

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

*Basic Financial Statements, Required Supplementary  
Information, Supplementary Information and Federal  
Awards Information for the Year Ended  
December 31, 2016 and Independent Auditors' Reports*



**COUNTY OF ST. LAWRENCE, NEW YORK**  
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*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of St. Lawrence, New York (the "County"), as of and for the year ended December 31, 2016, 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 55.3% and 10.7% 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 (the "Agency") and the St. Lawrence County Industrial Development Agency—Local Development Corporation (the "Corporation"), which represent 40.8% and 57.9%, respectively, of the assets and 84.2% and 5.7%, 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 CHSI, Agency and Corporation, 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 1.3% and 10.1% of the assets and revenues, respectively, of the County's aggregate discretely presented component units.

***Qualified Opinion on the Aggregate Discretely Presented Component Units***

In our opinion, based on the reports of other auditors, except for the effects of the matter described in the Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units for the County, as of December 31, 2016, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2016, 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, 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, 2015. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States



of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

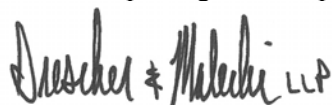
#### *Other Information*

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

The Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 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.



September 25, 2017



**COUNTY OF ST. LAWRENCE, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2016**

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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, 2016. 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 \$18,841,529. This consists of \$114,426,759 net investment in capital assets, \$3,251,044 restricted for specific purposes, offset by an unrestricted net position of \$(136,519,332).
- The County's primary government total net position decreased by \$11,298,666 during the year ended December 31, 2016. Governmental Activities decreased the County's net position by \$11,114,779, while the net position of the County's Business-type Activities decreased \$183,887.
- At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$19,857,240, an increase of \$9,113,871 in comparison with the prior year's fund balance of \$10,743,369, as restated.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$5,342,480, or 3.2 percent of total General Fund expenditures and transfers out. This amount constitutes approximately 38.3 percent of the General Fund's total fund balance of \$13,950,598 at December 31, 2016.
- The County's primary government total bonded indebtedness increased by \$4,320,000 as a result of the issuance of \$5,430,000 of serial bonds and scheduled principal payments of \$1,110,000.

**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, public health, transportation, economic assistance and opportunity, culture and recreation and home and community services. The business-type activities of the County include solid waste management and 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* reflected in the government-wide financial statements because the resources of the funds are not available to support the County's own programs. The County maintains two fiduciary funds, the Private Purpose Trust Fund and the Agency Fund.

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

The 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 26-61 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 62-66 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 67-70.

The Federal Awards Information presents the County's Schedule of Expenditures of Federal Awards. This section can be found on pages 71-85 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 \$18,886,79 at the close of the most recent fiscal year, as compared to a net position of \$(7,542,863) (as restated) at the close of the fiscal year ended December 31, 2015.

**Table 1—Condensed Statements of Net Position—Primary Government**

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2016	2015 (as restated)	2016	2015 (as restated)	2016	2015 (as restated)
Current assets	\$ 80,926,289	\$ 75,546,053	\$ 1,932,467	\$ 1,501,233	\$ 82,858,756	\$ 77,047,286
Noncurrent assets	158,645,814	152,106,627	6,407,179	6,756,094	165,052,993	158,862,721
Total assets	<u>239,572,103</u>	<u>227,652,680</u>	<u>8,339,646</u>	<u>8,257,327</u>	<u>247,911,749</u>	<u>235,910,007</u>
Deferred outflows of resources	29,215,290	7,508,340	949,098	442,461	30,164,388	7,950,801
Current liabilities	38,640,920	41,902,273	225,977	203,663	38,866,897	42,105,936
Noncurrent liabilities	240,954,142	197,311,351	10,221,915	9,560,654	251,176,057	206,872,005
Total liabilities	<u>279,595,062</u>	<u>239,213,624</u>	<u>10,447,892</u>	<u>9,764,317</u>	<u>290,042,954</u>	<u>248,977,941</u>
Deferred inflows of resources	6,760,930	2,401,216	113,782	24,514	6,874,712	2,425,730
Net position:						
Net investment						
in capital assets	112,070,849	107,122,277	2,355,910	2,544,191	114,426,759	109,666,468
Restricted	3,251,044	3,176,311	-	-	3,251,044	3,176,311
Unrestricted	<u>(132,890,492)</u>	<u>(116,752,408)</u>	<u>(3,628,840)</u>	<u>(3,633,234)</u>	<u>(136,519,332)</u>	<u>(120,385,642)</u>
Total net position	<u>\$ (17,568,599)</u>	<u>\$ (6,453,820)</u>	<u>\$ (1,272,930)</u>	<u>\$ (1,089,043)</u>	<u>\$ (18,841,529)</u>	<u>\$ (7,542,863)</u>

The largest portion of the County's net position, \$114,426,759, 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, \$3,251,044, 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, \$(136,519,332) is considered to be unrestricted.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2016 and December 31, 2015.

**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,	
	2016	2015 (as restated)	2016	2015 (as restated)	2016	2015 (as restated)
Revenues:						
Program revenues	\$ 75,635,467	\$ 78,153,920	\$ 4,502,038	\$ 4,457,434	80,137,505	82,611,354
General revenues	111,677,011	112,994,142	178,446	106,598	111,855,457	113,100,740
Total revenues	187,312,478	191,148,062	4,680,484	4,564,032	191,992,962	195,712,094
Total expenses	198,427,257	201,233,263	4,864,371	4,731,130	203,291,628	205,964,393
Change in net position	(11,114,779)	(10,085,201)	(183,887)	(167,098)	(11,298,666)	(10,252,299)
Net position—beginning	(6,453,820)	4,193,134	(1,089,043)	(424,073)	(7,542,863)	3,769,061
Restatement	-	(561,753)	-	(497,872)	-	(1,059,625)
Net position—ending	\$ (17,568,599)	\$ (6,453,820)	\$ (1,272,930)	\$ (1,089,043)	\$ (18,841,529)	\$ (7,542,863)

**Governmental activities**—Governmental activities decreased the County’s net position by \$11,114,779. A summary of revenues for governmental activities for the years ended December 31, 2016 and 2015 is presented below.

**Table 3—Summary of Sources of Revenues—Governmental Activities**

	Year Ended December 31,		Increase/(decrease)	
	2016	2015	Dollars	Percent (%)
Charges for services	\$ 24,128,646	\$ 25,158,266	\$ (1,029,620)	(4.1)
Operating grants and contributions	46,284,672	47,164,687	(880,015)	(1.9)
Capital grants and contributions	5,222,149	5,830,967	(608,818)	(10.4)
Property taxes and tax items	49,310,818	48,838,740	472,078	1.0
Non-property taxes	55,427,964	56,747,764	(1,319,800)	(2.3)
Other general revenues	6,938,229	7,407,638	(469,409)	(6.3)
Total revenues	\$ 187,312,478	\$ 191,148,062	\$ (3,835,584)	(2.0)

The most significant source of revenues for governmental activities is non-property taxes, which accounts for \$55,427,964, or 29.6 percent of total revenues. The other significant sources of revenue include property taxes and tax items, which comprise \$49,310,818, or 26.3 percent of total revenues, operating grants and contributions, which comprise \$46,284,672, or 24.7 of total revenues, and charges for services, which comprise \$24,128,646, or 12.9 percent of total revenues. For the year ended December 31, 2015, the most significant source of revenues for governmental activities was non-property taxes, which accounted for \$56,747,764, or 29.7 percent of total revenues. The other significant sources of revenue included property taxes and tax items, which comprised \$48,838,740, or 25.6 of total revenues, operating grants and contributions, which comprised \$47,164,687, or 24.7 percent of total revenues, and charges for services, which comprised \$25,158,266, or 13.2 percent of total revenues.

During the year ended December 31, 2016, total revenues decreased by \$3,835,584, of which non-property taxes and charges for services accounted for a \$1,319,800 and a \$1,029,620 decrease, respectively. These decreases are primarily attributable to a decrease in sales tax collections and other departmental income.

A summary of program expenses of governmental activities for the years ended December 31, 2016 and 2015 is presented below in table 4.

**Table 4—Summary of Program Expenses—Governmental Activities**

	Year Ended December 31,		Increase/(decrease)	
	2016	2015	Dollars	Percent (%)
General government support	\$ 55,070,375	\$ 54,330,404	\$ 739,971	1.4
Education	1,121,782	1,011,897	109,885	10.9
Public safety	20,416,881	21,262,575	(845,694)	(4.0)
Public health	15,824,373	16,206,251	(381,878)	(2.4)
Transportation	21,633,808	24,180,278	(2,546,470)	(10.5)
Economic assistance and opportunity	80,512,427	80,066,235	446,192	0.6
Culture and recreation	424,225	299,171	125,054	41.8
Home and community services	2,175,484	2,690,517	(515,033)	(19.1)
Interest and fiscal charges	1,247,902	1,185,935	61,967	5.2
Total program expenses	<u>\$ 198,427,257</u>	<u>\$ 201,233,263</u>	<u>\$ (2,806,006)</u>	(1.4)

The County's most significant expense items for governmental activities were economic assistance and opportunity of \$80,512,427, or 40.6 percent of total governmental activities expenses, general government support of \$55,070,375, or 27.8 percent of total governmental activities expenses, public safety of \$21,633,808, or 10.9 percent of total governmental activities expenses, and transportation of \$20,416,881, or 10.3 percent of total governmental activities expenses for the year ended December 31, 2016. For the year ended December 31, 2015, significant expense items 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.

During the year ended December 31, 2016, total expenses decreased by \$2,806,006, which was largely due to a \$2,546,470 decrease in transportation offset by an increase in general government support of \$739,971. Transportation expenses decreased primarily due to the County shifting towards capital reinvestment in 2016 rather than repair expenses that were not capitalizable in the prior year, while the increase in general government support is primarily attributable to an increase in the internal service fund workers' compensation claims.



**Business-type Activity**—Business-type activities decreased the County’s net position by \$183,887. A summary of revenues and operating expenses for the County’s business-type activities for the years ended December 31, 2016 and 2015 is presented below.

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

	Year Ended December 31,		Increase/(Decrease)	
	2016	2015	Dollar	Percent (%)
Revenues:				
Operating revenues	\$ 4,606,650	\$ 4,496,964	\$ 109,686	2.4
Nonoperating revenues	73,834	67,068	6,766	10.1
Total revenues	<u>\$ 4,680,484</u>	<u>\$ 4,564,032</u>	<u>\$ 116,452</u>	2.6
Operating expenses:				
Personal services	\$ 851,857	\$ 819,081	\$ 32,776	4.0
Contractual expenses	2,262,642	2,288,059	(25,417)	(1.1)
Benefits	1,276,363	1,107,507	168,856	15.2
Depreciation	473,509	516,483	(42,974)	(8.3)
Total operating expenses	<u>\$ 4,864,371</u>	<u>\$ 4,731,130</u>	<u>\$ 133,241</u>	2.8

The County’s business-type activities revenues for the year ended December 31, 2016 increased 2.6 percent from the previous year.

The most significant expense item for the year ended December 31, 2016 is contractual expenses, which accounted for \$2,262,642, or 46.5 percent of total operating expenses. Similarly, for the year ended December 31, 2015, the most significant expense item was contractual expenses, which accounted for \$2,288,059, or 47.0 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, 2016, the County’s governmental funds reported combined ending fund balances of \$19,857,240, an increase of \$9,113,871 in comparison with the prior year, as restated. \$5,342,480 or 26.9 percent of this amount, constitutes *unassigned fund balance*, which may be available for spending per the County’s fund balance policy. The remainder of fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is: (1) not in spendable form, \$3,279,883, (2) restricted for particular purposes, \$3,741,469, or (3) assigned for particular purposes, \$7,493,408.

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 \$5,342,480, while total fund balance increased to

\$13,950,598. 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 3.2 percent of General Fund expenditures and transfers out, while total fund balance represents 8.4 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 net position of the enterprise funds at the end of the current fiscal year totaled \$(1,272,930).

