277</u>

At December 31, 2015, the General Fund had intergovernmental receivables of \$17,944,701 of which \$1,497,252 relates to casino and tribal revenue that has been owed to the County for several years. Accordingly, the County reports \$1,497,252 of nonspendable fund balance.

Discretely Presented Component Units

St. Lawrence County Industrial Development Agency—Significant receivables of the Agency include capital leases receivable and accounts receivable of \$334,731 and \$209,127 respectively. The Agency also had other leases receivable of \$77,591, mortgages receivable of \$6,942 and accrued interest receivable of \$48.

St. Lawrence County Industrial Development Agency – Local Development Corporation—Significant receivables of the Corporation include mortgages and notes receivables and a capital lease receivable of \$3,804,865 and \$492,207, respectively.

Entities within the Corporation carry their mortgages and notes receivable at cost recognizing interest income on the accrual basis as specified in the various note agreements. The entities evaluate the collectability of the mortgages and notes receivable and the Boards establish write-offs when considered necessary. The amount written off during December 31, 2015 was \$239,570. The amount added to the loan loss reserve at December 31, 2015 was \$189,000. The loan loss reserve at December 31, 2015 was \$189,000.

Future maturities of the mortgages and notes receivable are as follows:

<u>December 31,</u>	<u>Mortgages and Notes receivable</u>
2016	\$ 1,187,419
2017	548,554
2018	416,218
2019	271,059
2020	160,468
Thereafter	<u>1,410,147</u>
Subtotal	3,993,865
Loss reserve	<u>(189,000)</u>
Total	<u><u>\$ 3,804,865</u></u>

The Corporation also had accounts receivable of \$5,857 and accrued interest receivable of \$4,751.

St. Lawrence County Industrial Development Agency – Local Development Corporation—The Corporation leases land and a building to Curran Renewable Energy, LLC under a lease-purchase agreement. The lease period is from December 1, 2012 to November 30, 2027 with current monthly lease payments including interest of \$4,040 and a current interest rate of 2.65%. The interest rate adjusts to market every five years.

The following table summarizes the requirements of the lease-purchase agreement:

<u>Year Ending December 31,</u>	<u>Corporation</u>
2016	\$ 48,479
2017	48,479
2018	48,479
2019	48,479
2020	48,479
Thereafter	<u>331,600</u>
Total minimum lease payments	573,995
Less: amount representing imputed interest	<u>(81,788)</u>
Present value of minimum lease payments	<u><u>\$ 492,207</u></u>

5. CAPITAL ASSETS

Governmental activities—Capital asset activity for the primary government’s governmental activities, for the year ended December 31, 2015, was as follows:

	Balance 1/1/2015 (as restated)	Increases and reclassifications	Decreases and reclassifications	Balance 12/31/2015
Capital assets, not being depreciated:				
Land	\$ 2,243,080	\$ -	\$ -	\$ 2,243,080
Construction in progress	<u>2,320,174</u>	<u>3,686,935</u>	<u>5,517,507</u>	<u>489,602</u>
Total capital assets not being depreciated	<u>4,563,254</u>	<u>3,686,935</u>	<u>5,517,507</u>	<u>2,732,682</u>
Capital assets, being depreciated:				
Infrastructure	159,498,588	6,278,668	-	165,777,256
Buildings and building improvements	48,347,539	-	-	48,347,539
Machinery and equipment	<u>16,942,125</u>	<u>1,367,882</u>	<u>906,087</u>	<u>17,403,920</u>
Total capital assets being depreciated	<u>224,788,252</u>	<u>7,646,550</u>	<u>906,087</u>	<u>231,528,715</u>
Less accumulated depreciation for:				
Infrastructure	62,754,328	2,170,511	-	64,924,839
Buildings and building improvements	18,188,431	1,351,887	-	19,540,318
Machinery and equipment	<u>12,252,989</u>	<u>1,139,886</u>	<u>1,245,985</u>	<u>12,146,890</u>
Total accumulated depreciation	<u>93,195,748</u>	<u>4,662,284</u>	<u>1,245,985</u>	<u>96,612,047</u>
Total capital assets, being depreciated, net	<u>131,592,504</u>	<u>2,984,266</u>	<u>(339,898)</u>	<u>134,916,668</u>
Governmental activities capital assets, net	<u>\$ 136,155,758</u>	<u>\$ 6,671,201</u>	<u>\$ 5,177,609</u>	<u>\$ 137,649,350</u>

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

Governmental activities:	
General government support	\$ 684,509
Public safety	1,173,591
Public health	160,634
Transportation	2,516,705
Economic assistance and opportunity	99,617
Home and community services	<u>27,228</u>
Total depreciation expense—governmental activities	<u>\$ 4,662,284</u>

Business-type activities—Capital asset activity for the primary government’s business-type activities (Enterprise Funds), for fiscal year ended December 31, 2015, is presented below:

	Balance 1/1/2015 (as restated)	Increases	Decreases	Balance 12/31/2015
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	3,541,922	140,616	-	3,682,538
Buildings and improvements	6,274,011	-	-	6,274,011
Machinery and equipment	3,304,487	254,445	-	3,558,932
Total capital assets being depreciated	<u>13,120,420</u>	<u>395,061</u>	<u>-</u>	<u>13,515,481</u>
Less accumulated depreciation for:				
Land improvements	2,662,229	94,900	-	2,757,129
Buildings and improvements	2,064,224	160,634	-	2,224,858
Machinery and equipment	1,862,557	233,643	-	2,096,200
Total accumulated depreciation	<u>6,589,010</u>	<u>489,177</u>	<u>-</u>	<u>7,078,187</u>
Total capital assets, being depreciated, net	<u>6,531,410</u>	<u>(94,116)</u>	<u>-</u>	<u>6,437,294</u>
Business-type activities capital assets, net	<u>\$ 6,850,210</u>	<u>\$ (94,116)</u>	<u>\$ -</u>	<u>\$ 6,756,094</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	\$ 328,543
Canton Human Service Initiatives	<u>160,634</u>
	<u>\$ 489,177</u>

Discretely Presented Component Units

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

	Balance 1/1/2015	Increases	Decreases	Balance 12/31/2015
Capital assets, not being depreciated:				
Land and land improvements	\$ 281,353	\$ -	\$ -	\$ 281,353
Construction in progress	550,974	22,020	572,994	-
Total capital assets, not being depreciated	<u>832,327</u>	<u>22,020</u>	<u>572,994</u>	<u>281,353</u>
Capital assets, being depreciated:				
Buildings and improvements	3,363,986	672,230	-	4,036,216
Automotive equipment	39,578	-	-	39,578
Office equipment and furnishings	27,096	-	-	27,096
Total capital assets being depreciated	<u>3,430,660</u>	<u>672,230</u>	<u>-</u>	<u>4,102,890</u>
Less accumulated depreciation	<u>401,875</u>	<u>91,558</u>	<u>-</u>	<u>493,433</u>
Total capital assets, being depreciated, net	<u>3,028,785</u>	<u>580,672</u>	<u>-</u>	<u>3,609,457</u>
Total capital assets, net	<u>\$ 3,861,112</u>	<u>\$ 602,692</u>	<u>\$ 572,994</u>	<u>\$ 3,890,810</u>

Depreciation expense for the year ended December 31, 2015 was \$91,558.

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

	Balance 1/1/2015	Increases	Decreases	Balance 12/31/2015
Capital assets, not being depreciated:				
Construction in progress	\$ 149,715	\$ -	\$ 149,715	\$ -
Total capital assets, not being depreciated:	<u>149,715</u>	<u>-</u>	<u>149,715</u>	<u>-</u>
Capital assets, being depreciated:				
Buildings and improvements	700,000	150,662	-	850,662
Total capital assets, being depreciated	<u>700,000</u>	<u>150,662</u>	<u>-</u>	<u>850,662</u>
Less accumulated depreciation:	44,333	22,789	-	67,122
Total capital assets, being depreciated, net	<u>655,667</u>	<u>127,873</u>	<u>-</u>	<u>783,540</u>
Total capital assets, net	<u>\$ 805,382</u>	<u>\$ 127,873</u>	<u>\$ 149,715</u>	<u>\$ 783,540</u>

Depreciation expense for the year ended December 31, 2015 was \$22,789.

