COUNTY OF CLINTON, NEW YORK

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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December 31, 2018

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INDEPENDENT AUDITORS' REPORT

The Honorable Clinton County Legislature
County of Clinton, New York

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Clinton Community College (the College), the discretely presented component unit of the County. We also did not audit the financial statements of Clinton County Nursing Home (the Nursing Home), a business-type activity which represents 4.0%, -5.0%, and 4.6%, respectively, of the assets, net position, and revenues of the government-wide financial statements. Those statements were audited by component auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the College and the Nursing Home is based solely on the reports of the component 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. The financial statements of the Nursing Home, audited by component auditors, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of component auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparison thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle
As described in Note 2 to the financial statements, in 2018, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2019 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, 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 the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Lumsden & McCormick, LLP

July 23, 2019

COUNTY OF CLINTON, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018
(Unaudited)

INTRODUCTION

Management's Discussion and Analysis (MD&A) of the County of Clinton, New York (the County) provides an overview of the County's financial performance and activities for the year ended December 31, 2018. The information contained in the MD&A should be considered in conjunction with the information presented in the County's financial statements that follow. This MD&A, the financial statements and notes thereto are essential to obtaining a full understanding of the County's financial position and results of operations. The County's financial statements have the following components: (1) government-wide financial statements, (2) governmental fund financial statements, (3) reconciliations between the government-wide and governmental fund financial statements, (4) proprietary fund statements, (5) fiduciary fund statements, (6) notes to the financial statements, and (7) supplementary information.

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. In 2018, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Statement 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and issues new standards for defined benefit OPEB and defined contribution OPEB provided to employees of state and local governments through OPEB plans. Its intent is to improve accounting and financial reporting by requiring an OPEB liability to be reported on the face of the financial statements rather than in the accompanying notes (as previously required by Statement 45). The cumulative effect of implementing this required change in accounting principle resulted in a restatement of beginning net position as detailed in Note 2 to the financial statements.

In the government-wide statements, governmental activities are displayed in a separate column from business-type activities (Clinton County Nursing Home and Plattsburgh International Airport) and the primary government is separate from the County's component unit (Clinton Community College). The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net amount reported as net position. The statement of activities presents information showing how the County's net position changes during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statements for some items that will result in cash flows in future periods. 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 portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. The County classifies fund balances into five categories to better display resources available for future appropriation: nonspendable, restricted, committed, assigned, and unassigned. Such information may be useful in evaluating the County's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the County's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Nursing Home and the Airport. Cash flow statements are required for these funds and are a useful tool in analyzing cash inflows and outflows and sources and uses of cash for operating, noncapital financing, capital and related financing, and investing activities.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County under a full accrual accounting method. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The County has one fiduciary fund, the agency fund, which is used to account for funds held by the County as agent for employee third party payroll withholdings, guarantee and bid deposits, court funds, monies due to other governments, and other miscellaneous items.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Supplementary information further supports the financial statements and includes required information on the County's pensions, OPEB, and the schedule of expenditures of federal awards.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statements of Net Position	**Governmental Activities**		**Business-Type Activities**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017
Current and other assets	$ 45,762,000	$ 39,683,000	$ 26,799,000	$ 30,503,000	$ 72,561,000	$ 70,186,000
Capital assets	103,813,000	97,654,000	180,519,000	155,884,000	284,332,000	253,538,000
Total assets	149,575,000	137,337,000	207,318,000	186,387,000	356,893,000	323,724,000
Deferred outflows of resources	29,917,000	12,920,000	4,033,000	1,909,000	33,950,000	14,829,000
Long-term liabilities	209,900,000	153,897,000	57,250,000	14,838,000	267,150,000	168,735,000
Other liabilities	21,262,000	16,346,000	8,418,000	47,336,000	29,680,000	63,682,000
Total liabilities	231,162,000	170,243,000	65,668,000	62,174,000	296,830,000	232,417,000
Deferred inflows of resources	17,597,000	4,388,000	2,659,000	658,000	20,235,000	5,046,000
Net position						
Net investment in capital assets	82,136,000	80,437,000	140,589,000	110,889,000	222,725,000	191,326,000
Restricted	10,208,000	10,119,000	4,549,000	6,222,000	14,757,000	16,341,000
Unrestricted	(161,611,000)	(114,930,000)	(2,114,000)	8,353,000	(163,725,000)	(106,577,000)
Total net position	**$ (69,267,000)**	**$ (24,374,000)**	**$ 143,024,000**	**$ 125,464,000**	**$ 73,757,000**	**$ 101,090,000**

For the governmental activities, net position (deficit) amounted to ($69,267,000) and ($24,374,000) as of December 31, 2018 and 2017. The largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure), less any related debt. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used, such as reserve accounts restricted for specific purposes governed by statutory law. These reserves include the debt service reserve, which is set aside for the payment of bonds used to finance capital projects; the capital projects reserve, which must be used to pay for future renovations as approved by the County Legislature; the retirement contribution reserve, used to finance retirement contributions payable to the New York State and Local Employees' Retirement System; and the workers' compensation reserve, used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this program.