The Internal Service Fund is used to account for the County’s self-insurance workers’ compensation program. The total net position at the end of the fiscal year was \$(8,234,434). This represents a decrease of \$627,698.

**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, 2016 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	\$ 169,679,564	\$ 175,010,319	\$ 171,199,577	\$ (3,810,742)
Expenditures and other financing uses	<u>169,747,437</u>	<u>175,227,439</u>	<u>166,405,391</u>	<u>8,822,048</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (67,873)</u>	<u>\$ (217,120)</u>	<u>\$ 4,794,186</u>	<u>\$ 5,011,306</u>

**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 grants related to technical and automotive equipment, which increased appropriations by \$1,674,712 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 positive variance from final budgetary appropriations of \$8,822,048. 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, 2016 amounted to \$150,546,622 (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, 2016 and December 31, 2015 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,	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,243,080	\$ 2,243,080	\$ 318,800	\$ 318,800	\$ 2,561,880	\$ 2,561,880
Construction in progress	2,078,834	489,602	-	-	2,078,834	489,602
Infrastructure	103,450,678	100,852,417	-	-	103,450,678	100,852,417
Land improvements	-	-	868,552	925,409	868,552	925,409
Buildings and building improvements	27,691,903	28,807,221	3,888,519	4,049,153	31,580,422	32,856,374
Machinery and equipment	<u>8,674,948</u>	<u>5,257,030</u>	<u>1,331,308</u>	<u>1,462,732</u>	<u>10,006,256</u>	<u>6,719,762</u>
Total	<u>\$ 144,139,443</u>	<u>\$ 137,649,350</u>	<u>\$ 6,407,179</u>	<u>\$ 6,756,094</u>	<u>\$ 150,546,622</u>	<u>\$ 144,405,444</u>

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

**Long-term debt**—The County currently has \$37,585,067 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, 2016 and December 31, 2015 is presented in Table 8 below:

**Table 8—Summary of Long-Term Liabilities**

	Governmental Activities		Business-type Activities	
	December 31,		December 31,	
	2016	2015	2016	2015
Bonds payable	\$ 30,275,000	\$ 25,690,000	\$ 5,595,000	\$ 5,860,000
Premium	1,715,067	1,780,464	-	-
Capital lease	526,617	154,083	-	-
Compensated absences	4,264,732	4,088,151	433,507	382,824
Workers' compensation claims	28,971,133	28,912,671	-	-
OPEB obligation	147,965,142	130,936,678	3,271,460	2,875,540
Landfill obligation	-	-	289,320	323,162
Net pension liability	27,236,451	5,749,304	632,628	119,128
Total	<u>\$ 240,954,142</u>	<u>\$ 197,311,351</u>	<u>\$ 10,221,915</u>	<u>\$ 9,560,654</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 2016 was 6.6 percent. This is unfavorable to New York State’s unemployment rate of 4.5 percent and the national unemployment rate of 4.7 percent.

The County’s 2017 budget of \$227,138,054 represents a decrease in appropriations from the 2016 budget of \$227,923,342. While the 2017 tax levy of \$47,678,366 represents an increase of only 0.16% over the 2016 tax levy. The County has not appropriated fund balance in the 2017 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, 2016**

	Primary Government			Aggregate Discretely Presented Component Units
	Governmental Activities	Business- type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 29,296,412	\$ 1,882,730	\$ 31,179,142	\$ 1,801,484
Restricted cash and cash equivalents	7,121,831	-	7,121,831	13,676,916
Receivables, net of allowances:				
Taxes	18,439,258	-	18,439,258	-
Accounts receivable	3,228,764	269,732	3,498,496	2,673,534
Grants receivable	-	-	-	5,737,824
Intergovernmental receivables	20,761,026	43,673	20,804,699	162,205
Internal balances	296,367	(296,367)	-	-
Prepaid items	1,782,631	32,699	1,815,330	23,829
Noncurrent intergovernmental receivables	14,506,371	-	14,506,371	-
Mortgages, loans and leases receivable	-	-	-	3,155,032
Capital assets not being depreciated	4,321,914	318,800	4,640,714	281,353
Capital assets, net of accumulated depreciation	<u>139,817,529</u>	<u>6,088,379</u>	<u>145,905,908</u>	<u>3,903,873</u>
Total assets	<u>239,572,103</u>	<u>8,339,646</u>	<u>247,911,749</u>	<u>31,416,050</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding bonds	1,437,118	303,886	1,741,004	-
Deferred outflows of resources—relating to pensions	<u>27,778,172</u>	<u>645,212</u>	<u>28,423,384</u>	<u>448,440</u>
Total deferred outflows of resources	<u>29,215,290</u>	<u>949,098</u>	<u>30,164,388</u>	<u>448,440</u>
<b>LIABILITIES</b>				
Accounts payable	5,984,382	123,000	6,107,382	24,110
Accrued liabilities	3,509,240	102,977	3,612,217	622,578
Due to Agency Fund	44,181	-	44,181	-
Interest payable	226,968	-	226,968	-
Intergovernmental payables	17,815,769	-	17,815,769	-
Revenue anticipation notes payable	9,500,000	-	9,500,000	-
Unearned revenue	1,560,380	-	1,560,380	48,731
Other liabilities	-	-	-	162,205
Noncurrent liabilities:				
Due within one year	6,394,503	332,209	6,726,712	3,208,200
Due in more than one year	<u>234,559,639</u>	<u>9,889,706</u>	<u>244,449,345</u>	<u>2,682,891</u>
Total liabilities	<u>279,595,062</u>	<u>10,447,892</u>	<u>290,042,954</u>	<u>6,748,715</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources—grants	1,862,317	-	1,862,317	-
Deferred inflows of resources—relating to pensions	<u>4,898,613</u>	<u>113,782</u>	<u>5,012,395</u>	<u>84,305</u>
Total deferred inflows of resources	<u>6,760,930</u>	<u>113,782</u>	<u>6,874,712</u>	<u>84,305</u>
<b>NET POSITION</b>				
Net investment in capital assets	112,070,849	2,355,910	114,426,759	1,992,540
Restricted for:				
Insurance	3,189,518	-	3,189,518	-
Debt reduction	61,526	-	61,526	17,720,186
Unrestricted	<u>(132,890,492)</u>	<u>(3,628,840)</u>	<u>(136,519,332)</u>	<u>5,318,744</u>
Total net position	<u>\$ (17,568,599)</u>	<u>\$ (1,272,930)</u>	<u>\$ (18,841,529)</u>	<u>\$ 25,031,470</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, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Aggregate Discretely Presented Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government support	\$ 55,070,375	\$ 14,720,527	\$ 2,599,212	\$ -	\$ (37,750,636)	\$ -	\$ (37,750,636)	\$ -
Education	1,121,782	784,795	-	-	(336,987)	-	(336,987)	-
Public safety	20,416,881	638,814	6,778,708	-	(12,999,359)	-	(12,999,359)	-
Public health	15,824,373	3,757,979	4,708,391	-	(7,358,003)	-	(7,358,003)	-
Transportation	21,633,808	2,622,716	-	5,222,149	(13,788,943)	-	(13,788,943)	-
Economic assistance and opportunity	80,512,427	1,498,228	31,683,311	-	(47,330,888)	-	(47,330,888)	-
Culture and recreation	424,225	-	515,050	-	90,825	-	90,825	-
Home and community services	2,175,484	105,587	-	-	(2,069,897)	-	(2,069,897)	-
Interest and fiscal charges	1,247,902	-	-	-	(1,247,902)	-	(1,247,902)	-
Total governmental activities	<u>198,427,257</u>	<u>24,128,646</u>	<u>46,284,672</u>	<u>5,222,149</u>	<u>(122,791,790)</u>	<u>-</u>	<u>(122,791,790)</u>	<u>-</u>
Business-type activities:								
Solid waste management	4,445,871	3,925,731	73,673	-	-	(446,467)	(446,467)	-
Canton Human Service Initiatives	418,500	502,634	-	-	-	84,134	84,134	-
Total primary government	<u>\$ 203,291,628</u>	<u>\$ 28,557,011</u>	<u>\$ 46,358,345</u>	<u>\$ 5,222,149</u>	<u>(122,791,790)</u>	<u>(362,333)</u>	<u>(123,154,123)</u>	<u>-</u>
<b>Component units:</b>	<u>\$ 9,610,913</u>	<u>\$ 230,780</u>	<u>\$ 7,774,507</u>	<u>\$ -</u>				<u>(1,605,626)</u>
General revenues:								
Property taxes and other tax items					49,310,818	-	49,310,818	-
Non-property taxes					55,427,964	-	55,427,964	-
Use of money and property					112,157	161	112,318	132,328
Miscellaneous					3,772,548	133,329	3,905,877	1,205,157
Sale of property and compensation for loss					211,289	44,956	-	-
Tobacco settlement revenues					2,842,235	-	2,842,235	-
Total general revenues					<u>111,677,011</u>	<u>178,446</u>	<u>111,599,212</u>	<u>1,337,485</u>
Change in net position					(11,114,779)	(183,887)	(11,298,666)	(268,141)
Net position—beginning, as restated					<u>(6,453,820)</u>	<u>(1,089,043)</u>	<u>(7,542,863)</u>	<u>25,299,611</u>
Net position—ending					<u>\$ (17,568,599)</u>	<u>\$ (1,272,930)</u>	<u>\$ (18,841,529)</u>	<u>\$ 25,031,470</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, 2016**

	<u>General</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,313,383	\$ 5,090,280	\$ 22,403,663
Restricted cash and cash equivalents	6,612,894	508,937	7,121,831
Receivables (net of allowances):			
Taxes	18,439,258	-	18,439,258
Accounts receivable	3,169,577	59,187	3,228,764
Due from other funds	384,624	409,811	794,435
Intergovernmental receivables	16,966,490	952,301	17,918,791
Prepaid items	1,782,156	475	1,782,631
Total assets	<u>\$ 64,668,382</u>	<u>\$ 7,020,991</u>	<u>\$ 71,689,373</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,551,221	\$ 371,117	\$ 5,922,338
Accrued liabilities	3,323,490	185,750	3,509,240
Intergovernmental payables	17,815,769	-	17,815,769
Due to other funds	151,697	388,619	540,316
Revenue anticipation notes payable	9,500,000	-	9,500,000
Unearned revenues	1,391,517	168,863	1,560,380
Total liabilities	<u>37,733,694</u>	<u>1,114,349</u>	<u>38,848,043</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources—property taxes	11,121,773	-	11,121,773
Deferred inflows of resources—grants	1,862,317	-	1,862,317
Total deferred inflows of resources	<u>12,984,090</u>	<u>-</u>	<u>12,984,090</u>
<b>FUND BALANCES</b>			
Nonspendable	3,279,408	475	3,279,883
Restricted	3,251,044	490,425	3,741,469
Assigned	2,077,666	5,415,742	7,493,408
Unassigned	5,342,480	-	5,342,480
Total fund balances	<u>13,950,598</u>	<u>5,906,642</u>	<u>19,857,240</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 64,668,382</u>	<u>\$ 7,020,991</u>	<u>\$ 71,689,373</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, 2016**

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

Total fund balances—governmental funds (page 16)		\$ 19,857,240
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$242,077,969 and the accumulated depreciation is \$97,938,526.		144,139,443
Other long-term receivables are not available to pay for current period expenditures and, therefore, are not reported in the funds.		2,842,235
Uncollected property taxes are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.		11,121,773
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	\$ 4,219,243	
Deferred outflows related to experience and investment	23,558,929	
Deferred inflows related to pension plans	(4,898,613)	22,879,559
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.		1,437,118
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.		(8,234,434)
Net accrued interest expense for serial bonds is not reported in the funds.		(226,968)
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	\$ (30,275,000)	
Premium on serial bonds	(1,715,067)	
Capital lease	(526,617)	
Compensated absences	(4,264,732)	
Other postemployment benefits obligation	(147,366,698)	
Net pension liability	(27,236,451)	(211,384,565)
Net position of governmental activities		\$ (17,568,599)