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental and business-type activities at December 31, 2015, were as follows:

	Governmental Activities		
	General Fund	Nonmajor Governmental	
		Funds	Governmental Total
Salary and employee benefits	<u>\$ 3,114,630</u>	<u>\$ 166,986</u>	<u>\$ 3,281,616</u>
	Business-type Activities		
	Solid Waste Fund	CHSI	Total
Salary and employee benefits	<u>\$ 29,394</u>	<u>\$ 70,836</u>	<u>\$ 100,230</u>

7. PENSION PLANS

Plan Descriptions and Benefits Provided

Employees’ Retirement System (“ERS”)—The County participates in the New York State and Local Employees’ 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, 2015, 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, 2015. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2014, 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, 2015	March 31, 2015
Net pension liability	\$ 5,749,304	\$ 119,128
County's portion of the Plan's total net pension liability	0.1701861%	0.0035264%

For the year ended December 31, 2015, the County recognized ERS pension expenses of \$4,907,404 and \$101,684 for governmental activities and business-type activities, respectively. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources presented on the following page.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
	<u>ERS</u>			
Differences between expected and actual experiences	\$ 184,042	\$ 3,813	\$ -	\$ -
Changes of assumptions				
Net difference between projected and actual earnings on pension plan investments	998,581	20,691	-	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	-	1,183,091	24,514
County contributions subsequent to the measurement date	<u>4,810,565</u>	<u>99,678</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,993,188</u>	<u>\$ 124,182</u>	<u>\$ 1,183,091</u>	<u>\$ 24,514</u>

The County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Governmental Activities	Business-type Activities
	<u>ERS</u>	
2016	\$ (117)	\$ (2)
2017	(117)	(2)
2018	(117)	(3)
2019	(117)	(3)

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:

	<u>ERS</u>
Measurement date	March 31, 2015
Actuarial valuation date	April 1, 2014
Interest rate	7.50%
Salary scale	4.90%
Decrement tables	April 1, 2005- March 31, 2010
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

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 below:

Measurement date	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
	March 31, 2015	
Asset class:		
Domestic equities	38.0 %	7.3 %
International equities	13.0	8.6
Private equity	10.0	11.0
Real estate	8.0	8.3
Absolute return strategies	3.0	6.8
Opportunistic portfolio	3.0	8.6
Real assets	3.0	8.7
Bonds and mortgages	18.0	4.0
Cash	2.0	2.3
Inflation-indexed bonds	2.0	4.0
Total	100.0 %	

Discount Rate—The discount rate used to calculate the total pension liabilities was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the 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 7.5%, 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 (6.5%) or one percentage-point higher (8.5%) than the current assumption.

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Governmental Activities:			
Employer's proportionate share of the net pension liability—ERS	\$ 38,321,595	\$ 5,749,304	\$ (21,749,788)
Business-type Activities:			
Employer's proportionate share of the net pension liability—ERS	\$ 794,048	\$ 119,128	\$ (450,669)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liabilities of the employers as of the valuation dates, were as follows:

	<u>(Dollars in Thousands)</u>
	<u>ERS</u>
Valuation date	March 31, 2015
Employers' total pension liability	\$ 164,591,504
Plan fiduciary net position	<u>161,213,259</u>
Employers' net pension liability	<u>\$ 3,378,245</u>
 System fiduciary net position as a percentage of total pension liability	 97.95%

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, 2015, the Agency reported a liability of \$73,014 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, 2015, 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.

At March 31, 2015, the Agency's proportion was 0.0021613% of the ERS liability, which is the initial determination as this is the first year implementation of GASB Statement No. 68.

For the year ended December 31, 2015, the Agency recognized pension expense of \$61,250. At December 31, 2015, 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	\$ 2,337	\$ -
Net difference between projected and actual earnings on pension plan investments	12,682	-
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	-	19,312
Agency contributions subsequent to the measurement date	<u>55,510</u>	<u>-</u>
Total	<u>\$ 70,529</u>	<u>\$ 19,312</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, 2016. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>ERS</u>
2016	\$ (1,073)
2017	(1,073)
2018	(1,073)
2019	(1,074)

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 7.5%, 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 (6.5%) or one percentage point higher (8.5%) than the current assumption.

	<u>1% Decrease (6.5%)</u>	<u>Current Assumption (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 486,669	\$ 73,014	\$ (276,214)

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 the footnote.

8. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description—St. Lawrence County Retiree Medical Program is a single-employer defined benefit healthcare plan administered by the County. The County provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The County assigns the authority to establish and amend benefit provisions to the County Legislature. The Plan does not issue a standalone financial report.

Funding Policy—The contribution requirements of the Plan members and the County are established and may be amended by the County Board of Legislators. The County Board of Legislators has negotiated several collective bargaining agreements, which include obligations of Plan members and the County. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2015, the County’s governmental and business-type activities contributed \$6,158,038 and \$136,594, respectively, to the Plan for current premiums. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

Annual OPEB cost and net OPEB obligation—The County’s annual OPEB cost (expense) is calculated based on the annual required contributions (“ARC”) of the employer, an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the year ended December 31, 2015, the County’s and Solid Waste’s annual OPEB costs of \$22,476,232 and \$498,553, respectively, were recognized within the government-wide statement of activities.

GASB allows plan sponsors to utilize the results of an actuarial valuation for multiple years if no significant changes have occurred since the prior valuation was performed. As the County has experienced no significant changes, information provided for the actuarial valuation performed as of January 1, 2014 was used to calculate the annual required contribution for 2015.

The following tables show the components of the County's annual OPEB cost for the past two years, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation.

	Year Ended December 31, 2015		
	Governmental	Business-type	Total
	Activities	Activities	
Annual required contribution ("ARC")	\$ 25,308,932	\$ 561,386	\$ 25,870,318
Interest on net OPEB obligation	4,583,612	101,671	4,685,283
Adjustment to ARC	<u>(7,416,312)</u>	<u>(164,504)</u>	<u>(7,580,816)</u>
Annual OPEB cost (expense)	22,476,232	498,553	22,974,785
Contributions made	<u>(6,158,038)</u>	<u>(136,594)</u>	<u>(6,294,632)</u>
Increase in net OPEB obligation	16,318,194	361,959	16,680,153
Net OPEB obligation—beginning	<u>114,618,484</u>	<u>2,513,581</u>	<u>117,132,065</u>
Net OPEB obligation—ending	<u>\$ 130,936,678</u>	<u>\$ 2,875,540</u>	<u>\$ 133,812,218</u>

	Year Ended December 31, 2014		
	Governmental	Business-type	Total
	Activities	Activities	
Annual required contribution ("ARC")	\$ 22,334,998	\$ 456,840	\$ 22,791,838
Interest on net OPEB obligation	3,033,700	62,051	3,095,751
Adjustment to ARC	<u>(5,797,157)</u>	<u>(118,575)</u>	<u>(5,915,732)</u>
Annual OPEB cost (expense)	19,571,541	400,316	19,971,857
Contributions made	<u>(5,910,601)</u>	<u>(120,895)</u>	<u>(6,031,496)</u>
Increase in net OPEB obligation	13,660,940	279,421	13,940,361
Net OPEB obligation—beginning	<u>100,957,544</u>	<u>2,234,160</u>	<u>103,191,704</u>
Net OPEB obligation—ending	<u>\$ 114,618,484</u>	<u>\$ 2,513,581</u>	<u>\$ 117,132,065</u>

The County's annual OPEB cost, the percentage of annual OPEB contributed to the Plan, and the net OPEB obligation for 2015 and the preceding two years were as follows:

Year Ended December 31,	Total Government-Wide			
	Annual OPEB Cost	Contributions Made	Percentage Contributed	Net OPEB Obligation
2015	\$ 22,974,785	\$ 6,294,632	27.4%	\$ 133,812,218
2014	19,971,857	6,031,496	30.2%	117,132,065
2013	21,809,345	4,080,308	18.7%	103,191,704

Year Ended December 31,	Governmental Activities			
	Annual OPEB Cost	Contributions Made	Percentage Contributed	Net OPEB Obligation
2015	\$ 22,476,232	\$ 6,158,038	27.4%	\$ 130,908,493
2014	19,539,011	5,900,776	30.2%	114,590,299
2013	21,336,675	3,991,876	18.7%	100,952,444

Business-type Activities				
Year Ended December 31,	Annual	Contributions Made	Percentage Contributed	Net OPEB Obligation
	OPEB Cost			
2015	\$ 498,553	\$ 136,594	27.4%	\$ 2,903,725
2014	432,846	130,720	30.2%	2,541,766
2013	472,670	88,432	18.7%	2,239,260

Funding Status and Funding Progress—As of January 1, 2014, the most recent actuarial valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial accrued liability for benefits was \$232,266,530 and \$5,145,385 for governmental activities and business-type activities, respectively.

Actuarial valuations of an ongoing plan involve estimates of the fair value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under terms of the substantive plan (the plan as understood by the employer and plan members) at the time of valuation and on the pattern of cost sharing between employer 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, 2014 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a valuation date of January 1, 2014 and measurement date of December 31, 2015. The valuation uses a discount rate of 4.0%. The valuation assumes a variable medical trend rate ranging from 6.1% down to 4.29% and a postretirement health premium trend rate ranging from 1% to 6.1% per year. The unfunded actuarial accrued liability is being amortized over 30 years, therefore the remaining amortization period at December 31, 2015, was twenty-three years.