Total assets for governmental activities increased $12,238,000 or 8.9% in 2018 (decreased $6,407,000 or 4.5% in 2017). This increase was primarily due to an increase in capital assets obtained from grant funds and external financing. The 2018 decrease in net position of $44,893,000 is mainly due to the implementation of GASB Statement No. 75, which required an adjustment to beginning net position of $(37,065,000). This decrease was due to recognition of the County's total OPEB liability, as opposed to the previous treatment which allowed only a portion of the liability to be recognized each year. As a result, the total OPEB liability increased $59,019,000 from the prior year. New York State Law does not permit the County to fund this obligation through use of a trust; this amount is therefore unfunded and OPEB will continue to erode the County's net position short of changes in benefits provided to retirees. Changes in deferred outflows and deferred inflows of resources reflect both changes in the OPEB liability and changes in pension activity at the State level, which is required to be reflected on the County's financial statements. Deferred outflows and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions. The net pension liability decreased $8,990,000 primarily as a result of a reduction in the net difference between projected and actual earnings on pension plan investments.

Total assets for business-type activities increased $20,931,000 or 11.2%. The increase is due to an increase in the capital assets related to the Airport's Upstate Improvement Grant which included several projects completed in 2018.

Condensed	**Governmental Activities**		**Business-Type Activities**		**Total**	
Statements of Activities	**2018**	2017	**2018**	2017	**2018**	2017
Revenues:						
Program revenues						
Charges for services	$ 14,832,000	$ 16,184,000	$ 15,580,000	$ 15,001,000	$ 30,412,000	$ 31,185,000
Operating grants and contributions	41,060,000	37,989,000	-	-	41,060,000	37,989,000
Capital grants and contributions	8,741,000	11,807,000	41,093,000	8,551,000	49,834,000	20,358,000
General revenues						
Property taxes	21,360,000	20,250,000	-	-	21,360,000	20,250,000
Sales taxes	48,126,000	45,366,000	-	-	48,126,000	45,366,000
Miscellaneous and other	5,840,000	4,624,000	(400,000)	726,000	5,440,000	5,350,000
Transfer from (to) airport	(2,025,000)	(2,707,000)	2,025,000	2,707,000	-	-
Total revenues	137,934,000	133,513,000	58,298,000	26,985,000	196,232,000	160,498,000
Expenses:						
General government	18,129,000	17,654,000	-	-	18,129,000	17,654,000
Public safety	23,446,000	23,890,000	-	-	23,446,000	23,890,000
Health	15,362,000	14,706,000	-	-	15,362,000	14,706,000
Transportation	15,133,000	15,977,000	-	-	15,133,000	15,977,000
Economic assistance and opportunity	56,944,000	59,127,000	-	-	56,944,000	59,127,000
Culture and recreation	660,000	723,000	-	-	660,000	723,000
Education	11,449,000	12,912,000	-	-	11,449,000	12,912,000
Home and community services	3,969,000	4,376,000	-	-	3,969,000	4,376,000
Interest	670,000	698,000	-	-	670,000	698,000
Airport	-	-	26,658,000	17,771,000	26,658,000	17,771,000
Nursing Home	-	-	8,653,000	9,021,000	8,653,000	9,021,000
Total expenses	145,762,000	150,063,000	35,311,000	26,792,000	181,073,000	176,855,000
Change in net position	(7,828,000)	(16,550,000)	22,987,000	193,000	15,159,000	(16,357,000)
Net position – beginning	(24,374,000)	(7,824,000)	125,464,000	125,271,000	101,090,000	117,447,000
Restatement – GASB No. 75	(37,065,000)	-	(5,427,000)	-	(42,492,000)	-
Net position - ending	**$ (69,267,000)**	**$ (24,374,000)**	**$ 143,024,000**	**$ 125,464,000**	**$ 73,757,000**	**$ 101,090,000**

Governmental activities. County revenues increased $4,421,000 or 3.3% (increase of $2,482,000 or 1.9% in 2017) mainly due to the increase in sales tax revenue and operating grants and contributions received by the County. Total expenses decreased $4,301,000 or 2.9% (increase of $5,424,000 or 3.8% in 2017). The decrease is mainly due to the decrease in capital expenses paid for Clinton Community College capital projects and a reduction in Inter-Governmental Transfer (IGT) payments passed through to the Nursing Home. In general, the County continued to reduce expenses to offset contractual salary increases and rising health insurance costs.

Business-type activities. The business-type activities' increase in net position of $17,560,000 or 14.0% (increase of $193,000 or .2% in 2017) was due to the Upstate Airport Improvement Grant awarded to the Plattsburgh International Airport. Although the grant is recognized as revenue, there are little to no corresponding expenses since the majority of grant spending is for capital assets. The 2018 transfer from the governmental activities to the operations of the Airport was $2,025,000, as compared to $2,707,000 in 2017. There were no operating transfers to the Nursing Home in either 2018 or 2017.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds. At December 31, 2018, the County's governmental funds reported combined fund balances of $24,493,000, an increase of $1,184,000 as compared to the prior year decrease of $4,567,000.

The general fund is the chief operating fund of the County. At December 31, 2018, unassigned fund balance in the general fund was $8,307,000 ($6,393,000 in 2017) while total fund balance increased to $20,346,000 ($4,713,000 decrease in 2017). As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and other financing uses. Unassigned fund balance represents 5.8% (4.5% in 2017) of total fund expenditures and other financing uses, while total fund balance represents 14.2% (13.0% in 2017) of that same amount.

Revenues from all governmental functions totaled $160,298,000 in 2018 ($155,065,000 in 2017), which represents an increase of 3.4% from 2017 (an increase of 1.8% from 2016 to 2017).