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, 2016**

	<u>General</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Real property taxes	\$ 46,476,946	\$ -	\$ 46,476,946
Real property tax items	2,907,956	-	2,907,956
Non-property tax items	55,427,964	-	55,427,964
Departmental income	13,403,502	23,157	13,426,659
Intergovernmental charges	1,529,868	2,163,443	3,693,311
Use of money and property	62,562	49,424	111,986
Licenses and permits	36,750	-	36,750
Fines and forfeitures	131,068	-	131,068
Sale of property and compensation for loss	3,358,288	130,920	3,489,208
Miscellaneous	2,318,414	903,990	3,222,404
Interfund revenues	331,513	2,291,203	2,622,716
State aid	22,295,366	5,026,765	27,322,131
Federal aid	21,995,959	2,188,731	24,184,690
Total revenues	<u>170,276,156</u>	<u>12,777,633</u>	<u>183,053,789</u>
<b>EXPENDITURES</b>			
Current:			
General government support	41,490,940	-	41,490,940
Education	930,505	-	930,505
Public safety	16,813,917	619,909	17,433,826
Health	13,193,410	-	13,193,410
Transportation	749,413	18,306,257	19,055,670
Economic assistance and opportunity	65,560,956	1,245,555	66,806,511
Culture and recreation	351,889	-	351,889
Home and community services	1,804,539	-	1,804,539
Employee benefits	12,540,120	-	12,540,120
Debt service:			
Principal	1,052,796	-	1,052,796
Interest and fiscal charges	1,120,620	7,404	1,128,024
Capital outlay	-	4,189,190	4,189,190
Total expenditures	<u>155,609,105</u>	<u>24,368,315</u>	<u>179,977,420</u>
Excess (deficiency) of revenues over expenditures	<u>14,667,051</u>	<u>(11,590,682)</u>	<u>3,076,369</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	315,919	12,408,895	12,724,814
Transfers out	(10,796,286)	(1,928,528)	(12,724,814)
Capital lease	580,330	-	580,330
Serial bonds issued	-	5,430,000	5,430,000
Premium on bonds	27,172	-	27,172
Total other financing sources (uses)	<u>(9,872,865)</u>	<u>15,910,367</u>	<u>6,037,502</u>
Net change in fund balances	4,794,186	4,319,685	9,113,871
Fund balances—beginning, as restated	9,156,412	1,586,957	10,743,369
Fund balances—ending	<u>\$ 13,950,598</u>	<u>\$ 5,906,642</u>	<u>\$ 19,857,240</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, 2016**

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) \$ 9,113,871

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.

Capital asset additions and reclassifications	\$ 11,142,282	
Depreciation expense	(4,620,263)	
Loss on disposition	<u>(31,926)</u>	6,490,093

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.

Change in other receivables	(435,684)	
Change in deferred inflows of resources—property taxes	<u>(74,084)</u>	(509,768)

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

Direct pension contributions	6,848,104	
Cost of benefits earned net of employee contributions	<u>(10,265,789)</u>	(3,417,685)

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. (78,034)

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. (627,698)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. (41,844)

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:

Proceeds from serial bonds	\$ (5,430,000)	
Principal payments on serial bonds	845,000	
Premium on refunding bonds	(27,172)	
Amortization of bond premiums	92,569	
Proceeds from capital lease	(580,330)	
Payment of capital lease	207,796	
Change in compensated absences	(176,581)	
Change in other postemployment benefits obligation	<u>(16,974,996)</u>	<u>(22,043,714)</u>

Change in net position of governmental activities \$ (11,114,779)

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, 2016**

	<b>Business-type Activities—</b>		<b>Governmental</b>
	<b>Enterprise Funds</b>		<b>Activities</b>
	<b>Solid Waste Fund</b>	<b>Canton Human Service Initiatives</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,156,637	\$ 726,093	\$ 6,892,749
Receivables (net of allowances)	269,732	-	-
Due from other funds	6,081	-	-
Intergovernmental receivables	43,673	-	-
Prepaid items	32,699	-	-
Total current assets	<u>1,508,822</u>	<u>726,093</u>	<u>6,892,749</u>
Noncurrent assets:			
Intergovernmental receivables	-	-	14,506,371
Capital assets not being depreciated	156,050	162,750	-
Capital assets, net of accumulated depreciation	2,199,860	3,888,519	-
Total noncurrent assets	<u>2,355,910</u>	<u>4,051,269</u>	<u>14,506,371</u>
Total assets	<u>3,864,732</u>	<u>4,777,362</u>	<u>21,399,120</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	303,886	-
Deferred outflows relating to pensions	645,212	-	-
Total deferred outflows of resources	<u>645,212</u>	<u>303,886</u>	<u>-</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	123,000	-	62,044
Accrued liabilities	34,350	68,627	-
Due to other funds	302,448	-	1,933
Total current liabilities	<u>459,798</u>	<u>68,627</u>	<u>63,977</u>
Noncurrent liabilities:			
Due within one year:			
Bonds payable	-	275,000	-
Compensated absences	21,675	-	-
Landfill obligation	35,534	-	-
Workers' compensation claims	-	-	4,732,285
Due in more than one year:			
Bonds payable	-	5,320,000	-
Compensated absences	411,832	-	-
OPEB obligation	3,271,460	-	598,444
Landfill obligation	253,786	-	-
Net pension liability	632,628	-	-
Workers' compensation claims	-	-	24,238,848
Total noncurrent liabilities	<u>4,626,915</u>	<u>5,595,000</u>	<u>29,569,577</u>
Total liabilities	<u>5,086,713</u>	<u>5,663,627</u>	<u>29,633,554</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows relating to pensions	113,782	-	-
Total deferred inflows of resources	<u>113,782</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,355,910	-	-
Unrestricted	(3,046,461)	(582,379)	(8,234,434)
Total net position	<u>\$ (690,551)</u>	<u>\$ (582,379)</u>	<u>\$ (8,234,434)</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, 2016**

	<b>Business-type</b>		<b>Governmental</b>
	<b>Activities—</b>		
	<b>Enterprise Funds</b>	<b>Canton Human</b>	
	<b>Solid</b>	<b>Service</b>	<b>Internal</b>
	<b>Waste Fund</b>	<b>Initiatives</b>	<b>Service Fund</b>
Operating revenues:			
Charges for services	\$ 3,925,731	\$ 502,634	\$ -
Intergovernmental revenues	-	-	4,218,142
Sale of property and compensation for loss	133,329	-	-
Miscellaneous	44,902	54	457,575
Total operating revenues	<u>4,103,962</u>	<u>502,688</u>	<u>4,675,717</u>
Operating expenses:			
General government support	-	257,866	5,303,586
Home and community services	4,132,996	-	-
Depreciation	312,875	160,634	-
Total operating expenses	<u>4,445,871</u>	<u>418,500</u>	<u>5,303,586</u>
Operating income (loss)	<u>(341,909)</u>	<u>84,188</u>	<u>(627,869)</u>
Nonoperating revenues:			
State aid	73,673	-	-
Use of money and property	161	-	171
Total nonoperating revenues	<u>73,834</u>	<u>-</u>	<u>171</u>
Change in net position	(268,075)	84,188	(627,698)
Total net position—beginning, as restated	<u>(422,476)</u>	<u>(666,567)</u>	<u>(7,606,736)</u>
Total net position—ending	<u>\$ (690,551)</u>	<u>\$ (582,379)</u>	<u>\$ (8,234,434)</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, 2016**

	<b>Business-type</b>		<b>Governmental</b>
	<b>Activities—</b>		
	<b>Enterprise Funds</b>	<b>Canton Human</b>	<b>Activities</b>
	<b>Solid</b>	<b>Service</b>	<b>Internal</b>
	<b>Waste Fund</b>	<b>Initiatives</b>	<b>Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from services provided	\$ 3,866,937	\$ 502,634	\$ 4,169,048
Receipts from other operating revenue	178,231	54	457,575
Payments to employees	(1,594,923)	(19,696)	(624,163)
Payments to suppliers	(1,985,024)	-	(522,337)
Cash paid for insurance and interest	-	(225,986)	-
Cash paid for workers' compensation benefits	-	-	(4,055,162)
Net cash provided by (used for) operating activities	<u>465,221</u>	<u>257,006</u>	<u>(575,039)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Grants received	73,673	-	-
Cash paid to other funds	(66,560)	-	(221)
Net cash provided by (used for) noncapital financing activities	<u>7,113</u>	<u>-</u>	<u>(221)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital purchases	(124,594)	-	-
Repayment of bonds	-	(265,000)	-
Reduction of landfill obligation	(33,842)	-	-
Net cash used for capital and related financing activities	<u>(158,436)</u>	<u>(265,000)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	161	-	171
Net cash provided by investing activities	<u>161</u>	<u>-</u>	<u>171</u>
Increase (decrease) in cash and cash equivalents	314,059	(7,994)	(575,089)
Cash and cash equivalents—beginning, as restated	<u>842,578</u>	<u>734,087</u>	<u>7,467,838</u>
Cash and cash equivalents—ending	<u>\$ 1,156,637</u>	<u>\$ 726,093</u>	<u>\$ 6,892,749</u>

(continued)



**COUNTY OF ST. LAWRENCE, NEW YORK**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2016**

	(concluded)		
	<b>Business-type Activities— Enterprise Funds</b>		<b>Governmental Activities</b>
	<b>Canton Human</b>		
	<b>Solid Waste Fund</b>	<b>Service Initiatives</b>	<b>Internal Service Fund</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (341,909)	\$ 84,188	\$ (627,869)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	312,875	160,634	-
(Increase) in accounts receivable	(15,121)	-	-
(Increase) in due from other governments	(43,673)	-	(49,094)
(Increase) in deferred outflows—relating to pensions	(521,030)	-	-
Decrease in deferred charge on refunding	-	14,393	-
Increase (decrease) in accounts payable	19,752	-	(10,006)
Increase (decrease) in accrued liabilities	4,956	(2,209)	-
Increase (decrease) in OPEB obligation	395,920	-	(399,377)
Increase in compensated absences	50,683	-	-
Increase in judgements and claims	-	-	511,307
Increase in net pension liability	513,500	-	-
Increase in deferred inflows—relating to pensions	89,268	-	-
Total adjustments	807,130	172,818	52,830
Net cash provided by (used for) operating activities	\$ 465,221	\$ 257,006	\$ (575,039)

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, 2016**

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	<b>Agency Fund</b>	<b>Private Purpose Trust Fund</b>
<b>ASSETS</b>		
Cash	\$ 1,152,883	\$ 441,591
Due from other funds	44,181	-
Total assets	\$ 1,197,064	441,591
<b>LIABILITIES</b>		
Due to other governments	13,536	-
Other liabilities	1,183,528	-
Total liabilities	\$ 1,197,064	-
<b>NET POSITION</b>		
Restricted net position		\$ 441,591

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, 2016**

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	<b><u>Private Purpose Trust Fund</u></b>
<b>ADDITIONS</b>	
New York Power Authority deposits	\$ 2,000,000
Interest earned	<u>93</u>
Total additions	<u>2,000,093</u>
<b>DEDUCTIONS</b>	
Transfer to other entities	2,000,000
Fees	<u>7,175</u>
Total deductions	<u>2,007,175</u>
Change in net position	(7,082)
Net position—beginning	<u>448,673</u>
Net position—ending	<u>\$ 441,591</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, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***Description of Government-wide Financial Statements***

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

***Reporting Entity***

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

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

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

***Discretely Presented Component Units***—The component unit column in the government-wide financial statements 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 for determining whether certain organizations are component units and is reported as a blended component unit of the County.

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

### ***Basis of Presentation—Government-wide Financial Statements***

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

As discussed earlier, the government has 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.

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:

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

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

***Cash, Cash Equivalents and Investments***—The County’s cash and cash equivalents include cash on hand, demand deposits, time deposits, and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. County monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The County had no investments at December 31, 2016. However, when the County does have investments it is County policy to record them at fair value in accordance with GASB.