Discretely Presented Component Units

St. Lawrence County Industrial Development Agency—From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future when it will be paid. In adopting the requirements of GASB, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the Agency recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from the prior year and provides information useful in assessing potential demands on the Agency's cash flows.

Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2007 liability. The postemployment benefits liability as of December 31, 2015 is \$589,003.

Funding Policy—The Agency currently pays for post-retirement health care benefits on a pay-as-you-go basis. The financial statements assume that pay-as-you-go funding will continue. Annual OPEB cost for the year ended December 31, 2015 amounted to \$130,288.

A summary of the actuarial assumptions and calculated results is presented on the following page.

	Year Ended
	<u>December 31, 2015</u>
Annual required contribution ("ARC")	\$ 140,173
Interest on net OPEB obligation	18,349
Adjustment to ARC	<u>(28,234)</u>
Annual OPEB cost (expense)	130,288
Contributions made	<u>-</u>
Increase in net OPEB obligation	130,288
Net OPEB obligation—beginning	<u>458,715</u>
Net OPEB obligation—ending	<u><u>\$ 589,003</u></u>

Actuarial Methods and Assumptions—The valuation uses a discount rate of 4.0%, an initial medical rate of 5.0% and an ultimate medical rate of 4.3%.

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, 2014 in risk financing activities for workers' compensation claims are presented below:

Year Ended <u>December 31,</u>	Liability, Beginning of Year	Claims and <u>Adjustments</u>	Claim Payments and <u>Adjustments</u>	Liability, End of Year
2015	\$ 28,802,799	\$ 949,814	\$ 839,942	\$ 28,912,671
2014	30,953,403	1,045,828	3,196,432	28,802,799

Intergovernmental receivables from other plan participants, relating to their share of the aforementioned liability at December 31, 2015 amounted to \$14,457,277, and is recorded as long-term intergovernmental receivables in the Internal Service Fund.

10. LEASE OBLIGATIONS

Operating Leases—In 2001, the County and CHSI, Inc., 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 \$46,704 during 2015 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
2016	\$ 285,177
2017	190,977
2018	184,725
2019	16,000
Future minimum payments	<u>\$ 676,879</u>

Capital Lease—During the year ended December 31, 2012, the County entered into a lease agreement for the acquisition and maintenance of software for general County purposes. Principal and interest payments are made semi-annually. The interest rate of the capital lease is 5.89%. A \$154,083 long-term liability has been recorded within the County’s governmental activities.

The following table summarizes the requirements of the capital lease:

Year Ending December 31,	Governmental Activities
2016	\$ 161,160
Less: amount representing imputed interest	(7,077)
Present value of minimum lease payments	<u>\$ 154,083</u>

The asset acquired through the capital lease is as follows:

	Governmental Activities
Assets:	
Software	\$ 711,808
Less: Accumulated depreciation	(569,446)
Total	<u>\$ 142,362</u>

Discretely Presented Component Units

St. Lawrence County Industrial Development Agency—Operating Lease—The Agency leases a building to OP-TECH Environmental Services, Inc. under a lease-purchase agreement. The lease period is from July 1, 2009 to May 11, 2024 with current monthly lease payments including interest of \$3,678 and a current interest rate of 2.625%. The interest rate adjusts to market every five years.

Future minimum lease payments under the capital lease are as follows:

<u>Year Ending December 31,</u>	<u>Agency</u>
2016	\$ 35,772
2017	36,724
2018	37,698
2019	38,700
2020	39,728
Thereafter	146,109
Future minimum payments	<u>\$ 334,731</u>

St. Lawrence County Industrial Development Agency – Local Development Corporation—Operating Lease—The Corporation entered into a long-term lease with Fockler Industries, LLC which commenced on November 1, 2015. Under the terms of the lease, Fockler Industries will lease commercial space for a thirty-six (36) month period ending on October 31, 2018 at a monthly lease rate of \$2,557.50. Total future rents to be received are as follows:

<u>Year Ending December 31,</u>	
2016	\$ 30,690
2017	30,690
2018	<u>25,575</u>
Total	<u>\$ 86,955</u>

11. SHORT-TERM DEBT

Liabilities for bond anticipation note (“BANs”) are generally accounted for in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the life of the permanent financing, provided that annual reductions of principal are made. 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, 2015:

<u>Description</u>	<u>Interest Rate</u>	<u>Balance 1/1/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2015</u>
Bond anticipation notes:					
Purchase of Heavy Equipment	1.25%	\$ 995,000	\$ -	\$ 995,000	\$ -
Energy Performance Contract	1.10%	2,900,000	-	2,900,000	-
Purchase of Heavy Equipment	1.50%	-	495,000	-	495,000
Energy Performance Contract	2.00%	-	2,900,000	-	2,900,000
Total		<u>\$ 3,895,000</u>	<u>\$ 3,395,000</u>	<u>\$ 3,895,000</u>	<u>\$ 3,395,000</u>
Revenue anticipation notes:					
Various purposes	1.50%	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -
Various purposes	1.50%	-	10,000,000	-	10,000,000
Total		<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>

12. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as 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 serial bonds, capital lease, compensated absences, workers' compensation claims, other postemployment benefits ("OPEB") obligation, net pension liability, 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, 2015 is presented below:

	Balance 1/1/2015 (as restated)	Additions	Decreases	Balance 12/31/2015	Due Within One Year
Governmental activities:					
Bonds payable	\$ 26,825,000	\$ 25,135,000	\$ 26,270,000	\$ 25,690,000	\$ 845,000
Premium	-	1,833,954	53,490	1,780,464	91,698
Net bonds payable	26,825,000	26,968,954	26,323,490	27,470,464	936,698
Capital lease	299,694	-	145,611	154,083	154,083
Compensated absences	3,133,335	5,295,506	4,340,690	4,088,151	204,408
Workers' compensation claims	28,802,799	949,814	839,942	28,912,671	997,821
OPEB obligation	114,618,484	22,476,232	6,158,038	130,936,678	-
Net pension liability*	7,690,473	-	1,941,169	5,749,304	-
Total governmental activities	<u>\$ 181,369,785</u>	<u>\$ 55,690,506</u>	<u>\$ 39,748,940</u>	<u>\$ 197,311,351</u>	<u>\$ 2,293,010</u>
Business type activities:					
Bonds payable	\$ 6,120,000	\$ -	\$ 260,000	\$ 5,860,000	\$ 265,000
Compensated absences	332,816	50,008	-	382,824	19,141
OPEB obligation	2,513,581	498,553	136,594	2,875,540	-
Landfill obligation	355,392	-	32,230	323,162	33,842
Net pension liability*	159,351	-	40,223	119,128	-
Total business-type activities	<u>\$ 9,481,140</u>	<u>\$ 548,561</u>	<u>\$ 469,047</u>	<u>\$ 9,560,654</u>	<u>\$ 317,983</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.

On February 25, 2015, the County issued \$25,135,000 in 2015 general obligation public improvement refunding serial bonds, which partially refunded the previously issued 2007 serial bonds. The refunding bonds were issued at a premium of \$1,833,954 and included issuance costs of \$208,281. The interest on the refunding bond ranges from 3.0 percent to 4.0 percent. The County deposited \$26,760,672 with an escrow agent, and as a result, the portion of the original bonds are considered refunded and the liability of these bonds, \$25,200,000, has been removed from the financial statements. The difference between the reacquisition price and the amount refunded, less premium on refunded bonds, is reported as a deferred outflow of resources and is amortized over the life of the refunding issuance. The refunding bonds will produce a net present value debt service savings of approximately \$2,677,829.

A summary of additions and payments for the year ended December 31, 2015 is shown below:

Description	Original Issue	Interest Rate	Year of Maturity	Balance 1/1/2015	Additions	Payments	Balance 12/31/2015	Due Within One Year
Governmental activities serial bonds issued by the County:								
2007 Public Improvement	\$ 30,975,000	3.28-4.5	2035	\$ 26,825,000	\$ -	\$ 26,000,000	\$ 825,000	\$ 825,000
2015 Refunding	25,135,000	3.0-5.0	2035	-	25,135,000	270,000	24,865,000	20,000
Unamortized premium				-	1,833,954	53,490	1,780,464	91,698
Total governmental activities bonded debt				<u>\$ 26,825,000</u>	<u>\$ 26,968,954</u>	<u>\$ 26,323,490</u>	<u>\$ 27,470,464</u>	<u>\$ 936,698</u>
Business-type activities serial bonds issued by Canton Human Services Initiatives ("CHSI"):								
2013 Refunding	6,475,000	2.5-4.0	2032	<u>\$ 6,120,000</u>	<u>\$ -</u>	<u>\$ 260,000</u>	<u>\$ 5,860,000</u>	<u>\$ 265,000</u>

Amortization of Bond Premiums—The County issued serial bonds which included a bond premium. The premiums are being amortized on a straight-line basis over the life of the bonds, with a maturity date of May 1, 2035. The total unamortized premium as of December 31, 2015 was \$1,780,464.