The following provides an explanation of revenues by source that changed significantly over the prior year:

- ***Non-property tax items*** – an increase of $3,676,000 or 5.9% (an increase of $3,145,000 or 5.3% in 2017) was mainly due to additional sales tax due to the continued increase in gasoline prices through most of 2018.
- ***Miscellaneous Local Sources*** – an increase of $985,000 or 76.9% (an increase of $337,000 or 35.7% in 2017) due to funding from Clinton Community College Foundation for a capital project.
- ***Departmental Income*** – an increase of $706,000 or 9.2% (a decrease of $244,000 or 3.1% in 2017) was due to previous year Medicaid payments received for the Education of Handicapped Children Program.

On an overall basis, expenditures increased by 4.8%. Increases in general government support, health, and public safety were slightly offset by decreases in education and economic assistance and opportunity expenditures. Significant functional area analyses include:

- ***Public Safety*** – expenditures increased $7,583,000 or 41.6% (a decrease of $48,000 or 0.3% in 2017) due to accounting recognition for an installment purchase agreement for upgrades to the County's emergency radio equipment.
- ***Education*** – expenditures decreased $1,294,000 or 8.3% ($3,092,000 or 24.7% increase in 2017) due to the timing of the County's expenditures for its share of Clinton Community College capital projects, mentioned above.
- ***Economic Assistance and Opportunity*** – expenditures decreased $1,459,000 or 2.6% ($928,000 or 1.7% increase in 2017) due to additional IGT payments made in 2017.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original expenditure budget and the final amended budget resulted in a $25,655,000 increase in expenditures and a $24,826,000 increase in revenue as explained below.

As part of the County's budgetary procedures, grant funding is not typically budgeted until actual agreements and funding are in place. The County then increases its appropriations primarily in the areas of public safety, health, economic assistance, and home and community services after the grants are secured. Likewise, revenue is increased for state and federal sources, the primary providers of the grants.

The increase in budgeted health expenditures of $8,743,000 was due to state and federal grants received totaling $5,727,000 in the health department and $3,016,000 in the mental health department due to additional funding available for programs. Economic assistance and opportunity increases are mainly due to state and federal grants received by the social services department. The increase in the home and community services budget is mainly due to economic improvement and first-time homebuyer grant programs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets net of accumulated depreciation for the governmental and business-type activities are presented below:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	**2018**	2017	**2018**	2017
Land	$ 2,548,000	$ 2,506,000	$ 24,279,000	$ 24,244,000	$ 26,827,000	$ 26,750,000
Construction in progress	541,000	561,000	263,000	3,699,000	804,000	4,260,000
Buildings and improvements	65,054,000	64,454,000	156,814,000	123,293,000	221,868,000	187,747,000
Machinery and equipment	26,567,000	18,062,000	7,279,000	7,172,000	33,846,000	25,234,000
Infrastructure and improvements	204,836,000	199,820,000	55,772,000	52,010,000	260,608,000	251,830,000
	299,546,000	285,403,000	244,407,000	210,418,000	543,953,000	495,821,000
Accumulated depreciation	(195,733,000)	(187,749,000)	(63,888,000)	(54,534,000)	(259,621,000)	(242,283,000)
	$ 103,813,000	**$ 97,654,000**	**$ 180,519,000**	**$ 155,884,000**	**$ 284,332,000**	**$ 253,538,000**

The net increase in the County’s total capital assets of $30,794,000 is due primarily to the increase in the assets associated with the County’s business-type activities. Specific major capital asset additions included the following:

In March 2005, the County took over the Airport and the construction of various airport projects is ongoing. In 2013, the Airport Terminal Expansion Project started and construction was completed in 2018. In the fall of 2017, the Airport received an Upstate Airport Improvement Grant which included several building projects that were completed in 2018. In addition, certain highway repaving and bridge reconstruction projects were concluded in 2018 including road work on Lake Shore Road, Norrisville Road, LaValley Road, Silver Lake Road, Angelville Road, Ridge Road, Salmon River Road, West Hill Road, Plank Road, Calkins Road and Irish Settlement Road; and bridge projects included Cold Brook Road, Harney Road, Kent Falls Road, Tappin Road, Union Falls/Elm St., Davern Road, and Salmon River Road bridges. A majority of the projects were in various phases of construction before the year commenced and were completed in the current year and added to the infrastructure and improvements asset base of the County. 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.

Long-term debt for the governmental and business-type activities is presented below:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	**2018**	2017	**2018**	2017
Bonds, net	$ 13,325,000	$ 14,280,000	$ 35,634,000	$ -	$ 48,959,000	$ 14,280,000
Bond premium	1,189,000	1,302,000	-	-	1,189,000	1,302,000
Compensated absences	7,851,000	7,605,000	659,000	613,000	8,510,000	8,218,000
Capital leases	6,657,000	-	-	-	6,657,000	-
Landfill closure liability	2,199,000	2,060,000	-	-	2,199,000	2,060,000
Total OPEB liability	173,964,000	114,945,000	20,074,000	12,021,000	194,038,000	126,966,000
Net pension liability	4,715,000	13,705,000	883,000	2,204,000	5,598,000	15,909,000
	$ 209,900,000	**$ 153,897,000**	**$ 57,250,000**	**$ 14,838,000**	**$ 267,150,000**	**$ 168,735,000**

For the governmental activities, the increase in long-term debt is due to the implementation of GASB Statement No. 75, which resulted in recognition of the County's total OPEB liability, and increased the liability by $59,019,000. In addition, the County recognized its installment purchase agreement for the E911 equipment upgrade and the decrease in the net pension liability of $8,990,000, as previously mentioned.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year property valuation. The 2018 debt limitation for the County is $344,355,230, which is significantly in excess of the County's outstanding general obligation debt.