***Restricted Cash and Cash Equivalents***—Restricted cash and cash equivalents represent amounts to support fund balance restrictions, unspent proceeds of debt 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).

**Unearned revenue**—Certain amounts received have not been spent or otherwise used to meet the revenue recognition criteria for government-wide or fund financial purposes. At December 31, 2016, the County reported unearned revenues of \$1,436,779 and \$168,863 within the General Fund and Nonmajor Funds, respectively.

**Deferred Outflows/Inflows of Resources**—In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2016, 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 and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2016, the County has three items that qualify for reporting in this category. The first item represents the effect of the net change in the County's proportion of the collective net pension liability and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide statements. Additionally, under the modified accrual basis of accounting, the governmental funds report unavailable revenues from two sources: property taxes and certain grants and aid that will not be realized within the period of availability. These amounts are deferred and recognized in the period that the amounts become available.

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

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

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

The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The County 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.

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

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

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

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

## ***Other***

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

***Adoption of New Accounting Pronouncements***—During the year ended December 31, 2016, the County implemented GASB Statements No. 72, *Fair Value Measurement and Application*, 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. 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*. GASB Statement No. 72 provides guidance for determining a fair value measurement for financial reporting purposes, as well as guidance on applying fair value to certain investments and disclosures related to all fair value measurements. GASB Statement No. 73 establishes a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. GASB Statement No. 77 requires the disclosure of information about the nature and magnitude of tax abatements and will make these transactions more transparent to financial statement users. GASB Statement No. 78 addresses a practice issue regarding the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. GASB Statements No. 72, 73, 76, 77, 78, and 79 did not have a material impact on the County's financial position or results from operations.

***Future Impacts of Accounting Pronouncements***—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 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*; No. 82, *Pension Issues; an Amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the fiscal year ending December 31, 2017; No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; No. 85, *Omnibus 2017*, No. 86, *Certain Debt Extinguishment Issues* effective for the fiscal year ending December 31, 2018; No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*, effective for the fiscal year ending December 31, 2019 and No. 87, *Leases*, effective for the fiscal year ended December 31, 2020. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 74, 75, 80, 81, 82, 83, 84, 85, 86 and 87 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 15<sup>th</sup> 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 1<sup>st</sup>. 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 20<sup>th</sup>.
- The County Administrator is authorized to approve all budget transfer requests \$5,000 or less except for personal service transfers and interdepartmental and interfund transfers, which must be approved by the Board of Legislators.
- Formal annual budgetary accounts are adopted and employed for control of all governmental funds except for capital project funds. Budgetary control over individual capital projects is provided by Legislative approval or bond authorizations and provision of bond indebtedness.
- Total expenditures for each object may not legally exceed the total appropriations for that object. Encumbrances outstanding at year-end are accounted for by a reservation of fund balance
- These budgets are adopted on a basis consistent with GAAP except that encumbrances are treated as budgetary expenditures in the year of occurrence of the commitment to purchase. Open encumbrances authorized by appropriation from the previous year's budget, after review and approval by the County Treasurer, are added to the current year's budget approved by the Board of Legislators. All unencumbered appropriations lapse at the end of the fiscal year. Budgetary comparisons presented in this report are on the budgetary basis and represent the budget as modified.

***Deficit Net Position***—At December 31, 2016 the County's Enterprise Funds, the Solid Waste Fund and the Canton Human Service Initiatives, reported a net position of \$(690,551) and \$(582,379), respectively. The County anticipates these deficits will be remedied through future grant receipts and governmental fund transfers. Additionally, the Internal Service Fund reported a net position of \$(8,234,434). 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, 2016, the County determined that cash was understated at December 31, 2015. As a result, net position of the governmental activities and business-type activities has been restated by \$561,753 and \$42,856, respectively. This restatement has a net effect of a \$604,609 decrease to total net position of the primary government. Additionally, it was determined that cash and corresponding liabilities of the Agency Fund were understated by \$293,987 at December 31, 2017.

Additionally, the County's blended component unit, CHSI, restated net position of the business-type activities as of December 31, 2015 to amortize bond issuance costs previously amortized in accordance with GASB. This restatement has a net effect of a \$455,016 decrease to total net position.

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

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
	<u>Net Position</u>	<u>Net Position</u>	<u>Net Position</u>
Net position—December 31, 2015, as previously stated	\$ (5,892,067)	\$ (591,171)	\$ (6,483,238)
Cash and cash equivalents	(561,753)	(42,856)	(604,609)
CHSI	-	(455,016)	-
Net position—December 31, 2015, as restated	<u>\$ (6,453,820)</u>	<u>\$ (1,089,043)</u>	<u>\$ (7,542,863)</u>

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

			Total
	General	Nonmajor	Governmental
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Fund balance—December 31, 2015, as previously stated	\$ 10,066,464	\$ 1,238,658	\$ 11,305,122
Cash and cash equivalents	<u>(910,052)</u>	<u>348,299</u>	<u>(561,753)</u>
Fund balance—December 31, 2015, as restated	<u>\$ 9,156,412</u>	<u>\$ 1,586,957</u>	<u>\$ 10,743,369</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, 2016 is presented below.

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Balance
Petty cash (uncollateralized)	\$ 7,210	\$ 1,800	\$ -	\$ 9,010
Deposits	30,706,549	1,880,930	1,594,474	34,181,953
Cash equivalents (money market funds)	5,704,484	-	-	5,704,484
Total	<u>\$ 36,418,243</u>	<u>\$ 1,882,730</u>	<u>\$ 1,594,474</u>	<u>\$ 39,895,447</u>

**Deposits with financial institutions**—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2016 as follows:

	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 688,087	\$ 687,260
Uninsured:		
Collateral held by bank's agent in the County's name	<u>41,347,109</u>	<u>39,199,177</u>
Total	<u>\$ 42,035,196</u>	<u>\$ 39,886,437</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, 2016, 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, 2016, the County reported \$7,121,831 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 \$1,230,779 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 \$11,998,046 at December 31, 2016. 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, 2016.

The Corporation has restricted cash of \$11,521,038.

**St. Lawrence County Soil and Water Conservation District (unaudited)**—The District reported unrestricted and restricted deposits of \$249,575, which is covered by FDIC insurance.



#### 4. RECEIVABLES

**Taxes Receivable**—Represents amounts due from County taxpayers that remain unpaid. At December 31, 2016, the County recorded \$18,439,258 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, 2016 are presented below:

Governmental funds:	
General Fund	\$ 3,232,045
Less: allowance for doubtful accounts	(62,468)
Other nonmajor funds	<u>59,187</u>
Total	<u>\$ 3,228,764</u>
Proprietary funds:	
Solid Waste Fund	\$ 297,442
Less: allowance for doubtful accounts	<u>(27,710)</u>
Total	<u>\$ 269,732</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, 2016 are shown below:

Governmental funds:	
General fund:	
Due from State and Federal	\$ 16,042,879
Due from other governments	923,611
Other nonmajor funds:	
Due from State and Federal	<u>952,301</u>
Total	<u>\$ 17,918,791</u>
Proprietary funds:	
Solid Waste Fund:	
Due from State and Federal	<u>\$ 43,673</u>
Total	<u>\$ 43,673</u>
Internal Service Fund:	
Due from other governments—noncurrent	<u>\$ 14,506,371</u>
Total	<u>\$ 14,506,371</u>

At December 31, 2016, the General Fund had intergovernmental receivables of \$16,966,490 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, accounts receivable and grant receivable of \$298,722, \$32,607 and \$5,737,824 respectively. The Agency also had other leases receivable of \$57,241 and accrued interest receivable of \$686.

***St. Lawrence County Industrial Development Agency – Local Development Corporation***—A significant receivable of the Corporation include notes receivables and a capital lease receivable of \$4,962,907 and \$459,330, 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 Corporation did not write-off a balance at December 31, 2016. The amount added to the loan loss reserve at December 31, 2016 was \$90,500. The loan loss reserve at December 31, 2016 was \$306,000.

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

December 31,	Mortgages and Notes receivable
2017	\$ 2,796,832
2018	324,536
2019	314,368
2020	201,842
2021	176,429
Thereafter	<u>1,454,900</u>
Subtotal	5,268,907
Loss reserve	<u>(90,500)</u>
Total	<u><u>\$ 5,178,407</u></u>

The Corporation also had accounts receivable of \$6,953 and accrued interest receivable of \$10,120.

***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:

Year Ending December 31,	Corporation
2017	\$ 48,479
2018	48,479
2019	48,479
2020	48,479
2021	48,479
Thereafter	<u>283,121</u>
Total minimum lease payments	525,516
Less: amount representing imputed interest	<u>(66,186)</u>
Present value of minimum lease payments	<u><u>\$ 459,330</u></u>

## 5. CAPITAL ASSETS

**Governmental activities**—Capital asset activity for the primary government’s governmental activities, for the year ended December 31, 2016, was as follows:

	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
Capital assets, not being depreciated:				
Land	\$ 2,243,080	\$ -	\$ -	\$ 2,243,080
Construction in progress	<u>489,602</u>	<u>2,357,061</u>	<u>767,829</u>	<u>2,078,834</u>
Total capital assets not being depreciated	<u>2,732,682</u>	<u>2,357,061</u>	<u>767,829</u>	<u>4,321,914</u>
Capital assets, being depreciated:				
Infrastructure	165,777,256	4,863,991	-	170,641,247
Buildings and building improvements	48,347,539	-	-	48,347,539
Machinery and equipment	<u>17,403,920</u>	<u>4,689,059</u>	<u>3,325,710</u>	<u>18,767,269</u>
Total capital assets being depreciated	<u>231,528,715</u>	<u>9,553,050</u>	<u>3,325,710</u>	<u>237,756,055</u>
Less accumulated depreciation for:				
Infrastructure	64,924,839	2,265,730	-	67,190,569
Buildings and building improvements	19,540,318	1,115,318	-	20,655,636
Machinery and equipment	<u>12,146,890</u>	<u>1,239,215</u>	<u>3,293,784</u>	<u>10,092,321</u>
Total accumulated depreciation	<u>96,612,047</u>	<u>4,620,263</u>	<u>3,293,784</u>	<u>97,938,526</u>
Total capital assets, being depreciated, net	<u>134,916,668</u>	<u>4,932,787</u>	<u>31,926</u>	<u>139,817,529</u>
Governmental activities capital assets, net	<u>\$ 137,649,350</u>	<u>\$ 7,289,848</u>	<u>\$ 799,755</u>	<u>\$ 144,139,443</u>

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

Governmental activities:	
General government support	\$ 501,329
Public safety	1,189,679
Public health	160,634
Transportation	2,715,158
Economic assistance and opportunity	<u>53,463</u>
Total depreciation expense—governmental activities	<u>\$ 4,620,263</u>

**Business-type activities**—Capital asset activity for the primary government’s business-type activities (Enterprise Funds), for fiscal year ended December 31, 2016, is presented below:

	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
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	3,682,538	43,748	-	3,726,286
Buildings and improvements	6,274,011	-	-	6,274,011
Machinery and equipment	<u>3,558,932</u>	<u>80,846</u>	<u>363,780</u>	<u>3,275,998</u>
Total capital assets being depreciated	<u>13,515,481</u>	<u>124,594</u>	<u>363,780</u>	<u>13,276,295</u>
Less accumulated depreciation for:				
Land improvements	2,757,129	100,605	-	2,857,734
Buildings and improvements	2,224,858	160,634	-	2,385,492
Machinery and equipment	<u>2,096,200</u>	<u>212,270</u>	<u>363,780</u>	<u>1,944,690</u>
Total accumulated depreciation	<u>7,078,187</u>	<u>473,509</u>	<u>363,780</u>	<u>7,187,916</u>
Total capital assets, being depreciated, net	<u>6,437,294</u>	<u>(348,915)</u>	<u>-</u>	<u>6,088,379</u>
Business-type activities capital assets, net	<u>\$6,756,094</u>	<u>\$(348,915)</u>	<u>\$ -</u>	<u>\$ 6,407,179</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	\$ 312,875
Canton Human Service Initiatives	<u>160,634</u>
	<u>\$ 473,509</u>

**Discretely Presented Component Units**

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

	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
Capital assets, not being depreciated:				
Land and land improvements	\$ 662,788	\$ -	\$ 381,435	\$ 281,353
Total capital assets, not being depreciated	<u>662,788</u>	<u>-</u>	<u>381,435</u>	<u>281,353</u>
Capital assets, being depreciated:				
Buildings and improvements	3,654,780	-	-	3,654,780
Automotive equipment	39,578	23,390	23,408	39,560
Office equipment and furnishings	<u>27,096</u>	<u>-</u>	<u>-</u>	<u>27,096</u>
Total capital assets being depreciated	<u>3,721,454</u>	<u>23,390</u>	<u>23,408</u>	<u>3,721,436</u>
Less accumulated depreciation	<u>493,432</u>	<u>102,013</u>	<u>23,408</u>	<u>572,037</u>
Total capital assets, being depreciated, net	<u>3,228,022</u>	<u>(78,623)</u>	<u>-</u>	<u>3,149,399</u>
Total capital assets, net	<u>\$3,890,810</u>	<u>\$(78,623)</u>	<u>\$ 381,435</u>	<u>\$ 3,430,752</u>

Depreciation expense for the year ended December 31, 2016 was \$102,013.