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
2016	\$ 845,000	\$ 925,281	\$ 265,000	\$ 212,506
2017	895,000	889,550	275,000	205,881
2018	915,000	853,350	280,000	199,006
2019	960,000	820,650	290,000	192,006
2020	1,005,000	786,150	295,000	182,219
2021-2025	5,615,000	3,265,450	1,640,000	752,232
2026-2030	7,135,000	1,854,175	1,990,000	409,800
2031-2035	8,320,000	639,300	825,000	48,200
Total	<u>\$ 25,690,000</u>	<u>\$ 10,033,906</u>	<u>\$ 5,860,000</u>	<u>\$ 2,201,850</u>

Capital Lease—As discussed in Note 10, the County has entered into a lease agreement for the acquisition and maintenance of software for general County purposes. At December 31, 2015, the future minimum lease obligation is \$154,083.

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, 2015, total compensated absences recorded within the governmental and business-type activities was \$4,088,151 and \$382,824, respectively. The County estimates \$204,408 and \$19,141 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, 2015 is \$28,912,671.

Other Postemployment Benefits ("OPEB") Obligation—As explained in Note 8, the County provides health insurance coverage for retirees. The County's annual postemployment benefit ("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 \$130,936,678 and \$2,875,540, respectively, at December 31, 2015.

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, 2015, the balance of this liability is \$323,162, with \$33,842 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 \$5,749,304 and \$119,128 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			Balance	Due Within
	1/1/2015	Additions	Reductions	12/31/2015	One Year
Loans payable	\$ 1,659,399	\$ -	\$ 122,023	\$ 1,537,376	\$ 99,165
Compensated absences	205,803	3,681	-	209,484	-
OPEB obligation	458,715	158,522	28,234	589,003	-
Net pension liability*	-	73,014	-	73,014	-
Total	<u>\$ 2,323,917</u>	<u>\$ 235,217</u>	<u>\$ 150,257</u>	<u>\$ 2,408,877</u>	<u>\$ 99,165</u>

*Additions to the net pension liability are shown net of reductions.

Loans payables at December 31, 2015 consisted of the following:

Holder	Interest Rate (%)	Maturity	Original Amount	Balance 12/31/2015
Greater Massena Economic Development Fund	3.4	12/1/2019	\$ 600,000	\$ 190,898
SLCIDA-LDC Massena Lot 20	3.0	12/1/2015	217,204	-
SLCIDA-LDC Canton Industrial Building	1.0	11/1/2021	700,000	668,177
SLCIDA-River Valley Redevelopment Agency	0.5	11/1/2044	700,000	678,301
Total				<u>\$ 1,537,376</u>

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

<u>December 31,</u>	<u>Principal</u>
2016	\$ 99,165
2017	101,149
2018	103,189
2019	105,289
2020	55,863
Therafter	<u>1,108,721</u>
Total	<u>\$ 1,573,376</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 \$ 137,649,350

Related debt:

Serial bonds \$ (25,690,000)

Unamortized bond premium (1,780,464)

Bond anticipation notes issued for capital assets (3,395,000)

Unspent BAN proceeds 492,474

Capital lease (154,083) (30,527,073)

Net investment in capital assets—governmental activities \$ 107,122,277

Business-type activities:

Capital assets, net of accumulated depreciation \$ 2,544,191

Net investment in capital assets—business-type activities* \$ 2,544,191

*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 \$2,353,434.

- **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. The total restricted component of net position of \$3,176,311 is restricted for insurance and debt reduction on future debt service requirements in the amounts of \$3,114,785 and \$61,526, respectively.

St. Lawrence County Industrial Development Agency–Local Development Corporation—The Corporation reports restricted net position of \$17,995,569. Of this amount, \$2,897,526 represents resources restricted for revolving loans, while \$15,008,043 represents a restricted New York State Power Authority grant for the St. Lawrence River Valley Redevelopment Agency.

- **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, 2015, the County had \$3,175,826 of nonspendable fund balance, of which \$1,492,252 represents a long-term intergovernmental receivable and \$1,678,574 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, 2015, the County had the restricted funds listed below.

	General Fund	Nonmajor Funds	Total
Restricted for:			
Insurance	\$ 3,114,785	\$ -	\$ 3,114,785
Capital projects	-	492,474	492,474
Debt reduction	61,526	-	61,526
Total restricted fund balance	<u>\$ 3,176,311</u>	<u>\$ 492,474</u>	<u>\$ 3,668,785</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, 2015, 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, 2015, the balances presented below were considered to be assigned.

	General Fund	Nonmajor Funds		Total
		County Road Fund	Road Machinery Fund	
Assigned for:				
Encumbrances	\$ 67,873	\$ 42,859	\$ -	\$ 110,732
District Attorney funds	85,277	-	-	85,277
Environmental remediation	53,783	-	-	53,783
Sheriff's equitable sharing program	53,634	-	-	53,634
Fort LaPresentation	58,325	-	-	58,325
Stop DWI program	173,520	-	-	173,520
Miscellaneous purposes	98,239	-	-	98,239
Capital projects	219,194	-	-	219,194
Assigned to county road	-	2,242,830	-	2,242,830
Assigned to road machinery	-	-	1,438,142	1,438,142
Total assigned fund balance	<u>\$ 809,845</u>	<u>\$ 2,285,689</u>	<u>\$ 1,438,142</u>	<u>\$ 4,533,676</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, 2015 are presented below:

	Interfund		Transfers In	Transfers Out
	Receivables	Payables		
Governmental Funds:				
General Fund	\$ 367,189	\$ 27,923	\$ 1,107,924	\$ 11,036,914
Other nonmajor funds	497,457	471,827	13,840,458	3,985,423
Business-type Funds:				
Solid Waste Fund	4,862	367,789	47,043	-
Internal Service Fund	-	2,154	26,912	-
Agency Fund	185	-	-	-
Total	<u>\$ 869,693</u>	<u>\$ 869,693</u>	<u>\$ 15,022,337</u>	<u>\$ 15,022,337</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, 2015 is presented below:

	Balance 1/1/2015 (as restated)	Additions	Deletions	Balance 12/31/2015
ASSETS				
Cash and cash equivalents	\$ 661,492	\$ 35,741,272	\$ 35,515,292	\$ 887,472
Due from other funds	-	7,086	6,901	185
Total assets	<u>\$ 661,492</u>	<u>\$ 35,748,358</u>	<u>\$ 35,522,193</u>	<u>\$ 887,657</u>
LIABILITIES				
Due to other governments	\$ 27,290	\$ 776	\$ 14,530	\$ 13,536
Other liabilities	634,202	10,516,332	10,276,413	874,121
Total liabilities	<u>\$ 661,492</u>	<u>\$ 10,517,108</u>	<u>\$ 10,290,943</u>	<u>\$ 887,657</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, 2017, 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, 2015, the County did not have any encumbrances that were considered significant.

18. 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.

19. SUBSEQUENT EVENTS

On February 18, 2016, the County issued \$3,000,000 in public improvement serial bonds with an interest rate ranging between 2.0-2.6 percent for various machinery and equipment. The bonds mature on February 15, 2031. Additionally, on July 21, 2016, the County issued \$2,430,000 in public improvement serial bond (Series B) with an interest rate of 2.0 percent to pay for costs related to the County’s Energy Performance Contract. These bonds redeemed \$2,900,000 of outstanding bond anticipation notes. Finally, on October 27, 2016, the County issued \$9,500,000 in revenue anticipation notes with an interest rate of 2.0 percent to provide monies to meet a cash flow deficit expected to occur through August 30, 2017. Such cash flow deficit is the result of a delay in the receipt of State aid revenues, which receipt is not timely with the cash flow needs of the County.