Since 2002, the County's general obligation debt has maintained an A1 rating from Moody's.

CURRENT FINANCIAL ISSUES AND CONCERNS

The County is striving to achieve financial stability in the face of many fiscal challenges. These challenges include rising costs in the areas of health insurance, wages, and liability insurance; reductions in sales tax collections in prior years; and constant pressures to maintain a stable revenue base. Mandated Medicaid expenditures continue to significantly impact the County's finances. The mandated Medicaid Cap helps minimize these increases each year. The County is concerned about its increasing reliance on local property taxes and continually seeks to maximize state and federal aid wherever possible.

The impact on future property taxes and local services to be provided cannot be determined at this time, but the County needs to be prepared for reduced state aid and the property tax levy cap mandated by the State. The County requested and received approval from the State Legislature for "home rule" legislation to maintain the increase in the sales tax rate of 1% effective December 1, 2018. Given the spiraling increases of unfunded state and federal mandates, this continued increase may not be adequate to prevent future increases in property taxes, a continued need for the additional 1% sales tax, or even higher sales tax rates. These issues and concerns require management to plan carefully and prudently to provide the resources necessary to meet citizens' needs over the next several years. All these factors will certainly bear on the programs the County offers and the amount of funds it will need to provide services.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Clinton County Treasurer, 137 Margaret Street, Suite 205, Plattsburgh, New York 12901.

Statement of Net Position

December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Clinton Community College (August 31, 2018)
Assets				
Cash and cash equivalents	$ 14,228,009	$ 3,574,602	$ 17,802,611	$ 3,162,545
Investments	-	-	-	4,040,612
Receivables (net of allowances)	7,879,732	1,997,508	9,877,240	366,320
Due from other governments	22,772,756	20,675,181	43,447,937	-
Inventory	473,295	97,885	571,180	-
Prepaid items	407,781	453,631	861,412	144,214
Net pension asset	-	-	-	151,428
Capital assets (Note 7)	299,546,151	244,407,292	543,953,443	57,962,422
Accumulated depreciation	(195,732,632)	(63,888,345)	(259,620,977)	(33,406,620)
Total assets	149,575,092	207,317,754	356,892,846	32,420,921
Deferred Outflows of Resources				
Deferred outflows of resources related to OPEB	12,632,985	1,516,591	14,149,576	634,259
Deferred outflows of resources related to pensions	17,283,853	2,516,525	19,800,378	1,826,714
Total deferred outflows of resources	29,916,838	4,033,116	33,949,954	2,460,973
Liabilities				
Accounts payable	5,458,599	4,691,268	10,149,867	358,776
Accrued liabilities	1,606,269	897,322	2,503,591	398,120
Due to (from) other funds, net	(1,686,913)	1,686,913	-	-
Due to other governments	7,024,293	-	7,024,293	204,237
Due to fiduciary funds	49,798	-	49,798	-
Unearned revenue	1,645,369	87,223	1,732,592	877,551
Bond anticipation notes payable	7,164,000	1,075,193	8,239,193	-
Long-term liabilities				
Due within one year	2,924,239	890,445	3,814,684	41,856
Due in more than one year	206,976,119	56,360,026	263,336,145	22,692,113
Total liabilities	231,161,773	65,688,390	296,850,163	24,572,653
Deferred Inflows of Resources				
New York State tuition assistance	-	-	-	394,674
Deferred inflows of resources related to OPEB	-	-	-	6,868,228
Deferred inflows of resources related to pensions	17,597,402	2,637,892	20,235,294	1,434,504
	17,597,402	2,637,892	20,235,294	8,697,406
Net position				
Net investment in capital assets	82,135,998	140,588,635	222,724,633	23,577,918
Restricted	10,207,497	4,549,465	14,756,962	2,707,263
Unrestricted	(161,610,740)	(2,113,512)	(163,724,252)	(24,673,346)
Total net position	$ (69,267,245)	$ 143,024,588	$ 73,757,343	$ 1,611,835

See accompanying notes.