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

	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
Capital assets, being depreciated:				
Buildings and improvements	\$ 850,662	\$ -	\$ -	\$ 850,662
Total capital assets, being depreciated	<u>850,662</u>	<u>-</u>	<u>-</u>	<u>850,662</u>
Less accumulated depreciation:				
Total capital assets, being depreciated, net	<u>67,122</u>	<u>29,066</u>	<u>-</u>	<u>96,188</u>
Total capital assets, being depreciated, net	<u>783,540</u>	<u>(29,066)</u>	<u>-</u>	<u>754,474</u>
Total capital assets, net	<u>\$ 783,540</u>	<u>\$ (29,066)</u>	<u>\$ -</u>	<u>\$ 754,474</u>

Depreciation expense for the year ended December 31, 2016 was \$29,066.

## 6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental and business-type activities at December 31, 2016, were as follows:

	Governmental Activities		
	General Fund	Nonmajor Governmental	
		Funds	Governmental Total
Salary and employee benefits	<u>\$ 3,323,490</u>	<u>\$ 185,750</u>	<u>\$ 3,509,240</u>
	Business-type Activities		
	Soild Waste Fund	CHSI	
		CHSI	Total
Salary and employee benefits	<u>\$ 34,350</u>	<u>\$ 68,627</u>	<u>\$ 102,977</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](http://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, 2016, 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, 2016. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2015, 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	Business-type
	Activities	Activities
ERS		
Measurement date	March 31, 2016	March 31, 2016
Net pension liability	\$ 27,236,451	\$ 632,628
County's portion of the Plan's total net pension liability	0.1696946%	0.0039415%

For the year ended December 31, 2016, the County recognized ERS pension expenses of \$9,238,823 and \$214,592 for governmental activities and business-type activities, respectively. At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources presented below:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
ERS				
Differences between expected and actual experiences	\$ 137,632	\$ 3,197	\$ 3,228,427	\$ 74,988
Changes of assumptions	7,263,140	168,703		
Net difference between projected and actual earnings on pension plan investments	16,158,157	375,310	-	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	-	1,670,186	38,794
County contributions subsequent to the measurement date	4,219,243	98,002	-	-
Total	<u>\$ 27,778,172</u>	<u>\$ 645,212</u>	<u>\$ 4,898,613</u>	<u>\$ 113,782</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, 2017. 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>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
	<u>ERS</u>	
2017	\$ 4,665,017	\$ 108,356
2018	4,665,017	108,356
2019	4,665,017	108,356
2020	4,665,265	108,360

**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, 2016
Actuarial valuation date	April 1, 2015
Interest rate	7.00%
Salary scale	3.80%
Decrement tables	April 1, 2010- March 31, 2015
Inflation rate	2.5%

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

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

Measurement date	ERS	
	March 31, 2016	
	Target Allocation	Long-Term Expected Real Rate of Return
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 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Decrease (6.0%)	Assumption (7.0%)	Increase (8.0%)
Governmental Activities:			
Employer's proportionate share of the net pension liability/(asset)—	\$ 61,416,219	\$ 27,236,451	\$ (1,643,992)
Business-type Activities:			
Employer's proportionate share of the net pension liability/(asset)—	\$ 1,426,530	\$ 632,628	\$ (38,185)



**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, 2016
Employers' total pension liability	\$ 172,303,544
Plan fiduciary net position	<u>156,253,265</u>
Employers' net pension liability	<u>\$ 16,050,279</u>
System fiduciary net position as a percentage of total pension liability	90.68%

***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, 2016, the Agency reported a liability of \$324,593 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended December 31, 2016, the Agency recognized pension expense of \$107,604. At December 31, 2016, 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	\$ 1,640	\$ 38,475
Change of assumptions	86,559	
Net difference between projected and actual earnings on pension plan investments	192,566	-
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	-	28,596
Agency contributions subsequent to the measurement date	<u>55,996</u>	<u>-</u>
Total	<u>\$ 336,761</u>	<u>\$ 67,071</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, 2017. 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>
2017	\$ 53,095
2018	53,095
2019	53,095
2020	54,409

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

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 731,934	\$ 324,593	\$ (19,592)

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, 2016, the County’s governmental and business-type activities contributed \$6,117,195 and \$142,228, 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, 2016, the County’s governmental and business-type activities annual OPEB costs of \$23,145,659 and \$538,148, respectively, were recognized within the government-wide statement of activities.

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, 2016		
	Governmental	Business-type	Total
	Activities	Activities	
Annual required contribution ("ARC")	\$ 26,899,132	\$ 625,418	\$ 27,524,550
Interest on net OPEB obligation	4,577,010	106,418	4,683,428
Adjustment to ARC	<u>(8,330,483)</u>	<u>(193,688)</u>	<u>(8,524,171)</u>
Annual OPEB cost (expense)	23,145,659	538,148	23,683,807
Contributions made	<u>(6,117,195)</u>	<u>(142,228)</u>	<u>(6,259,423)</u>
Increase in net OPEB obligation	17,028,464	395,920	17,424,384
Net OPEB obligation—beginning	<u>130,936,678</u>	<u>2,875,540</u>	<u>133,812,218</u>
Net OPEB obligation—ending	<u>\$ 147,965,142</u>	<u>\$ 3,271,460</u>	<u>\$ 151,236,602</u>
Percentage of ARC contributed	22.7%	22.7%	22.7%

	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>
Percentage of ARC contributed	24.3%	24.3%	24.3%

The County's primary government schedule of contributions for 2016 and the preceding two years is shown below:

Year Ended December 31,	Total Primary Government		
	Annual OPEB Cost	Contributions Made	Percentage Contributed
2016	\$ 23,683,807	\$ 6,259,423	26.4%
2015	22,974,785	6,294,632	27.4%
2014	19,971,857	6,031,496	30.2%

Governmental Activities			
Year Ended December 31,	Annual		
	OPEB Cost	Contributions Made	Percentage Contributed
2016	\$ 23,145,659	\$ 6,117,195	26.4%
2015	22,476,232	6,158,038	27.4%
2014	19,539,011	5,900,776	30.2%

Business-type Activities			
Year Ended December 31,	Annual		
	OPEB Cost	Contributions Made	Percentage Contributed
2016	\$ 538,148	\$ 142,228	26.4%
2015	498,553	136,594	27.4%
2014	432,846	130,720	30.2%

**Funding Status and Funding Progress**—As of January 1, 2016, the most recent actuarial valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial accrued liability for benefits was \$247,920,348 and \$6,563,333 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, 2016 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a valuation date of January 1, 2016 and measurement date of December 31, 2016. The valuation uses a discount rate of 3.5%. The valuation assumes a variable medical trend rate ranging from 6.5% down to 3.8% and a postretirement health premium trend rate ranging from 12.5% down to 3.8% per year. The unfunded actuarial accrued liability is being amortized over 30 years, therefore the remaining amortization period at December 31, 2016, was twenty-two 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, 2016 is \$745,149.

**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, 2016 amounted to \$170,402.

A summary of the actuarial assumptions and calculated results is presented below:

	Year Ended December 31, 2016
Annual required contribution ("ARC")	\$ 183,987
Interest on net OPEB obligation	23,560
Adjustment to ARC	<u>(37,145)</u>
Annual OPEB cost (expense)	170,402
Contributions made	<u>(14,256)</u>
Increase in net OPEB obligation	156,146
Net OPEB obligation—beginning	<u>589,003</u>
Net OPEB obligation—ending	<u>\$ 745,149</u>
Percentage of ARC contributed	7.7%

**Actuarial Methods and Assumptions**—The valuation uses a discount rate of 4.0 percent.

## **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 December 31,	Liability, Beginning of Year	Claims and Adjustments	Claim Payments and Adjustments	Liability, End of Year
2016	\$ 28,912,671	\$ 3,409,988	3,351,526	\$ 28,971,133
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, 2016 amounted to \$14,506,371, 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 \$42,000 during 2016 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:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2017	\$ 227,926
2018	212,983
2019	26,255
2020	10,255
Future minimum payments	<u>\$ 477,419</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%. The final payment of \$154,083 was made during the year ended December 31, 2016.

During the year ended December 31, 2016, the County entered into a lease agreement of \$580,330 for the acquisition of several vehicles in the amount of \$631,720 including interest. As of December 31, 2016 a long-term liability of \$526,617 has been recorded within the County’s governmental activities.

The following table summarizes the requirements of the capital lease:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2017	\$ 126,344
2018	126,344
2019	126,344
2020	126,344
2021	63,172
Less: amount representing imputed interest	<u>(41,931)</u>
Present value of minimum lease payments	<u>\$ 526,617</u>

The assets acquired through the capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Software	\$ 711,808
Vehicles	635,972
Less: Accumulated depreciation	<u>(704,789)</u>
Total	<u>\$ 642,991</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, 2016:

Description	Interest Rate	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
<b>Bond anticipation notes:</b>					
Purchase of Heavy Equipment	1.50%	\$ 495,000	\$ -	\$ 495,000	\$ -
Energy Performance Contract	2.00%	2,900,000	-	2,900,000	-
Total		<u>\$ 3,395,000</u>	<u>\$ -</u>	<u>\$ 3,395,000</u>	<u>\$ -</u>
<b>Revenue anticipation notes:</b>					
Various purposes	1.50%	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -
Various purposes	2.00%	-	9,500,000	-	9,500,000
Total		<u>\$ 10,000,000</u>	<u>\$ 9,500,000</u>	<u>\$ 10,000,000</u>	<u>\$ 9,500,000</u>

## 12. LONG-TERM LIABILITIES

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

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

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

A summary of changes in the County’s long-term liabilities for the year ended December 31, 2016 is presented on the following page.