Management has evaluated subsequent events through January 25, 2017, which is the date the financial statements are available for issuance, and have determined, except as disclosed above, 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 Funding Progress—Other Postemployment Benefits Plan
Year Ended December 31, 2015

Primary Government:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2015	-	\$ 237,411,915	\$ 237,411,915	0.0%	\$ 37,792,962	628.2%
December 31, 2014	-	224,936,023	224,936,023	0.0%	38,391,956	585.9%
December 31, 2013	-	176,774,225	176,774,225	0.0%	37,898,905	466.4%

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

	Year Ended December 31,	
	2015	2014
Measurement date	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	97.9%	97.2%
St. Lawrence County ("County"):		
County's proportion of the net pension liability	0.1701861%	0.1701861%
County's proportionate share of the net pension liability	<u>\$ 5,749,304</u>	<u>\$ 7,690,473</u>
County's covered-employee payroll	\$ 36,973,882	\$ 37,138,446
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	15.5%	20.7%
Solid Waste Enterprise Fund		
Solid Waste's proportion of the net pension liability	0.0035264%	0.0035264%
Solid Waste's proportionate share of the net pension liability	<u>\$ 119,129</u>	<u>\$ 159,351</u>
Solid Waste's covered-employee payroll	\$ 819,080	\$ 769,527
Solid Waste's proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.5%	20.7%
Discretely presented component unit:		
St. Lawrence County Industrial Development Agency (the "Agency"):		
	Year Ended	
	December 31,	
	2015	
Agency's proportion of the net pension liability	0.0021322%	
Agency's proportionate share of the net pension liability	<u>\$ 73,014</u>	
Agency's covered-employee payroll	\$ 376,838	
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	19.4%	

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

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

	Year Ended December 31,	
	2015	2014
St. Lawrence County ("County"):		
Contractually required contributions	\$ 6,848,104	\$ 7,300,597
Contributions in relation to the contractually required contribution	(6,848,104)	(7,300,597)
Contribution deficiency (excess)	\$ -	\$ -
County's covered-employee payroll	\$ 36,973,882	\$ 37,138,446
Contributions as a percentage of covered-employee payroll	18.5%	19.7%
Solid Waste Enterprise Fund		
Contractually required contributions	\$ 151,273	\$ 141,897
Contributions in relation to the contractually required contribution	(151,273)	(141,897)
Contribution deficiency (excess)	\$ -	\$ -
Solid Waste's covered-employee payroll	\$ 819,080	\$ 769,527
Contributions as a percentage of covered-employee payroll	18.5%	18.4%
Discretely presented component unit:		
St. Lawrence County Industrial Development Agency (the "Agency"):		
	Year Ended	
	December 31,	
	2015	
Contractually required contributions	\$ 74,013	
Contributions in relation to the contractually required contribution	(74,013)	
Contribution deficiency (excess)	\$ -	
Agency's covered-employee payroll	\$ 376,838	
Contributions as a percentage of covered-employee payroll	19.6%	

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

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 47,201,440	\$ 46,527,146	\$ 45,944,312	\$ (582,834)
Real property tax items	2,746,230	2,746,230	2,867,333	121,103
Non-property tax items	58,786,000	59,820,367	56,747,764	(3,072,603)
Departmental income	19,347,953	18,731,120	14,471,144	(4,259,976)
Intergovernmental charges	1,340,884	1,354,884	1,413,761	58,877
Use of money and property	42,400	42,400	55,784	13,384
Licenses and permits	31,500	31,500	37,500	6,000
Fines and forfeitures	3,000	3,000	29,327	26,327
Sale of property and compensation for loss	1,699,000	1,703,205	1,722,093	18,888
Miscellaneous	3,621,655	1,160,080	1,894,971	734,891
Interfund revenues	460,407	460,407	460,395	(12)
State aid	21,042,961	24,634,335	22,477,582	(2,156,753)
Federal aid	21,467,444	23,644,279	22,482,056	(1,162,223)
Total revenues	<u>177,790,874</u>	<u>180,858,953</u>	<u>170,604,022</u>	<u>(10,254,931)</u>
EXPENDITURES				
Current:				
General government support	46,793,350	47,027,253	42,454,834	4,572,419
Education	552,910	862,910	860,664	2,246
Public safety	16,103,712	17,465,084	17,059,774	405,310
Health	15,171,642	15,376,542	13,733,337	1,643,205
Transportation	408,685	431,598	357,294	74,304
Economic assistance and opportunity	70,765,495	71,089,699	66,863,675	4,226,024
Culture and recreation	202,534	322,477	254,458	68,019
Home and community services	1,045,326	2,291,610	2,279,794	11,816
Employee benefits	13,850,636	13,881,698	13,525,542	356,156
Debt service	2,071,812	1,949,827	1,949,820	7
Total expenditures	<u>166,966,102</u>	<u>170,698,698</u>	<u>159,339,192</u>	<u>11,359,506</u>
Excess of revenues over expenditures	<u>10,824,772</u>	<u>10,160,255</u>	<u>11,264,830</u>	<u>1,104,575</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	100,000	1,107,924	1,007,924
Transfers out	(11,006,831)	(11,036,914)	(11,036,914)	-
Total other financing sources (uses)	<u>(11,006,831)</u>	<u>(10,936,914)</u>	<u>(9,928,990)</u>	<u>1,007,924</u>
Net change in fund balances*	(182,059)	(776,659)	1,335,840	2,112,499
Fund balances—beginning	8,730,624	8,730,624	8,730,624	-
Fund balances—ending	<u>\$ 8,548,565</u>	<u>\$ 7,953,965</u>	<u>\$ 10,066,464</u>	<u>\$ 2,112,499</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
Note to the Required Supplementary Information
Year Ended December 31, 2015

1. 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.

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, 2015

	<u>Industrial Development Agency</u>	<u>Industrial Development Agency—Local Development Corporation</u>	<u>Soil and Water Conservation District (unaudited)</u>	<u>Total Component Units</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,395,079	\$ 376,326	\$ 94,909	\$ 2,866,314
Restricted cash and cash equivalents	2,000,000	12,944,155	228,037	15,172,192
Receivables, net of allowances				
Accounts, mortgages, loans and leases receivable	271,745	1,044,896	755	1,317,396
Intergovernmental receivables	-	-	45,383	45,383
Prepaid items	6,380	-	7,106	13,486
Total current assets	<u>4,673,204</u>	<u>14,365,377</u>	<u>376,190</u>	<u>19,414,771</u>
Noncurrent assets:				
Mortgages, loans and leases receivable	356,694	3,262,784	-	3,619,478
Capital assets not being depreciated	281,353	-	-	281,353
Capital assets, net of accumulated depreciation	3,609,457	783,540	-	4,392,997
Total noncurrent assets	<u>4,247,504</u>	<u>4,046,324</u>	<u>-</u>	<u>8,293,828</u>
Total assets	<u>8,920,708</u>	<u>18,411,701</u>	<u>376,190</u>	<u>27,708,599</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources—relating to pensions	70,529	-	25,314	95,843
Total deferred outflows of resources	<u>70,529</u>	<u>-</u>	<u>25,314</u>	<u>95,843</u>
LIABILITIES				
Current liabilities:				
Accounts payable	5,700	36,720	-	42,420
Accrued liabilities	1,921	-	-	1,921
Unearned revenue	3,898	3,089	-	6,987
Total current liabilities	<u>11,519</u>	<u>39,809</u>	<u>-</u>	<u>51,328</u>
Noncurrent liabilities:				
Due within one year	99,165	-	-	99,165
Due in more than one year	2,309,712	-	19,844	2,329,556
Total noncurrent liabilities	<u>2,408,877</u>	<u>-</u>	<u>19,844</u>	<u>2,428,721</u>
Total liabilities	<u>2,420,396</u>	<u>39,809</u>	<u>19,844</u>	<u>2,480,049</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources—relating to pensions	19,312	-	5,470	24,782
Total deferred inflows of resources	<u>19,312</u>	<u>-</u>	<u>5,470</u>	<u>24,782</u>
NET POSITION				
Net investment in capital assets	2,353,434	-	-	2,353,434
Restricted	-	17,995,569	273,420	18,268,989
Unrestricted	4,198,095	376,323	102,770	4,677,188
Total net position	<u>\$ 6,551,529</u>	<u>\$ 18,371,892</u>	<u>\$ 376,190</u>	<u>\$ 25,299,611</u>

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

COUNTY OF ST. LAWRENCE, NEW YORK
Combining Statement of Activities—
Discretely Presented Component Units
December 31, 2015

	Industrial Development Agency	Industrial Development Agency—Local Development Corporation	Soil and Water Conservation District (unaudited)	Total Component Units
Program expenses:				
Operation and maintenance	\$ 438,500	\$ 921,852	\$ -	\$ 1,360,352
Administrative expenses	913,572	319,821	252,817	1,486,210
Contractual	-	-	885,813	885,813
Total program expenses	<u>1,352,072</u>	<u>1,241,673</u>	<u>1,138,630</u>	<u>3,732,375</u>
Program revenues:				
Charges for services	993,015	86,225	40,551	1,119,791
Operating grants and contributions	-	59,715	422,824	482,539
Total program revenues	<u>993,015</u>	<u>145,940</u>	<u>463,375</u>	<u>1,602,330</u>
Net expense	<u>(359,057)</u>	<u>(1,095,733)</u>	<u>(675,255)</u>	<u>(2,130,045)</u>
General revenues:				
Use of money and property	11,428	130,251	166	141,845
Miscellaneous local sources	642,349	2,325	63,000	707,674
Transfer from County	-	-	101,918	101,918
Total general revenues	<u>653,777</u>	<u>132,576</u>	<u>165,084</u>	<u>951,437</u>
Change in net position	294,720	(963,157)	(510,171)	(1,178,608)
Net position—beginning	<u>6,256,809</u>	<u>19,335,049</u>	<u>886,361</u>	<u>26,478,219</u>
Net position—ending	<u>\$ 6,551,529</u>	<u>\$ 18,371,892</u>	<u>\$ 376,190</u>	<u>\$ 25,299,611</u>