Statement of Activities

For the year ended December 31, 2018

		Program Revenues			Net (Expense) Revenue			
					Primary Government			Component Unit
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**	**Clinton Community College**
Primary government								
Governmental activities:								
General governmental support	$ 18,128,490	$ 2,286,559	$ 2,777,638	$ -	$ (13,064,293)	$ -	$ (13,064,293)	$ -
Public safety	23,446,175	2,860,896	2,081,029	-	(18,504,250)	-	(18,504,250)	-
Health	15,361,759	3,574,461	7,045,351	-	(4,741,947)	-	(4,741,947)	-
Transportation	15,133,314	1,294,322	1,112,511	5,703,424	(7,023,057)	-	(7,023,057)	-
Economic assistance and opportunity	56,944,255	2,105,430	24,231,374	-	(30,607,451)	-	(30,607,451)	-
Culture and recreation	660,058	-	306,285	-	(353,773)	-	(353,773)	-
Education	11,448,850	-	2,984,231	3,037,414	(5,427,205)	-	(5,427,205)	-
Home and community services	3,968,943	2,710,064	521,578	-	(737,301)	-	(737,301)	-
Interest	669,840	-	-	-	(669,840)	-	(669,840)	-
Total governmental activities	145,761,684	14,831,732	41,059,997	8,740,838	(81,129,117)	-	(81,129,117)	-
Business-type activities:								
Nursing Home	8,652,668	9,046,532	-	-	-	393,864	393,864	-
Airport	26,657,963	6,533,701	-	41,093,242	-	20,968,980	20,968,980	-
Total business-type activities	35,310,631	15,580,233	-	41,093,242	-	21,362,844	21,362,844	-
	$ 181,072,315	$ 30,411,965	$ 41,059,997	$ 49,834,080	(81,129,117)	21,362,844	(59,766,273)	-
Component unit								
College (August 31, 2018)	$ 18,895,308	$ 3,687,383	$ 10,135,044	$ 5,880,496				807,615
General revenues								
Taxes:								
Real property					21,359,657	-	21,359,657	-
Sales, net					48,126,312	-	48,126,312	-
Other items					2,230,938	-	2,230,938	-
Interest and investment income					97,875	43,100	140,975	410,907
Miscellaneous					3,765,818	-	3,765,818	-
Allocation to Community College					(2,872,132)	-	(2,872,132)	2,872,132
Tobacco settlement					1,105,523	-	1,105,523	-
Gain (loss) on sale of assets					1,511,722	(443,696)	1,068,026	-
Transfers					(2,025,451)	2,025,451	-	-
Total general revenues and transfers					73,300,262	1,624,855	74,925,117	3,283,039
Change in net position					(7,828,855)	22,987,699	15,158,844	4,090,654
Net position - beginning					(24,373,832)	125,463,710	101,089,878	(559,247)
Cumulative effect of a change in accounting principle (Note 2)					(37,064,558)	(5,426,821)	(42,491,379)	(1,919,572)
Net position - beginning, as restated					(61,438,390)	120,036,889	58,598,499	(2,478,819)
Net position - ending					$ (69,267,245)	$ 143,024,588	$ 73,757,343	$ 1,611,835

See accompanying notes.

Balance Sheet - Governmental Funds

December 31, 2018

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 8,037,931	$ 5,538,382	$ 651,696	$ 14,228,009
Receivables (net of allowances)				
Real property taxes, interest, penalties, and liens	5,321,671	-	-	5,321,671
Trade	1,675,011	576,720	306,330	2,558,061
Due from other funds, net	-	-	3,628,180	3,628,180
Due from other governments	20,194,039	787,951	1,790,766	22,772,756
Inventory	82,127	-	391,168	473,295
Prepaid items	1,580,227	-	-	1,580,227
Total assets	$ 36,891,006	$ 6,903,053	$ 6,768,140	$ 50,562,199
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 4,411,066	$ 366,509	$ 681,024	$ 5,458,599
Accrued liabilities	1,021,851	-	185,018	1,206,869
Due to other governments	7,024,293	-	-	7,024,293
Due to other funds, net	886,743	1,104,322	-	1,991,065
Unearned revenue	3,200,588	-	23,762	3,224,350
Bond anticipation notes payable	-	7,164,000	-	7,164,000
Total liabilities	16,544,541	8,634,831	889,804	26,069,176
Fund Balances				
Nonspendable:				
Inventory	82,127	-	391,168	473,295
Prepaid items	1,580,227	-	-	1,580,227
Restricted (Note 14)	7,630,031	-	2,577,466	10,207,497
Committed	-	-	2,909,702	2,909,702
Assigned:				
Designated for subsequent year's expenditures	1,500,000	-	-	1,500,000
Other purposes	1,247,358	-	-	1,247,358
Unassigned	8,306,722	(1,731,778)	-	6,574,944
Total fund balances	20,346,465	(1,731,778)	5,878,336	24,493,023
Total liabilities and fund balances	$ 36,891,006	$ 6,903,053	$ 6,768,140	$ 50,562,199

The following is a reconciliation of amounts reported differently in the Statement of Net Position:

Total fund balances	$ 24,493,023
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds	103,813,519
Property taxes collected sixty days after year end are not earned until received	1,578,981
Long-term liabilities including bonds and capital lease obligations, compensated absences, postemployment benefits, pensions, and accrued interest are not due and payable in the current period and are not reported in the funds	(199,152,768)
Net assets of governmental activities	$ (69,267,245)

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the year ended December 31, 2018

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues				
Real property taxes	$ 21,221,104	$ -	$ -	$ 21,221,104
Real property tax items	2,230,938	-	-	2,230,938
Non-property tax items	65,803,776	-	-	65,803,776
Departmental	8,267,390	-	109,081	8,376,471
Intergovernmental	2,323,550	-	-	2,323,550
Use of money and property	225,070	-	2,539,083	2,764,153
Licenses and permits	-	-	11,918	11,918
Fines and forfeitures	411,557	-	-	411,557
Sale of property and compensation for loss	2,460,549	-	166,606	2,627,155
Miscellaneous local sources	856,514	1,325,675	83,950	2,266,139
Interfund revenue	1,523,985	-	1,156,555	2,680,540
State sources	24,156,791	3,037,414	4,715,861	31,910,066
Federal sources	15,351,754	-	2,318,612	17,670,366
Total revenues	144,832,978	4,363,089	11,101,666	160,297,733
Expenditures				
General governmental support	33,182,025	531,340	-	33,713,365
Public safety	18,198,897	7,630,000	-	25,828,897
Health	14,004,852	-	-	14,004,852
Transportation	1,812,692	-	13,781,054	15,593,746
Economic assistance and opportunity	52,663,498	-	1,675,779	54,339,277
Culture and recreation	606,628	-	-	606,628
Education	8,934,068	5,366,909	-	14,300,977
Home and community services	1,070,428	-	2,346,480	3,416,908
Employee benefits	388,160	-	-	388,160
Debt service:				
Principal	2,398,532	-	-	2,398,532
Interest	597,733	-	-	597,733
Total expenditures	133,857,513	13,528,249	17,803,313	165,189,075
Excess revenues (expenditures)	10,975,465	(9,165,160)	(6,701,647)	(4,891,342)
Other financing sources (uses)				
Operating transfers, net	(8,949,888)	(38,257)	6,962,694	(2,025,451)
BANs redeemed from appropriations	-	471,100	-	471,100
Installment purchase debt	-	7,630,000	-	7,630,000
Total financing sources (uses)	(8,949,888)	8,062,843	6,962,694	6,075,649
Net change in fund balances	2,025,577	(1,102,317)	261,047	1,184,307
Fund balances - beginning	18,320,888	(629,461)	5,617,289	23,308,716
Fund balances - ending	$ 20,346,465	$ (1,731,778)	$ 5,878,336	$ 24,493,023