	Balance 1/1/2016	Additions	Decreases	Balance 12/31/2016	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 25,690,000	\$ 5,430,000	\$ 845,000	\$ 30,275,000	\$ 1,245,000
Premium	1,780,464	27,172	92,569	1,715,067	93,788
Net bonds payable	27,470,464	5,457,172	937,569	31,990,067	1,338,788
Capital lease	154,083	580,330	207,796	526,617	110,193
Compensated absences	4,088,151	9,779,583	9,603,002	4,264,732	213,237
Workers' compensation claims	28,912,671	3,409,988	3,351,526	28,971,133	4,732,285
OPEB obligation	130,936,678	23,145,659	6,117,195	147,965,142	-
Net pension liability*	5,749,304	21,487,147	-	27,236,451	-
Total governmental activities	<u>\$ 197,311,351</u>	<u>\$ 63,859,879</u>	<u>\$ 20,217,088</u>	<u>\$ 240,954,142</u>	<u>\$ 6,394,503</u>
<b>Business type activities:</b>					
Bonds payable	\$ 5,860,000	\$ -	\$ 265,000	\$ 5,595,000	\$ 275,000
Compensated absences	382,824	50,683	-	433,507	21,675
OPEB obligation	2,875,540	538,148	142,228	3,271,460	-
Landfill obligation	323,162	-	33,842	289,320	35,534
Net pension liability*	119,128	513,500	-	632,628	-
Total business-type activities	<u>\$ 9,560,654</u>	<u>\$ 1,102,331</u>	<u>\$ 441,070</u>	<u>\$ 10,221,915</u>	<u>\$ 332,209</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 18, 2016, the County issued \$3,000,000 in 2016 general obligation public improvement serial bonds with an interest rate ranging from 2.0 percent to 2.6 percent. On July 21, 2016, the County issued \$2,430,000 in 2016 general obligation public improvement serial bonds with an interest rate of 2.0 percent. The County received a premium in the amount of \$27,172.

A summary of additions and payments for the year ended December 31, 2016 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
<b>Governmental activities serial bonds issued by the County:</b>								
2007 Serial bonds	\$ 30,975,000	3.28-4.5	2035	\$ 825,000	\$ -	\$ 825,000	\$ -	\$ -
2015 Refunding	25,135,000	3.0-5.0	2035	24,865,000	-	20,000	24,845,000	895,000
2016 Serial bonds	3,000,000	2.0-2.6	2031	-	3,000,000	-	3,000,000	190,000
2016 Serial bonds	2,430,000	2.0	2029	-	2,430,000	-	2,430,000	160,000
Unamortized premium				1,780,464	27,712	92,569	1,715,607	93,788
Total governmental activities bonded debt				<u>\$ 27,470,464</u>	<u>\$ 5,457,712</u>	<u>\$ 937,569</u>	<u>\$ 31,990,607</u>	<u>\$ 1,338,788</u>
<b>Business-type activities serial bonds issued by Canton Human Services Initiatives ("CHSI"):</b>								
2013 Refunding	6,475,000	2.5-4.0	2032	<u>\$ 5,860,000</u>	<u>\$ -</u>	<u>\$ 265,000</u>	<u>\$ 5,595,000</u>	<u>\$ 275,000</u>

**Amortization of Bond Premiums**—The County issued serial bonds which included bond premiums. The premiums are being amortized on a straight-line basis over the life of the bonds. The total unamortized premium as of December 31, 2016 was \$1,715,067.

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
2017	\$ 1,245,000	\$ 1,028,278	\$ 275,000	\$ 205,881
2018	1,310,000	954,938	280,000	199,006
2019	1,365,000	914,288	290,000	192,006
2020	1,415,000	871,638	295,000	182,219
2021	1,445,000	822,788	310,000	172,263
2022-2026	8,155,000	3,259,715	1,700,000	692,569
2027-2031	8,585,000	1,657,670	2,065,000	330,200
2032-2035	6,755,000	413,175	380,000	15,200
Total	<u>\$ 30,275,000</u>	<u>\$ 9,922,490</u>	<u>\$ 5,595,000</u>	<u>\$ 1,989,344</u>

**Capital Lease**—As discussed in Note 10, the County has entered into a lease agreement for the acquisition of County vehicles at a total cost of \$631,720. At December 31, 2016, the future minimum lease obligation is \$526,617.

**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, 2016, total compensated absences recorded within the governmental and business-type activities was \$4,264,732 and \$433,507, respectively. The County estimates \$213,237 and \$21,675 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, 2016 is \$28,971,133.

**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 \$147,965,142 and \$3,271,460, respectively, at December 31, 2016.

**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, 2016, the balance of this liability is \$289,320, with \$35,534 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 \$27,236,451 and \$632,628 in the governmental and business-type activities, respectively. Refer to Note 7 for additional information related to the County’s net pension liability.

**Discretely Presented Component Units**

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

	Balance 1/1/2016	Additions	Reductions	Balance 12/31/2016	Due Within One Year
Loans payable	\$ 1,537,376	\$ 3,107,051	\$ 99,165	\$ 4,545,262	\$ 3,208,200
Compensated absences	209,484	-	40,400	169,084	-
OPEB obligation	589,003	170,402	14,256	745,149	-
Net pension liability*	73,014	251,579	-	324,593	-
Total	<u>\$ 2,408,877</u>	<u>\$ 3,529,032</u>	<u>\$ 153,821</u>	<u>\$ 5,784,088</u>	<u>\$ 3,208,200</u>

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

Loans payable at December 31, 2016 consisted of the following:

Holder	Interest Rate (%)	Maturity	Original Amount	Balance 12/31/2016
Greater Massena Economic Development Fund	3.4	12/1/2019	\$ 600,000	\$ 145,614
SLCIDA-LDC Canton Industrial Building	1.0	11/1/2021	700,000	636,081
SLCIDA-River Valley Redevelopment Agency	0.5	11/1/2044	700,000	656,516
NBT-Rail-Line of Credit of up to \$3,500,000	3.8	9/30/2017	857,051	857,051
SLCIDA-SLRVRA-Rail	1.5	9/30/2017	750,000	750,000
DANC-Rail Loan 1	1.5	5/1/2017	750,000	750,000
DANC-Rail Loan 2	1.5	6/1/2017	750,000	750,000
Total				<u>\$ 4,545,262</u>

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

Fiscal Year Ending December 31,	Principal
2017	\$ 3,208,200
2018	103,189
2019	105,523
2020	55,630
2021	56,077
2022-2026	287,224
2027-2031	299,003
2032-2036	233,255
2037-2041	122,196
2042-2044	74,965
Total	<u>\$ 4,545,262</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		\$ 144,139,443
Related debt:		
Serial bonds	\$ (30,275,000)	
Unamortized bond premium	(1,715,067)	
Unspent debt proceeds	448,090	
Capital lease	<u>(526,617)</u>	<u>(32,068,594)</u>
Net investment in capital assets—governmental activities		<u>\$ 112,070,849</u>
Business-type activities:		
Capital assets, net of accumulated depreciation		<u>\$ 2,355,910</u>
Net investment in capital assets—business-type activities*		<u>\$ 2,355,910</u>

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

**St. Lawrence County Industrial Development Agency**—The Agency reports net investment in capital assets of \$1,992,540.

- **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 \$3,251,044 is restricted for insurance and debt reduction on future debt service requirements in the amounts of \$3,189,518 and \$61,526, respectively.

**St. Lawrence County Industrial Development Agency–Local Development Corporation**—The Corporation reports restricted net position of \$17,572,357. Of this amount, \$3,027,702 represents resources restricted for revolving loans, while \$14,544,655 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, 2016, the County had \$3,279,883 of nonspendable fund balance, of which \$1,497,252 represents a long-term intergovernmental receivable and \$1,782,631 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, 2016, the County had the restricted funds listed below.

	General Fund	Nonmajor Funds	Total
Restricted for:			
Insurance	\$ 3,189,518	\$ -	\$ 3,189,518
Capital projects	-	490,425	490,425
Debt reduction	61,526	-	61,526
Total restricted fund balance	<u>\$ 3,251,044</u>	<u>\$ 490,425</u>	<u>\$ 3,741,469</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, 2016, 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, 2016, the balances presented on the following page were considered to be assigned.

	General Fund	Nonmajor Funds		Total
		County Road Fund	Road Machinery Fund	
Assigned for:				
Encumbrances	\$ 1,420,464	\$ 217,373	\$ -	\$ 1,637,837
District Attorney funds	83,460	-	-	83,460
Environmental remediation	59,348	-	-	59,348
Sheriff's equitable sharing program	108,056	-	-	108,056
Fort La Presentation	58,325	-	-	58,325
Stop DWI program	251,357	-	-	251,357
Miscellaneous purposes	96,656	-	-	96,656
Assigned to county road	-	2,980,857	-	2,980,857
Assigned to road machinery	-	-	2,217,512	2,217,512
Total assigned fund balance	<u>\$ 2,077,666</u>	<u>\$ 3,198,230</u>	<u>\$ 2,217,512</u>	<u>\$ 7,493,408</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, 2016 are presented below:

	Interfund			
	Receivables	Payables	Transfers In	Transfers Out
Governmental Funds:				
General Fund	\$ 384,624	\$ 151,697	\$ 315,919	\$ 10,796,286
Other nonmajor funds	409,811	388,619	12,408,895	1,928,528
Proprietary Funds:				
Solid Waste Fund	6,081	302,448	-	-
Internal Service Fund	-	1,933	-	-
Agency Fund	44,181	-	-	-
Total	<u>\$ 844,697</u>	<u>\$ 844,697</u>	<u>\$ 12,724,814</u>	<u>\$ 12,724,814</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, 2016 is presented below:

	Balance			Balance 12/31/2016
	1/1/2016 (as restated)	Additions	Deletions	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,181,459	\$ 97,834,208	\$ 97,862,784	\$ 1,152,883
Due from other funds	185	47,003	3,007	44,181
Total assets	<u>\$ 1,181,644</u>	<u>\$ 97,881,211</u>	<u>\$ 97,865,791</u>	<u>\$ 1,197,064</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 13,536	\$ -	\$ -	\$ 13,536
Other liabilities	1,168,108	36,477,397	36,461,977	1,183,528
Total liabilities	<u>\$ 1,181,644</u>	<u>\$ 36,477,397</u>	<u>\$ 36,461,977</u>	<u>\$ 1,197,064</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, 2016, the County reported the following significant encumbrances:

Fund	Purpose	Amount
General	VFP Inc-Ogsdenburg Shelter	\$ 108,880
General	VFP Inc-Massena Shelter	117,575
General	VFP Inc-White Hill Shelter	117,575
General	Pyramid Network Services LLC-Site development	647,465
Highway	Jefferson Concrete Corporation-Beams for bridge job	202,176

## 18. TAX ABATEMENTS

The County is subject to tax abatements granted by the St. Lawrence County Industrial Development Agency. These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the Agency and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the County, the abatements have resulted in reductions of property taxes, which the County administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by Agency, the County collected \$211,935 during 2016 in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$1,132,432 in property taxes.

## 19. CONTINGENCIES

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

**Litigation**—Certain Indian tribes have asserted land claims under federal common law, and under the federal Non-Intercourse Act of 1790 as amended. The effect of these claims thus far has created some uncertainty as to the title to millions of acres of New York State land. Various alleged representatives of the St. Regis Mohawk tribe have made these claims for land in St. Lawrence County. The County has joined with other affected counties in defending the claims, and has also joined in the claims against the State of New York indemnity and for the cost of defense of the Indian claims. The case will be heard in the U.S. District Court. The impact of a decision on lands in St. Lawrence County, and therefore on the County, is indirect and difficult to assess. If the claimants were to succeed fully in their demands, the impact on the County and some of its constituent towns and individual land owners would be extremely severe. The County’s counsel is currently unable to appraise the possibility of success or failure. There are various other claims and legal actions pending against the County, as well as the Industrial Development Agency for

which no provision has been made in the financial statements. In the opinion of the County Attorney and other County officials, liabilities arising from these claims and legal actions, if any, in connection with these matters will not have a material effect on the County's financial condition or results of operations.

***Landfill Post-closure***—As discussed in Note 12, the County is responsible to perform specified operation and maintenance functions at a landfill sit for a period of thirty years. At December 31, 2016, the liability is \$289,320. The landfill post-closure liability is an estimate and is subject to changes resulting from inflation, deflation, technology or changes in applicable laws or regulations.