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

COUNTY OF ST. LAWRENCE, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2015

	County Road Fund	Road Machinery Fund	Special Grant Fund	Capital Projects Fund	Total Nonmajor Funds
ASSETS					
Cash and cash equivalents	\$ 2,572,698	\$ 1,338,834	\$ -	\$ 224,000	\$ 4,135,532
Restricted cash and cash equivalents	-	-	205,680	492,474	698,154
Receivables, net of allowances	5,923	4,419	-	-	10,342
Due from other funds	76,618	183,650	-	237,189	497,457
Intergovernmental receivables	331,239	183,215	41,016	-	555,470
Total assets	<u>\$ 2,986,478</u>	<u>\$ 1,710,118</u>	<u>\$ 246,696</u>	<u>\$ 953,663</u>	<u>\$ 5,896,955</u>
LIABILITIES					
Accounts payable	\$ 162,677	\$ 171,275	\$ -	\$ 43,836	\$ 377,788
Accrued liabilities	142,620	24,366	-	-	166,986
Due to other funds	395,492	76,335	-	-	471,827
Bond anticipation notes payable	-	-	-	3,395,000	3,395,000
Unearned revenue	-	-	246,696	-	246,696
Total liabilities	<u>700,789</u>	<u>271,976</u>	<u>246,696</u>	<u>3,438,836</u>	<u>4,658,297</u>
FUND BALANCES (DEFICIT)					
Restricted	-	-	-	492,474	492,474
Assigned	2,285,689	1,438,142	-	-	3,723,831
Unassigned	-	-	-	(2,977,647)	(2,977,647)
Total fund balances (deficit)	<u>2,285,689</u>	<u>1,438,142</u>	<u>-</u>	<u>(2,485,173)</u>	<u>1,238,658</u>
Total liabilities and fund balances (deficit)	<u>\$ 2,986,478</u>	<u>\$ 1,710,118</u>	<u>\$ 246,696</u>	<u>\$ 953,663</u>	<u>\$ 5,896,955</u>

COUNTY OF ST. LAWRENCE, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended December 31, 2015

	<u>County Road Fund</u>	<u>Road Machinery Fund</u>	<u>Special Grant Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>
REVENUES					
Departmental income	\$ 15,811	\$ -	\$ -	\$ -	\$ 15,811
Intergovernmental charges	2,095,209	211,811	-	-	2,307,020
Use of money and property	380	87,093	-	-	87,473
Sale of property and compensation for loss	11,707	34,171	-	-	45,878
Miscellaneous	479,394	643,172	41,016	248,601	1,412,183
Interfund revenues	-	1,983,043	-	-	1,983,043
State aid	4,703,903	183,215	-	103,366	4,990,484
Federal aid	1,849,136	-	1,196,396	-	3,045,532
Total revenues	<u>9,155,540</u>	<u>3,142,505</u>	<u>1,237,412</u>	<u>351,967</u>	<u>13,887,424</u>
EXPENDITURES					
Current:					
Public safety	653,750	-	-	-	653,750
Transportation	16,009,433	3,489,355	-	-	19,498,788
Economic assistance & opportunity	-	-	1,237,412	-	1,237,412
Debt service:					
Interest and fiscal charges	-	12,438	-	208,282	220,720
Capital outlay	-	-	-	3,126,766	3,126,766
Total expenditures	<u>16,663,183</u>	<u>3,501,793</u>	<u>1,237,412</u>	<u>3,335,048</u>	<u>24,737,436</u>
Deficiency of revenues over expenditures	<u>(7,507,643)</u>	<u>(359,288)</u>	<u>-</u>	<u>(2,983,081)</u>	<u>(10,850,012)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	10,077,223	994,691	-	2,768,544	13,840,458
Transfers out	(2,618,079)	(542,647)	-	(824,697)	(3,985,423)
Proceeds of refunding bonds	-	-	-	25,135,000	25,135,000
Premium on refunding bonds	-	-	-	1,833,954	1,833,954
Payment to escrow agent	-	-	-	(26,760,672)	(26,760,672)
Total other financing sources (uses)	<u>7,459,144</u>	<u>452,044</u>	<u>-</u>	<u>2,152,129</u>	<u>10,063,317</u>
Net change in fund balances (deficit)	(48,499)	92,756	-	(830,952)	(786,695)
Fund balances (deficit)—beginning, as restated	<u>2,334,188</u>	<u>1,345,386</u>	<u>-</u>	<u>(1,654,221)</u>	<u>2,025,353</u>
Fund balances (deficit)—ending	<u>\$ 2,285,689</u>	<u>\$ 1,438,142</u>	<u>\$ -</u>	<u>\$ (2,485,173)</u>	<u>\$ 1,238,658</u>

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FEDERAL AWARDS INFORMATION

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Federal Grantor Program Title (1a)	Federal CFDA Number (1b)	Pass-Through Grantor's Number	Passed Through to Sub-recipients	Federal Expenditures (1c)
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	\$ -	\$ 1,615,258
<i>Total SNAP Cluster</i>			-	1,615,258
Total U.S. Department of Agriculture			-	1,615,258
U.S. Department of Housing and Urban Development:				
Passed through Office of Community Renewal:				
<i>Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	1106CRFH01-13	558,638	568,627
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	1106HR54-13	373,605	375,605
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	1106H0346-14	182,974	182,974
Total U.S. Department of Housing and Urban Development			1,115,217	1,127,206
U.S. Department of Labor:				
Passed through NYS Office for the Aging:				
Senior Community Service Employment Program	17.235	N/A	-	16,468
Passed through NYS Department of Labor:				
<i>Workforce Investment cluster:</i>				
WIA Adult Program	17.258	N/A	-	331,209
WIA Youth Activities	17.259	N/A	-	340,199
WIA Dislocated Worker Formula Grants	17.278	N/A	-	232,170
<i>Total Workforce Investment cluster</i>			-	903,578
Total U.S. Department of Labor			-	920,046
U.S. Department of Transportation:				
Passed through NYS Department of Transportation:				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	D033953; PIN 7753.41	-	114,044
Highway Planning and Construction	20.205	D034826; PIN 7753.54	-	127,036
Highway Planning and Construction	20.205	D034931; PIN 7753.55	-	56,726
Highway Planning and Construction	20.205	D033314; PIN 7753.29	-	1,551,330
<i>Total Highway Planning and Construction Cluster</i>			-	1,849,136
Direct program:				
Formula Grants for Rural Areas	20.509	C005595	204,972	204,972
Total U.S. Department of Transportation			204,972	2,054,108

(continued)

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Federal Grantor Program Title (1a)	Federal CFDA Number (1b)	Pass-Through Grantor's Number	Passed Through to Sub-recipients	Federal Expenditures (1c)
U.S. Department of Education:				
Passed through NYS Department of Health:				
Special Education - Grants for Infants and Families	84.181	C026532	-	42,153
Total U.S. Department of Education			-	42,153
U.S. Department of Health and Human Services:				
Direct program:				
Public Health Emergency Preparedness	93.069	HRI 1613-10	-	90,972
Passed through NYS Office for the Aging:				
Special Programs for Aging Title III , Part D, Disease Prevention and Health Promotion Services	93.043	69434	-	7,167
Natonal Family Caregiver Support Title III, Part E	93.052	Title III-E	-	42,590
<i>Aging Cluster:</i>				
Special Programs for the Aging, Title III, Part B—Grants for Supportive Services and Senior Centers	93.044	69404	-	119,403
Special Programs for the Aging, Title III, Part C—Nutrition Services	93.045	69423	-	154,294
Special Programs for the Aging, Title III, Part C—Nutrition Services	93.045	69423	-	69,012
Nutrition Services Incentive Program	93.053	NSIP	-	100,756
<i>Total Aging Cluster:</i>			-	443,465
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	HIICAP	-	33,427
Passed through the Health Research Institute:				
Medicare Enrollment Assistance Program	93.071	N/A	-	11,058
Passed through NYS Department of Health:				
Immunization Cooperative Agreements	93.268	C028380	-	55,971
<i>Medical Assistance Program Medicaid Cluster:</i>				
Medical Assistance Program	93.778	N/A	-	3,039,161
<i>Total Medical Assistance Program Medicaid Cluster</i>			-	3,039,161
Maternal and Child Health Services				
Block Grant to the States	93.994	C027940	-	21,714

(continued)