The following is a reconciliation of amounts reported differently in the Statement of Activities:

Net change in fund balances	$ 1,184,307
Capitalization, depreciation, and disposal of capital assets rather than recording as an expenditure	6,159,717
Change in unearned revenue for property taxes collected after sixty days deferred in prior periods	138,553
Change in accrued interest payable on bonds and bond anticipation notes	(185,300)
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures, and changes in fund balances to pension expense recognized in the statement of activities	169,265
Expenses for compensated absences, OPEB, and landfill closure liabilities do not require current financial resources and thereby are not recognized in the funds until paid	(9,706,022)
Capital lease obligations are recognized as other financing sources in the funds and a liability in the government-wide statements	(7,630,000)
Premiums are revenue in the funds but are amortized against interest expense over the life of the bond in the government-wide statements	113,193
Principal payments for bonds are expenditures in the funds but reduce the corresponding liability in the government-wide statements	1,927,432
Change in net position of governmental activities	$ (7,828,855)

See accompanying notes.

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund

For the year ended December 31, 2018

	General Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Over/(Under)
	Original	Final		
Revenues				
Real property taxes	$ 29,012,451	$ 21,578,840	$ 21,221,104	$ (357,736)
Real property tax items	2,236,311	2,236,311	2,230,938	(5,373)
Non-property tax items	53,620,278	64,215,063	65,803,776	1,588,713
Departmental	7,995,918	8,645,927	8,267,390	(378,537)
Intergovernmental	2,153,477	2,153,477	2,323,550	170,073
Use of money and property	156,201	156,201	225,070	68,869
Fines and forfeitures	334,510	376,510	411,557	35,047
Sale of property and compensation for loss	1,231,600	1,280,959	2,460,549	1,179,590
Miscellaneous local sources	459,053	987,854	856,514	(131,340)
Interfund revenue	1,435,354	1,557,533	1,523,985	(33,548)
State sources	18,484,378	32,755,881	24,156,791	(8,599,090)
Federal sources	13,630,416	19,631,593	15,351,754	(4,279,839)
Total revenues	130,749,947	155,576,149	144,832,978	(10,743,171)
Expenditures				
General governmental support	32,062,143	34,517,703	33,194,964	(1,322,739)
Public safety	19,191,245	23,221,281	18,019,602	(5,201,679)
Health	9,719,354	18,462,662	14,023,291	(4,439,371)
Transportation	1,879,280	2,565,830	1,690,017	(875,813)
Economic assistance and opportunity	50,455,137	55,749,624	52,678,662	(3,070,962)
Culture and recreation	418,596	672,235	606,628	(65,607)
Education	9,326,393	9,441,958	8,935,919	(506,039)
Home and community services	594,744	3,698,119	1,070,428	(2,627,691)
Employee benefits	400,430	400,430	388,160	(12,270)
Debt service:				
Principal	1,426,100	2,398,532	2,398,532	-
Interest	597,735	597,735	597,733	(2)
Total expenditures	126,071,157	151,726,109	133,603,936	(18,122,173)
Excess revenues	4,678,790	3,850,040	11,229,042	7,379,002
Other financing sources (uses)				
Appropriated reserves	1,438,053	1,549,184	-	(1,549,184)
Appropriated fund balance and carryover encumbrances	3,000,935	3,718,554	-	(3,718,554)
Operating transfers in	52,500	52,500	220,390	167,890
Operating transfers out	(9,170,278)	(9,170,278)	(9,170,278)	-
Total other financing uses	(4,678,790)	(3,850,040)	(8,949,888)	(5,099,848)
Excess of revenues over expenditures and other financing uses	$ -	$ -	$ 2,279,154	$ 2,279,154

See accompanying notes.