## **20. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 25, 2017, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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## REQUIRED SUPPLEMENTARY INFORMATION



**COUNTY OF ST. LAWRENCE, NEW YORK**  
**Schedule of Funding Progress—Other Postemployment Benefits Plan**  
**Year Ended December 31, 2016**

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**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, 2016	-	\$ 254,483,681	\$ 254,483,681	0.0%	\$ 37,490,119	678.8%
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%

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

	<b>Year Ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Measurement date	March 31, 2016	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	97.7%	97.9%	97.2%
<b>St. Lawrence County ("County"):</b>			
County's proportion of the net pension liability	0.1696946%	0.1701861%	0.1701861%
County's proportionate share of the net pension liability	<u>\$ 27,236,451</u>	<u>\$ 5,749,304</u>	<u>\$ 7,690,473</u>
County's covered-employee payroll	\$ 35,793,819	\$ 36,255,937	\$ 37,138,446
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	76.1%	15.9%	20.7%
<b>Solid Waste Enterprise Fund</b>			
Solid Waste's proportion of the net pension liability	0.0039415%	0.0035264%	0.0035264%
Solid Waste's proportionate share of the net pension liability	<u>\$ 632,628</u>	<u>\$ 119,129</u>	<u>\$ 159,351</u>
Solid Waste's covered-employee payroll	\$ 818,848	\$ 774,877	\$ 769,527
Solid Waste's proportionate share of the net pension liability as a percentage of its covered-employee payroll	77.3%	15.4%	20.7%
<b>Discretely presented component unit:</b>			
<b>St. Lawrence County Industrial Development Agency (the "Agency"):</b>			
	<b>Year Ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	
Agency's proportion of the net pension liability	0.0020224%	0.0021613%	
Agency's proportionate share of the net pension liability	<u>\$ 324,593</u>	<u>\$ 73,014</u>	
Agency's covered-employee payroll	\$ 342,530	\$ 376,838	
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	94.8%	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 Three Fiscal Years\***

	<b>Year Ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>St. Lawrence County ("County"):</b>			
Contractually required contributions	\$ 5,822,765	\$ 6,522,591	\$ 6,961,227
Contributions in relation to the contractually required contribution	<u>(5,822,765)</u>	<u>(6,522,591)</u>	<u>(6,961,227)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 35,653,063	\$ 36,015,618	\$ 36,187,026
Contributions as a percentage of covered-employee payroll	16.3%	18.1%	19.2%
<b>Solid Waste Enterprise Fund</b>			
Contractually required contributions	\$ 131,288	\$ 135,152	\$ 144,214
Contributions in relation to the contractually required contribution	<u>(131,288)</u>	<u>(135,152)</u>	<u>(144,214)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Solid Waste's covered-employee payroll	\$ 839,316	\$ 816,458	\$ 757,442
Contributions as a percentage of covered-employee payroll	15.6%	16.6%	19.0%
<b>Discretely presented component unit:</b>			
<b>St. Lawrence County Industrial Development Agency (the "Agency"):</b>			
	<b>Year Ended December 31,</b>		
	<b>2016</b>	<b>2015</b>	
Contractually required contributions	\$ 55,996	\$ 74,013	
Contributions in relation to the contractually required contribution	<u>55,996</u>	<u>74,013</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
Solid Waste's covered-employee payroll	\$ 342,530	\$ 376,838	
Contributions as a percentage of covered-employee payroll	16.3%	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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Real property taxes	\$ 47,975,944	\$ 47,985,944	\$ 46,476,946	\$ (1,508,998)
Real property tax items	2,801,158	2,801,158	2,907,956	106,798
Non-property tax items	55,824,000	55,824,000	55,427,964	(396,036)
Departmental income	14,225,890	14,426,880	13,403,502	(1,023,378)
Intergovernmental charges	1,495,867	1,495,867	1,529,868	34,001
Use of money and property	61,778	61,795	62,562	767
Licenses and permits	33,750	33,750	36,750	3,000
Fines and forfeitures	6,000	6,000	131,068	125,068
Sale of property and compensation for loss	1,699,500	1,707,780	3,358,288	1,650,508
Miscellaneous	1,125,322	1,151,822	2,318,414	1,166,592
Interfund revenues	331,513	331,513	331,513	-
State aid	23,324,480	23,843,574	22,295,366	(1,548,208)
Federal aid	20,512,836	24,382,461	21,995,959	(2,386,502)
Total revenues	<u>169,418,038</u>	<u>174,052,544</u>	<u>170,276,156</u>	<u>(3,776,388)</u>
<b>EXPENDITURES</b>				
Current:				
General government support	44,041,861	43,529,310	41,490,940	2,038,370
Education	667,339	937,341	930,505	6,836
Public safety	15,725,439	18,298,755	16,813,917	1,484,838
Health	14,771,742	15,079,647	13,193,410	1,886,237
Transportation	295,419	807,876	749,413	58,463
Economic assistance and opportunity	68,250,833	68,864,402	65,560,956	3,303,446
Culture and recreation	237,261	376,872	351,889	24,983
Home and community services	1,012,687	1,823,414	1,804,539	18,875
Employee benefits	11,803,503	12,540,120	12,540,120	-
Debt service	2,173,415	2,173,416	2,173,416	-
Total expenditures	<u>158,979,499</u>	<u>164,431,153</u>	<u>155,609,105</u>	<u>8,822,048</u>
Excess of revenues over expenditures	<u>10,438,539</u>	<u>9,621,391</u>	<u>14,667,051</u>	<u>5,045,660</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	200,000	315,919	315,919	-
Transfers out	(10,767,938)	(10,796,286)	(10,796,286)	-
Capital lease	-	580,330	580,330	-
Premium on bonds	61,526	61,526	27,172	(34,354)
Total other financing sources (uses)	<u>(10,506,412)</u>	<u>(9,838,511)</u>	<u>(9,872,865)</u>	<u>(34,354)</u>
Net change in fund balances*	(67,873)	(217,120)	4,794,186	5,011,306
Fund balances—beginning	9,156,412	9,156,412	9,156,412	-
Fund balances—ending	<u>\$ 9,088,539</u>	<u>\$ 8,939,292</u>	<u>\$ 13,950,598</u>	<u>\$ 5,011,306</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, 2016**

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**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, 2016**

	<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>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,230,779	\$ 477,008	\$ 93,697	\$ 1,801,484
Restricted cash and cash equivalents	2,000,000	11,521,038	155,878	13,676,916
Receivables, net of allowances:				
Accounts, mortgages, loans and leases receivable	125,772	2,547,762	-	2,673,534
Grant receivable	5,737,824	-	-	5,737,824
Intergovernmental receivables	-	-	162,205	162,205
Prepaid items	17,897	125	5,807	23,829
Total current assets	<u>9,112,272</u>	<u>14,545,933</u>	<u>417,587</u>	<u>24,075,792</u>
Noncurrent assets:				
Mortgages, loans and leases receivable	263,484	2,891,548	-	3,155,032
Capital assets not being depreciated	281,353	-	-	281,353
Capital assets, net of accumulated depreciation	<u>3,149,399</u>	<u>754,474</u>	<u>-</u>	<u>3,903,873</u>
Total noncurrent assets	<u>3,694,236</u>	<u>3,646,022</u>	<u>-</u>	<u>7,340,258</u>
Total assets	<u>12,806,508</u>	<u>18,191,955</u>	<u>417,587</u>	<u>31,416,050</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources—relating to pensions	<u>336,761</u>	<u>-</u>	<u>111,679</u>	<u>448,440</u>
Total deferred outflows of resources	<u>336,761</u>	<u>-</u>	<u>111,679</u>	<u>448,440</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,000	23,110	-	24,110
Accrued liabilities	622,578	-	-	622,578
Unearned revenue	48,200	531	-	48,731
Other liabilities	-	-	162,205	162,205
Total current liabilities	<u>671,778</u>	<u>23,641</u>	<u>162,205</u>	<u>857,624</u>
Noncurrent liabilities:				
Due within one year	3,208,200	-	-	3,208,200
Due in more than one year	<u>2,575,888</u>	<u>-</u>	<u>107,003</u>	<u>2,682,891</u>
Total noncurrent liabilities	<u>5,784,088</u>	<u>-</u>	<u>107,003</u>	<u>5,891,091</u>
Total liabilities	<u>6,455,866</u>	<u>23,641</u>	<u>269,208</u>	<u>6,748,715</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources—relating to pensions	<u>67,071</u>	<u>-</u>	<u>17,234</u>	<u>84,305</u>
Total deferred inflows of resources	<u>67,071</u>	<u>-</u>	<u>17,234</u>	<u>84,305</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,992,540	-	-	1,992,540
Restricted	-	17,572,357	147,829	17,720,186
Unrestricted	<u>4,627,792</u>	<u>595,957</u>	<u>94,995</u>	<u>5,318,744</u>
Total net position	<u>\$ 6,620,332</u>	<u>\$ 18,168,314</u>	<u>\$ 242,824</u>	<u>\$ 25,031,470</u>

**COUNTY OF ST. LAWRENCE, NEW YORK**  
**Combining Statement of Activities—**  
**Discretely Presented Component Units**  
**December 31, 2016**

	<b>Industrial Development Agency</b>	<b>Industrial Development Agency—Local Development Corporation</b>	<b>Soil and Water Conservation District (unaudited)</b>	<b>Total Component Units</b>
Program expenses:				
Operation and maintenance	\$ 7,044,873	\$ 364,533	\$ -	\$ 7,409,406
Administrative expenses	751,975	367,605	206,453	1,326,033
Contractual	-	-	875,474	875,474
Total program expenses	<u>7,796,848</u>	<u>732,138</u>	<u>1,081,927</u>	<u>9,610,913</u>
Program revenues:				
Charges for services	79,035	114,767	36,978	230,780
Operating grants and contributions	<u>6,999,333</u>	<u>25,000</u>	<u>750,174</u>	<u>7,774,507</u>
Total program revenues	<u>7,078,368</u>	<u>139,767</u>	<u>787,152</u>	<u>8,005,287</u>
Net expense	<u>(718,480)</u>	<u>(592,371)</u>	<u>(294,775)</u>	<u>(1,605,626)</u>
General revenues:				
Use of money and property	9,908	122,370	50	132,328
Miscellaneous local sources	777,375	266,423	62,489	1,106,287
Transfer from County	-	-	98,870	98,870
Total general revenues	<u>787,283</u>	<u>388,793</u>	<u>161,409</u>	<u>1,337,485</u>
Change in net position	68,803	(203,578)	(133,366)	(268,141)
Net position—beginning	<u>6,551,529</u>	<u>18,371,892</u>	<u>376,190</u>	<u>25,299,611</u>
Net position—ending	<u>\$ 6,620,332</u>	<u>\$ 18,168,314</u>	<u>\$ 242,824</u>	<u>\$ 25,031,470</u>

**COUNTY OF ST. LAWRENCE, NEW YORK**  
**Combining Balance Sheet—Nonmajor Governmental Funds**  
**December 31, 2016**

	<b>County Road Fund</b>	<b>Road Machinery Fund</b>	<b>Special Grant Fund</b>	<b>Capital Projects Fund</b>	<b>Total Nonmajor Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,171,151	\$ 1,919,129	\$ -	\$ -	\$ 5,090,280
Restricted cash and cash equivalents	-	-	60,847	448,090	508,937
Receivables, net of allowances	7,999	51,188	-	-	59,187
Due from other funds	2,278	266,605	66,999	73,929	409,811
Intergovernmental receivables	712,350	198,934	41,017	-	952,301
Prepaid items	475	-	-	-	475
Total assets	<u>\$ 3,894,253</u>	<u>\$ 2,435,856</u>	<u>\$ 168,863</u>	<u>\$ 522,019</u>	<u>\$ 7,020,991</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 223,022	\$ 116,501	\$ -	\$ 31,594	\$ 371,117
Accrued liabilities	159,588	26,162	-	-	185,750
Due to other funds	312,938	75,681	-	-	388,619
Unearned revenue	-	-	168,863	-	168,863
Total liabilities	<u>695,548</u>	<u>218,344</u>	<u>168,863</u>	<u>31,594</u>	<u>1,114,349</u>
<b>FUND BALANCES</b>					
Nonspendable	475	-	-	-	475
Restricted	-	-	-	490,425	490,425
Assigned	3,198,230	2,217,512	-	-	5,415,742
Total fund balances	<u>3,198,705</u>	<u>2,217,512</u>	<u>-</u>	<u>490,425</u>	<u>5,906,642</u>
Total liabilities and fund balances	<u>\$ 3,894,253</u>	<u>\$ 2,435,856</u>	<u>\$ 168,863</u>	<u>\$ 522,019</u>	<u>\$ 7,020,991</u>