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Federal Grantor Program Title (1a)	Federal CFDA Number (1b)	Pass-Through Grantor's Number	Passed Through to Sub-recipients	Federal Expenditures (1c)
(concluded)				
Passed through NYS Office of Temporary and Disability Assistance:				
<i>TANF Cluster</i>				
Temporary Assistance to Needy Families	93.558	N/A	-	8,110,435
<i>Total TANF Cluster</i>			-	8,110,435
Child Support Enforcement	93.563	N/A	-	1,416,077
Low Income Home Energy Assistance Stephanie Tubbs Jones Child Welfare Services Program	93.568	N/A	-	7,544,182
Foster Care—Title IV-E	93.645	N/A	-	149,517
Social Services Block Grant	93.658	N/A	-	2,702,577
Chafee Foster Care Independence Program	93.667	N/A	-	1,220,033
Chafee Foster Care Independence Program	93.674	N/A	-	109,536
Passed through NYS Office of Alcoholism and Substance Abuse Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	64805	577,687	577,687
Total U.S. Department of Health and Human Services			577,687	25,575,569
U.S. Department of Homeland Security:				
Passed through NYS Office for the Aging:				
Emergency Food and Shelter National Board Program	97.024	N/A	-	13,200
Passed through NYS Division of Homeland Security and Emergency Services:				
Emergency Management Performance Grants	97.042	DHSES#WM14172045/FY14EMPG	-	47,246
<i>Homeland Security Program:</i>				
Homeland Security Grant Program	97.067	DHSES#WM13973530/FY13SHSP	-	100,927
Homeland Security Grant Program	97.067	DHSES#WM14973540/FY14SHSP	-	42,475
Homeland Security Grant Program	97.067	DHSES#WM15973550/FY15SHSP	-	7,792
Homeland Security Grant Program	97.067	DHSES#WM15973550/FY15SLETTP	-	46,250
Homeland Security Grant Program	97.067	DHSES#WM13973532/FY13SLETTP	-	5,418
Homeland Security Grant Program	97.067	DHSES#WM14973542/FY14SLETTP	-	46,250
Homeland Security Grant Program	97.067	DHSES#WM13172039/FY13SG	135,772	186,819
<i>Total Homeland Security Program</i>			135,772	435,931
Total U.S. Department of Homeland Security			135,772	496,377
Total Expenditures of Federal Awards (1d)			\$ 2,033,648	\$ 31,830,717

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, 2015

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, 2015. The information in this Schedule is presented in accordance with the 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 select 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:

- (1a) 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 and the St. Lawrence County Soil and Water Conservation District have not been included.
- (1b) Source: Catalog of Federal Domestic Assistance.
- (1c) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- (1d) 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.

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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 Administrator and County Board of Legislators
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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 25, 2017. Our report is qualified on the aggregate discretely presented component units, includes an emphasis of matter paragraph regarding a restatement of net position and fund balance, and includes a reference to other auditors who audited the financial statements of the St. Lawrence Industrial Development Agency, the St. Lawrence County Industrial Development Agency—Local Development Corporation and the Canton Human Service Initiatives, Inc., 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We

consider the deficiencies described as items 2015-001 and 2015-002 in the accompanying schedule of findings and questioned costs to be material weaknesses.

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. We consider the deficiency described as item 2015-003 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

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 a significant deficiency in noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is discussed in the accompanying schedule of findings and questioned costs as item 2016-004.

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.



January 25, 2017

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 Administrator and County Board of Legislators
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, 2015. 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 (the "Agency"), the St. Lawrence County Industrial Development Agency-Local Development Corporation (the "Corporation"), the Canton Human Service Initiatives, Inc. (the "CHSI") and the St. Lawrence County Soil and Water Conservation District (the "District"), which received \$0, \$0, \$0 and \$21,367 in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2015. Our compliance audit, described below, did not include the operations of the Agency, the Corporation and the District. Other auditors were engaged to perform such audits on the Agency and the Corporation in accordance with the Uniform Guidance or OMB Circular A-133, as applicable, while financial statements of the District have not been audited for the year ended December 31, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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, 2015.

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.



January 25, 2017

COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statmenets audited were prepared in accordance with GAAP Unmodified*
 *(which report is qualified on the aggregate discretely presented component units, includes an emphasis of matter paragraph regarding a restatement of net position and fund balance, and includes a reference to other auditors)

Internal control over financial reporting:

Material weaknes(es) identified?	<u> ✓ </u> Yes	<u> </u> No
Significant deficiency(ies) identified?	<u> ✓ </u> Yes	<u> </u> None reported
Noncompliance material to the financial statements noted?	<u> </u> Yes	<u> ✓ </u> No

Federal Awards:

Internal control over major programs:

Material weaknes(es) identified?	<u> </u> Yes	<u> ✓ </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> ✓ </u> None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> Yes	<u> ✓ </u> 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	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
20.205	Highway Planning and Construction
93.558	Temporary Assistance to Needy Families
93.563	Child Support Enforcement
93.778	Medical Assistance Program
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs?	<u> \$ </u> 954,922
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Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> ✓ </u> No
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COUNTY OF ST. LAWRENCE, NEW YORK
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

Section II. FINANCIAL STATEMENT FINDINGS SECTION

We consider the deficiencies presented below to be material weaknesses in internal control.

Finding 2015-001—Unreconciled Bank Accounts

Criteria: Bank reconciliations should be performed on a monthly basis to ensure that the County's cash balances are properly stated and reported in the correct period. Additionally, the County should account for all cash accounts using similar general ledger codes, such as the "200 code" described by the Office of the State Comptroller, whereby, for example, 001-0200 represents General Fund unrestricted cash and 001-0210 represents General Fund petty cash.

Condition and Context: During our audit, we noted that the County had not reconciled its bank accounts during the year ended December 31, 2015. Additionally, it was noted that the County regularly creates new general ledger accounts within their accounting software using different account codes from those suggested by the Office of the State Comptroller, which makes it tedious to track the accounts representing cash. As a result, we were unable to gain confidence on the County's cash balances during our initial fieldwork since cash, as reported in the general ledger did not reconcile to the bank statements and bank reconciliations were not performed for all bank accounts maintained by the County.

Cause: This deficiency has been caused by the lack of a formal written bank reconciliation policy combined with the resignation of the County Treasurer during the year ended December 31, 2015. Additionally, there were a lack of formal policies surrounding the creation of general ledger accounts, as numerous cash accounts have been created in the past several years, which have different account codes than those suggested by the New York State Office of the State Comptroller.

Effect or Potential Effect: The cash balances and financial statements are at risk of misstatement, since the County has not had a proper audit trail surrounding their cash and have not reconciled all their bank balances in the current and prior year. Further, upon receipt of the reconciled bank accounts, the amount reported in the general ledger was \$310,622 greater than the reconciled bank statements. A risk of misappropriation of cash exists. The risk of misappropriation of cash is heightened since bank reconciliations have not been performed for years. Finally, the substantial delay in receiving the reconciled cash accounts caused a significant delay in the completion of the audit.

Recommendation: We recommend the County develop a formal written bank reconciliation policy detailing bank reconciliation procedures and the responsibilities of the designated employees. We suggest that all bank reconciliations be performed monthly, within 15 days of receiving the respective bank statements and any differences between net bank balances and general ledger cash accounts should be researched and addressed. The reconciliations should be performed by an employee or official who does not have custody or access to cash and who does not record cash receipt, cash disbursement, or journal entry transactions. Finally, all bank reconciliations should be reviewed in a timely manner by management.

Management's Corrective Action Plan: The County agrees and will develop a formal written bank reconciliation policy detailing the bank reconciliation process and ensure that reconciliations are prepared and reviewed in a timely manner.

Finding 2015-002—Commingled Funds

Criteria: Separate general ledger cash accounts should be maintained for each individual fund to ensure cash balances of shared bank accounts reflect the appropriate activity within each fund.

Condition and Context: Cash balances were overstated in the Capital Projects Fund and understated in the General Fund as of December 31, 2014 because the County accounts for Capital Projects Fund and General Fund activity via the same bank account without an adequate monitoring of the separate general ledger cash accounts.

Cause: The County commingles monies from various funds into one bank account responsible for making payments and does not consistently monitor interfund receivables and payables to reconcile which fund is responsible for the respective payments.

Effect or Potential Effect: The cash balances within individual funds may be significantly misstated.

Recommendation: We recommend the County appropriately monitor general ledger cash balances for all funds.

Management's Corrective Action Plan: The County is in the process of setting up distinct cash accounts for each physical bank account, as well as planning to utilize a separate bank account for capital projects. This is occurring in the 2017 fiscal year.

We consider the deficiencies presented below to be a significant deficiency in internal control.

Finding 2015-003—Recordkeeping, Policies and Procedures

Criteria: Internal controls over financial reporting should be designed by management to prevent or detect and correct misstatements and to comply with Governmental Accounting Standards Board (“GASB”) requirements. The County should formalize policies and procedures to reduce the risk of asset misappropriation and fraudulent financial reporting, and to ensure that proper procedures are consistently followed.