Statement of Proprietary Fund Net Position

December 31, 2018

	Business-Type Activities Enterprise Funds		
	Airport	**Nursing Home**	**Total**
Assets			
Current assets			
Cash and cash equivalents	$ 3,323,996	$ 250,606	$ 3,574,602
Receivables (net of allowances)	896,301	1,101,207	1,997,508
Due from proprietary funds	(10,909,000)	10,909,000	-
Due from other governments	19,805,294	869,887	20,675,181
Inventory	53,525	44,360	97,885
Prepaid items	453,532	99	453,631
	13,623,648	13,175,159	26,798,807
Capital assets	239,425,907	4,981,385	244,407,292
Accumulated depreciation	(59,881,148)	(4,007,197)	(63,888,345)
	179,544,759	974,188	180,518,947
Total assets	193,168,407	14,149,347	207,317,754
Deferred Outflows of Resources			
Deferred outflows of resources related to OPEB	208,629	1,307,962	1,516,591
Deferred outflows of resources related to pensions	713,814	1,802,711	2,516,525
Total deferred outflows of resources	922,443	3,110,673	4,033,116
Liabilities			
Current liabilities			
Accounts payable	4,208,546	482,722	4,691,268
Accrued liabilities	785,168	112,154	897,322
Due to governmental funds	1,686,913	-	1,686,913
Unearned revenue	20,817	66,406	87,223
Bond anticipation notes payable	539,193	536,000	1,075,193
Current portion of bonds payable	654,000	-	654,000
Current portion of compensated absences	78,000	158,445	236,445
Total current liabilities	7,972,637	1,355,727	9,328,364
Noncurrent liabilities			
Bonds payable	34,980,000	-	34,980,000
Compensated absences	99,998	322,895	422,893
Total OPEB liability	3,319,715	16,753,904	20,073,619
Net pension liability	300,191	583,323	883,514
Total noncurrent liabilities	38,699,904	17,660,122	56,360,026
Total liabilities	46,672,541	19,015,849	65,688,390
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	751,842	1,886,050	2,637,892
Net Position			
Net investment in capital assets	139,990,712	597,923	140,588,635
Restricted	4,549,465	-	4,549,465
Unrestricted	2,126,290	(4,239,802)	(2,113,512)
Total net position	$ 146,666,467	$ (3,641,879)	$ 143,024,588

See accompanying notes.

Statement of Revenues, Expenditures, and Changes in Fund Net Position - Proprietary Funds

For the year ended December 31, 2018

	Business-Type Activities Enterprise Funds		
	Airport	Nursing Home	Total
Operating revenue			
Net patient service revenue	$ -	$ 5,729,055	$ 5,729,055
Charges for services	2,359,498	-	2,359,498
Intergovernmental revenue	-	3,266,491	3,266,491
Rental income	1,384,782	-	1,384,782
Other revenue	2,789,421	50,986	2,840,407
Total operating revenue	6,533,701	9,046,532	15,580,233
Operating expenses			
Nursing and nursing administration	-	4,738,853	4,738,853
Other medical services	-	372,350	372,350
Dietary and cafeteria	-	1,081,692	1,081,692
Plant operations and maintenance	-	248,811	248,811
Housekeeping	-	550,537	550,537
Laundry and linen	-	129,501	129,501
Transportation	-	87,849	87,849
Fiscal services	-	263,267	263,267
Administrative services	-	665,929	665,929
Health facility tax assessment	-	390,466	390,466
OPEB	959,251	-	959,251
Airport operations and maintenance	14,926,123	-	14,926,123
Depreciation	9,546,765	122,333	9,669,098
Total operating expenses	25,432,139	8,651,588	34,083,727
Operating income (loss)	(18,898,438)	394,944	(18,503,494)
Nonoperating revenue (expenses)			
Interest income	19,080	24,020	43,100
Operating transfers from County (net)	2,025,451	-	2,025,451
Capital grants and contributions	41,093,242	-	41,093,242
Gain (loss) on disposal of assets	(443,452)	(244)	(443,696)
Interest expense	(1,225,824)	(1,080)	(1,226,904)
Nonoperating revenue (expenses)	41,468,497	22,696	41,491,193
Change in net position	22,570,059	417,640	22,987,699
Net position - beginning	124,158,100	1,305,610	125,463,710
Cumulative effect of a change in accounting principle (Note 2)	(61,692)	(5,365,129)	(5,426,821)
Net position - beginning, as restated	124,096,408	(4,059,519)	120,036,889
Net position - ending	$ 146,666,467	$ (3,641,879)	$ 143,024,588

See accompanying notes.

Statement of Proprietary Fund Cash Flows

For the year ended December 31, 2018

	Business-Type Activities Enterprise Funds	
	Airport	**Nursing Home**
Cash flows from operating activities:		
Receipt from patients and third party payors	$ -	$ 8,600,458
Cash received from services provided	1,920,141	-
Cash received from others	4,157,126	50,986
Payments to employees, suppliers, and others	(15,861,419)	(7,729,965)
Net operating activities	(9,784,152)	921,479
Cash flows from noncapital financing activities:		
County and proprietary fund operating transfers	14,621,364	(10,909,000)
Operating grants and contributions received	9,647,427	-
Net noncapital financing activities	24,268,791	(10,909,000)
Cash flows from capital and related financing activities:		
Net proceeds from (payments on) bond anticipation notes payable	(5,300,732)	482,000
Capital grants and contributions received	23,131,975	-
Interest expense	(983,981)	(1,080)
Purchase of capital assets	(35,272,318)	(207,139)
Proceeds from sale of assets	546,550	-
Net capital and related financing activities	(17,878,506)	273,781
Cash flows from investing activities:		
Interest income	19,080	24,020
Net change in cash and cash equivalents	(3,374,787)	(9,689,720)
Cash and cash equivalents - beginning	6,698,783	9,940,326
Cash and cash equivalents - ending	$ 3,323,996	$ 250,606
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (18,898,438)	$ 394,944
Adjustments to reconcile operating income (loss) to net cash flows provided by operating activities:		
Depreciation	9,546,765	122,333
Bad debt expense	12,669	30,000
Net OPEB activity	386,012	722,732
Net pension activity	18,250	33,723
Changes in assets and liabilities:		
Receivables	(487,652)	(328,930)
Due from other governments	-	(115,316)
Inventory	(53,525)	(449)
Prepaid items	(103,532)	(99)
Accounts payable	(255,179)	25,073
Accrued liabilities and compensated absences	29,661	37,468
Unearned revenue	20,817	-
Net operating activities	$ (9,784,152)	$ 921,479

See accompanying notes.