**COUNTY OF ST. LAWRENCE, NEW YORK**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2016**

	<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>
<b>REVENUES</b>					
Departmental income	\$ 23,157	\$ -	\$ -	\$ -	\$ 23,157
Intergovernmental charges	1,976,336	187,107	-	-	2,163,443
Use of money and property	374	49,050	-	-	49,424
Sale of property and compensation for loss	8,735	122,185	-	-	130,920
Miscellaneous	354,213	519,777	-	30,000	903,990
Interfund revenues	-	2,291,203	-	-	2,291,203
State aid	5,011,046	15,719	-	-	5,026,765
Federal aid	943,176	-	1,245,555	-	2,188,731
Total revenues	<u>8,317,037</u>	<u>3,185,041</u>	<u>1,245,555</u>	<u>30,000</u>	<u>12,777,633</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	619,909	-	-	-	619,909
Transportation	15,995,438	2,310,819	-	-	18,306,257
Economic assistance & opportunity	-	-	1,245,555	-	1,245,555
Debt service:					
Interest and fiscal charges	-	7,404	-	-	7,404
Capital outlay	-	-	-	4,189,190	4,189,190
Total expenditures	<u>16,615,347</u>	<u>2,318,223</u>	<u>1,245,555</u>	<u>4,189,190</u>	<u>24,368,315</u>
Excess (deficiency) of revenues over expenditures	<u>(8,298,310)</u>	<u>866,818</u>	<u>-</u>	<u>(4,159,190)</u>	<u>(11,590,682)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	10,244,467	523,471	-	1,640,957	12,408,895
Transfers out	(1,117,609)	(610,919)	-	(200,000)	(1,928,528)
Serial bonds issued	-	-	-	5,430,000	5,430,000
Total other financing sources (uses)	<u>9,126,858</u>	<u>(87,448)</u>	<u>-</u>	<u>6,870,957</u>	<u>15,910,367</u>
Net change in fund balances (deficit)	828,548	779,370	-	2,711,767	4,319,685
Fund balances (deficit)—beginning, as restated	<u>2,370,157</u>	<u>1,438,142</u>	<u>-</u>	<u>(2,221,342)</u>	<u>1,586,957</u>
Fund balances—ending	<u>\$ 3,198,705</u>	<u>\$ 2,217,512</u>	<u>\$ -</u>	<u>\$ 490,425</u>	<u>\$ 5,906,642</u>

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# FEDERAL AWARDS INFORMATION



**COUNTY OF ST. LAWRENCE, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2016**

<b>Federal Grantor Program Title (1a)</b>	<b>Federal CFDA Number (1b)</b>	<b>Pass-Through Entity Identifying Number (1c)</b>	<b>Passed Through to Sub-recipients</b>	<b>Federal Expenditures (1d)</b>
<b>U.S. Department of Agriculture:</b>				
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	\$ -	\$ 1,575,370
<i>Total SNAP Cluster</i>			-	1,575,370
<b>Total U.S. Department of Agriculture</b>			-	1,575,370
<b>U.S. Department of Housing and Urban Development:</b>				
Passed through Office of Community Renewal:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	1106HO346-14	400,259	400,259
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	1106HR319-15	236,922	236,922
<b>Total U.S. Department of Housing and Urban Development</b>			637,181	637,181
<b>U.S. Department of Labor:</b>				
Passed through NYS Office for the Aging:				
Senior Community Service Employment Program	17.235	N/A	-	22,790
Passed through NYS Department of Labor:				
<i>WIOA cluster:</i>				
WIA /WIOA Adult Program	17.258	N/A	-	215,568
WIA/WIOA Youth Activities	17.259	N/A	-	430,928
WIA/WIOA Dislocated Worker Formula Grants	17.278	N/A	-	195,052
<i>Total WIOA cluster</i>			-	841,548
Trade Adjustment Assistance	17.245	N/A	-	57,631
<b>Total U.S. Department of Labor</b>			-	921,969
<b>U.S. Department of Transportation:</b>				
Passed through NYS Department of Transportation:				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	D033953; PIN 7753.41	-	1,009,113
Highway Planning and Construction	20.205	D034826; PIN 7753.54	-	108,914
Highway Planning and Construction	20.205	D034931; PIN 7753.55	-	59,419
Highway Planning and Construction	20.205	D033314; PIN 7753.29	-	2,338
<i>Total Highway Planning and Construction Cluster</i>			-	1,179,784
<b>Total U.S. Department of Transportation</b>			-	1,179,784

(continued)

**COUNTY OF ST. LAWRENCE, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2016**

<b>Federal Grantor Program Title (1a)</b>	<b>Federal CFDA Number (1b)</b>	<b>Pass-Through Entity Identifying Number (1c)</b>	<b>Passed Through to Sub-recipients</b>	<b>Federal Expenditures (1d)</b>
<b>U.S. Department of Education:</b>				
Passed through NYS Department of Health:				
Special Education - Grants for Infants and Families	84.181	N/A	-	41,711
<b>Total U.S. Department of Education</b>			-	41,711
<b>U.S. Department of Health and Human Services:</b>				
Direct program:				
Public Health Emergency Preparedness	93.069	N/A	-	52,497
Passed through NYS Office for the Aging:				
Special Programs for Aging Title III , Part D, Disease Prevention and Health Promotion Services	93.043	N/A	-	6,484
National Family Caregiver Support Title III, Part E	93.052	N/A	-	53,753
<i>Aging Cluster:</i>				
Special Programs for the Aging, Title III, Part B—Grants for Supportive Services and Senior Centers	93.044	N/A	-	116,091
Special Programs for the Aging, Title III, Part C—Nutrition Services	93.045	N/A	-	70,924
Special Programs for the Aging, Title III, Part C—Nutrition Services	93.045	N/A	-	151,447
Nutrition Services Incentive Program	93.053	N/A	-	100,527
<i>Total Aging Cluster:</i>			-	438,989
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	N/A	-	37,809
Passed through the Health Research Institute:				
Medicare Enrollment Assistance Program	93.071	N/A	-	12,992
Passed through NYS Department of Health:				
Immunization Cooperative Agreements	93.268	N/A	-	59,590
<i>Medical Assistance Program Medicaid Cluster:</i>				
Medical Assistance Program	93.778	N/A	-	2,977,337
<i>Total Medical Assistance Program Medicaid Cluster</i>			-	2,977,337
Maternal and Child Health Services Block Grant to the States	93.994	N/A	-	21,391
Passed through NYS Office of Temporary and Disability Assistance:				
<i>TANF Cluster</i>				
Temporary Assistance to Needy Families	93.558	N/A	-	7,874,803
<i>Total TANF Cluster</i>			-	7,874,803

(continued)

**COUNTY OF ST. LAWRENCE, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2016**

(concluded)

<b>Federal Grantor Program Title (1a)</b>	<b>Federal CFDA Number (1b)</b>	<b>Pass-Through Entity Identifying Number (1c)</b>	<b>Passed Through to Sub-recipients</b>	<b>Federal Expenditures (1d)</b>
Child Support Enforcement	93.563	N/A	-	1,270,195
Low Income Home Energy Assistance Stephanie Tubbs Jones Child Welfare Services Program	93.568	N/A	-	5,755,680
Foster Care—Title IV-E	93.645	N/A	-	124,395
Social Services Block Grant	93.658	N/A	-	3,307,749
Chafee Foster Care Independence Program	93.667	N/A	-	923,721
Passed through NYS Office of Alcoholism and Substance Abuse Services: Block Grants for Prevention and Treatment of Substance Abuse	93.674	N/A	-	46,009
<b>Total U.S. Department of Health and Human Services</b>			<u>600,788</u>	<u>600,788</u>
<b>U.S. Department of Homeland Security:</b> Passed through NYS Office for the Aging: Emergency Food and Shelter National Board Program	93.959	64805	-	13,100
Passed through NYS Division of Homeland Security and Emergency Services: <i>Homeland Security Program:</i> Homeland Security Grant Program	97.024	N/A	-	98,592
Homeland Security Grant Program	97.067	DHSES #WM14973540	-	46,047
Homeland Security Grant Program	97.067	DHSES #WM15973550	-	10,833
Homeland Security Grant Program	97.067	DHSES #WM16973562	-	429
Homeland Security Grant Program	97.067	DHSES #WM15175950	-	25,097
Homeland Security Grant Program	97.067	DHSES #WM14172049	19,718	116,795
Homeland Security Grant Program	97.067	DHSES #WM15172059	70,965	<u>297,793</u>
<i>Total Homeland Security Program</i>			<u>90,683</u>	<u>310,893</u>
<b>Total U.S. Department of Homeland Security</b>			<u>90,683</u>	<u>310,893</u>
<b>Total Expenditures of Federal Awards (1e)</b>			<u>\$ 1,328,652</u>	<u>\$ 28,231,090</u>

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

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**COUNTY OF ST. LAWRENCE, NEW YORK**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2016**

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**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, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County. The following notes were identified on the schedule of expenditures of federal awards:

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**3. INDIRECT COSTS**

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

**4. MATCHING COSTS**

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

**5. DEPARTMENT OF SOCIAL SERVICES – ADMINISTRATIVE COSTS**

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

**6. AMOUNTS PROVIDED TO SUBRECIPIENTS**

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



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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of St. Lawrence, New York (the "County") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during

our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies described as items 2016-001 and 2016-002 in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

### **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 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.



September 25, 2017

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Certified Public Accountants

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

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

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

We have audited the County of St. Lawrence, New York's, (the "County") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2016. 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 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 \$32,072 in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2016. 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, as applicable, while financial statements of the District have not been audited for the year ended December 31, 2016.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

### **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.



September 25, 2017

**COUNTY OF ST. LAWRENCE, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2016**

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**Section I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

Type of auditors' report issued: Unmodified\*  
 \*(which report is qualified on the aggregate discretely presented component units, includes an emphasis of matter paragraph regarding a restatement of net position and fund balance, and includes a reference to other auditors)

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiency(ies) identified?	_____ <input checked="" type="checkbox"/> Yes	_____ None reported	
Noncompliance material to the financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No	

**Federal Awards:**

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported	

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
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Identification of major federal programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.278	WIOA Cluster
93.558	Temporary Assistance to Needy Families
93.658	Foster Care-Title IV-E

Dollar threshold used to distinguish between Type A and Type B programs?	\$ 846,933
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Auditee qualified as low-risk auditee?	_____ Yes	_____ <input checked="" type="checkbox"/> No	
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**COUNTY OF ST. LAWRENCE, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2016**

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**Section II. FINANCIAL STATEMENT FINDINGS SECTION**

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

**Finding 2016-001—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.

*Condition and Context:* During our audit, we noted that the County had not reconciled its bank accounts during the year ended December 31, 2016 until July of 2017.

*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.

*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 completion of the reconciliation of the bank accounts, the amount of cash reported in governmental activities and business-type activities required restatement as of December 31, 2015.

*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 2016-002—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.

*Cause:* Lack of formalized policies and procedures in addition to personnel limitations for the year ended December 31, 2016.

*Effect or Potential Effect:* Increased risk of asset misappropriation and fraudulent financial reporting.

*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.

### **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, 2016**  
**(Follow Up on December 31, 2015 Findings)**

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*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.

*Follow-up:* Refer to finding 2016-001.



**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.

*Follow-up:* Item was corrected for balances as of December 31, 2016.

***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.

*Follow-up:* Refer to finding 2016-002.

***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.

*Follow-up:* During the year ended December 31, 2016, no such items were noted.