Condition and Context: The County does not have formal policies and procedures documented for critical accounting cycles including journal entries, bank reconciliation, capital assets and information technology controls. As a result, journal entries posted to the accounting system and bank reconciliations were not consistently reviewed by an independent employee other than the preparer. Additionally, the County does not have a comprehensive capital asset policy addressing inventory procedures, additions and deletions. As a result, the capital asset records detail did not agree with what was previously reported. Further, although there may be informal procedures in place, certain information technology policies and procedures are not formally documented relating to the use of County laptops, backup of information, physical access rights and disaster recovery.

The County financial records are not in compliance with GASB requirements. The County has an undue reliance on its independent auditors for GASB compliance and governmental generally accepted accounting principles, as evidenced by numerous material proposed adjusting journal entries for the year ended December 31, 2015.

Cause: Lack of formalized policies and procedures in addition to personnel limitations for the year ended December 31, 2015. The presence of several proposed journal entries accumulated during the audit of the year ended December 31, 2015 indicates insufficient utilization of GASB standards and Generally Accepted Accounting Principles (“GAAP”).

Effect or Potential Effect: Increased risk of asset misappropriation and fraudulent financial reporting. The financial statements included numerous proposed adjusting journal entries, which have a material effect on the County's financial statements.

Recommendation: We recommend that the County formalize policies and procedures related to each accounting cycle. Included within these policies and procedures should be the assessment and evaluation of internal controls, to ensure that controls surrounding key accounting functions are regularly revisited to provide assurance that they are designed effectively and operating efficiently. Such policies should be approved by the Board, regularly reviewed and updated on a regular basis.

Management's Corrective Action Plan: The County will develop policies and procedures related to each accounting cycle in order to reduce the risk of asset misappropriation and fraudulent financial reporting. The policies will be approved by the Board of Legislators and will be reviewed and revised as indicated through our internal review process. Current internal controls will be evaluated to ensure the key accounting function controls are effective and operating efficiently.

We consider the following deficiency to be a significant deficiency in compliance.

Finding 2015-004—Expenditures exceeding Budget Lines

Criteria: Total expenditures per budget line item may not exceed the budgeted amount without obtaining budget amendments approved by the Board of Legislators.

Condition and Context: During audit testing, it was noted that the County had numerous expenditure accounts that had overspent their respective budget without approved budget amendments or transferred approved by the Board.

Cause: Due to the lack of County-wide policies and the lack of bank reconciliations, management is unable to present cash flow information or budgeted projections to the Board of Legislators on a timely basis. Therefore, budget monitoring procedures appear to be inefficient due to the current lack in policies.

Effect or Potential Effect: By allowing expenditures to exceed budget lines without appropriate review and approval, the County had the potential of overspending during the year ended December 31, 2015.

Recommendation: We recommend that the County develop procedures to more actively monitor the budget and perform transfers/amendments as necessary. Additionally, the Treasurer's Office should ensure that all budget amendments are approved by the Board prior to incurring an expenditure that will cause a budget line item to be exceeded. Finally, the ability to override the computer system should be locked, if possible, and require two management employees to approve an override and only then in an unusual circumstance.

Management's Corrective Action Plan: The Treasurer's Office will review the County's current procedures and update where necessary to more actively monitor the budget and perform transfers and amendments as necessary.

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, 2015
(Follow Up on December 31, 2014 Findings)

Finding 2014-001—Accounting for Capital Projects

Criteria: The New York System of Uniform Accounts requires that each approved capital project be accounted for in a separate fund.

Condition and Context: All County capital projects are commingled and accounted for in one fund.

Cause: This is a repeat finding from 2007 through 2013.

Effect or Potential Effect: This practice results in improper fund accounting for each project; also, large projects must be shown as a major fund in the County's financial statements, but the necessary information is not readily available to do so.

Recommendation: The Treasurer's Office should account for all capital projects in separate, individual funds and general ledgers.

View of Responsible Officials and Corrective Action Plan: The County has converted to a new Enterprise Resource Planning software system. The new system allows for a separation of capital projects through its project accounting module. This should satisfy the proper separation criteria.

Follow-up: As of December 31, 2015, capital projects are accounted for using distinct account codes within the MUNIS accounting software for each respective project. This allows management to keep track of the funding of different projects and the amount of expenditures at different periods.

Finding 2014-002— Expenditures exceeding Budget Lines

Criteria: Total expenditures per budget "object" (line item) may not exceed the budgeted amount without obtaining budget amendments approved by the Board of Legislators.

Condition and Context: While performing a test of budget overruns to budget amendment approvals, it was noted that several budget overruns occurred which did not have an approved budget amendment. The aggregate of the budget overruns noted during testing was \$158,736.

Cause: Controls built in the computer system (MUNIS) do not permit a budget to be exceeded without it being intentionally overridden by an employee. Upon discussion with management, it was determined that a management employee had overridden the computer system to allow budget overruns.

Effect or Potential Effect: By allowing budget overruns without prior approval, the County had the potential of overspending for 2014, which could have resulted in a significantly higher negative change in net position.

Recommendation: It must be stressed within the Treasurer's Office that budget amendments must be approved by the Board prior to incurring an expenditure that will cause a budget line item to be exceeded. Finally, the ability to override the computer system should be locked, if possible, and require two management employees to approve an override and only then in an unusual circumstance.

View of Responsible Officials and Corrective Action Plan: Management indicated that one management employee overrode the system. Employees will be advised to not override the system in the future.

Follow-up: See finding 2015-003 within the Schedule of Findings and Questioned Costs for current status.

Finding 2014-003—Capital Assets

Criteria: Office of the New York State Comptroller’s Local Government Management Guide for Capital Assets indicated that every local government should have a complete up-to-date inventory of capital assets to ensure that physical control and accountability are maintained over capital assets.

Condition and Context: It was noted that capital asset balances are not maintained in a control ledger.

Cause: Lack of formal system to account for capital asset balances.

Effect or Potential Effect: The lack of a system to track capital asset balances could result in an understatement of capital assets and/or the misappropriation of assets.

Recommendation: We recommend that the County begin to use a capital asset tracking program integrated with a tag system.

View of Responsible Officials and Corrective Action Plan: Management agrees that an asset tracking system is needed and plans to implement one using the MUNIS computer system.

Follow-up: For the year ended December 31, 2015, the County was able to provide us with the necessary asset listings through MUNIS. However, certain discrepancies still exist, which have been discussed under another cover dated January 25, 2017.

Finding 2014-004—Compensated Absences

Criteria: Generally accepted accounting principles require the recording of compensated absences and that beginning balances in a liability account agree to the ending balance for the prior period.

Condition and Context: It was noted during our 2014 audit procedures that the 2014 beginning balances for compensated absences did not agree to the 2013 ending balances.

Cause: During 2013, the County changed computer programs, which resulted in errors in the transfer of accrued compensated absence hours from the previous software system in the amount of \$278,748, which were corrected by the Treasurer’s Office in 2014.

Effect or Potential Effect: The failure to agree the compensated absence balance from one year to the next could result in a potential misstatement of the liability.

Recommendation: The Treasurer’s Office should review all compensated absence records for 2014 going forward to ensure their accuracy.

View of Responsible Officials and Corrective Action Plan: The Treasurer’s Office will work with the Human Resources Department to reconcile the balances to ensure accurate reporting.

Follow-up: For the year ended December 31, 2015, the County's beginning compensated absences balance agreed to the balance reported as of December 31, 2014.

Finding 2014-005—Revenue Recognition

Criteria: Revenue should be recorded when the revenue is earned and it is reasonable expected that cash will be received during the first 60 days of the following year.

Condition and Context: It was discovered that \$483,334 in cash received for snow and ice removal in 2014 was recorded as 2014 revenue when it was already recorded as accounts receivable and revenue in 2013.

Cause: The cause of the condition was an oversight; however, it is also similar to a comparable finding reported in 2013.

Effect or Potential Effect: The assets and revenues for 2014 were overstated by \$483,334. An adjusting entry was made in 2014 to correct the balances.

Recommendation: Since the recording of revenue in the proper year continues to be an issue, we recommend that accounting personnel have a refresher training course in the modified accrual basis of accounting. In the future, revenue should be recorded upon submission of the snow and ice report to New York State to avoid confusion when cash is received.

View of Responsible Officials and Corrective Action Plan: County management agreed with the Auditor's finding.

Follow-up: During the year ended December 31, 2015, no such items were noted.

Finding 2014-006—Expenditure recognition

Criteria: Generally accepted accounting principles require that expenditures should be accrued if measurable and if the service has been performed.

Condition and Context: During the 2014 search for unrecorded liabilities, it was noted that \$232,053 in accounts payable failed to be recorded during 2014. An adjusting journal entry was made to record the payable.

Cause: This is a repeat finding from the past couple years.

Effect or Potential Effect: The payables and expenses were understated by \$232,053.

Recommendation: A thorough review of invoices near the end of the year should be done to ensure that payables are recorded in the proper period.

View of Responsible Officials and Corrective Action Plan: The County Administrator will discuss the issue with the purchasing department.

Follow-up: During the year ended December 31, 2015, no such items were noted.

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