Statement of Fiduciary Net Position

December 31, 2018

	Agency Fund
Assets	
Cash	$ 2,090,454
Due from governmental funds	49,798
Total assets	$ 2,140,252
Liabilities	
Agency liabilities	$ 2,140,252

See accompanying notes.

1. Summary of Significant Accounting Policies

Reporting Entity

County of Clinton, New York (the County) was established in 1788. The County operates pursuant to the New York State (the State) constitution, County law, and other general laws of the State. The County is governed by an appointed County administrator and an elected ten-member County Legislature. The County treasurer, elected for a four-year term, is the chief fiscal officer.

The County provides mandated social service programs such as Medicaid, Temporary Assistance for Needy Families, Low-Income Home Energy Assistance, Foster Care, Supplemental Nutrition Assistance, and various other programs. The County also provides services and facilities in the areas of culture, recreation, public safety, health, youth, roads, education, airport, municipal waste, and senior services. These general governmental programs and services are financed by various taxes, state and federal aid, and departmental revenues (service fees and program-related charges).

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 policies are described below.

Financial Reporting Entity

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in accounting guidance including legal standing, fiscal dependency, and financial accountability.

Based on the application of these criteria, the following is a brief review of entities considered in determining the reporting entity.

Included in the financial reporting entity:

Clinton Community College (the College) was established under Article 126 of the Education Act of the State of New York under the sponsorship of the County. The College is one of thirty community colleges operating under the State University of New York (SUNY) system. The College has its own Board of Trustees whose relationship to the SUNY Board is defined by law. As the local sponsoring body, the County supplies the basic financial support for the College. The County provides capital financing for construction purposes and annual operating contributions to the College. Based upon these criteria, the College has been presented as a discrete component unit. Title to real property is vested in the County and not in the College; however, these assets are reported by the College.

The College also maintains its own blended and discretely presented component units. These entities include Student Senate of Clinton Community College (blended), Alumni Association of Clinton Community College (blended), Faculty Student Association of Clinton Community College, Inc. (the Association) (discretely presented), and Clinton Community College Foundation, Inc. (the Foundation) (discretely presented), which have all been combined for presentation in the County’s financial statements. The year end of these entities is August 31, 2018, with the exception of the Association whose year end is June 30, 2018.

The College’s separate financial statements may be obtained by contacting the College at 136 Clinton Point Drive, Plattsburgh, New York 12901.

Excluded from the financial reporting entity:

Clinton County Industrial Development Agency (CCIDA) is a Public Benefit Corporation created by State legislation to promote the economic welfare, recreation opportunities, and prosperity of County residents. The County Legislature appoints members of CCIDA and has no other oversight responsibility. CCIDA members have responsibility for management of CCIDA and accountability for fiscal matters. The County is not liable for CCIDA bonds or notes.

Soil and Water Conservation District (the District) was established in accordance with provisions of the Soil and Water Conservation District Law. The County Legislature appoints certain members of the District's Board of Directors, but does not constitute a voting majority. The County provides an annual subsidy to support the operations of the District. The County Legislature retains minimal oversight responsibilities of this entity.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display financial activities of the overall County, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities.

- Direct expenses are those that are clearly identifiable with a specific program or function. Indirect expenses relate to the administration and support of the County's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses based on a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) grants and contributions restricted for capital items. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including proprietary and fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- *General fund.* The principal operating fund that includes all operations not required to be recorded in other funds.
- *Capital projects fund.* Used to account for the revenues and expenditures for capital improvements separately authorized by the County Legislature. Projects may be financed by transfers from other funds, Federal and State grants, and/or proceeds from bond issues.

The County's major proprietary funds are:

- *Plattsburgh International Airport* (the Airport) – used to account for the activities of the international airport serving the region.
- *Clinton County Nursing Home* (the Nursing Home) – used to account for the activities of a comprehensive primary health care facility serving the residents of the County.

The County reports the following fiduciary fund:

- *Agency fund* - used to account for assets held in the capacity of custodian or agent. The Agency fund is custodial in nature and does not involve measurement of results of operations.

Basis of Accounting and Measurement Focus

The government-wide, proprietary, and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County receives value directly without giving equal value in exchange, include property taxes, sales tax receipts, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities and property or equipment purchased under capital leases are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are reported as revenue when the expense is incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

The preparation of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Taxes

Taxes for County purposes are based on annual budget requirements. Such amounts are apportioned to the towns on the basis of full valuation at the equalization rate of the assessed properties of each town and levied through use of an ad valorem tax rate.

Towns, villages, and school districts levy taxes based on their own budgetary requirements. Collection of all delinquent property taxes becomes the enforcement responsibility of the County. Unpaid town, village, and school district taxes on properties and unpaid fees such as water and sewer delivery services are turned over to the County and re-levied as County taxes against the individual properties concerned. The County forecloses on delinquent properties at least two years from the date on which the tax becomes a lien. Such properties are then sold at auction, with all proceeds retained by the County. Towns are paid throughout the normal collection process from January 1 through April 30. Villages and school districts are paid annually by the County for the full amount of the delinquent taxes turned over for enforcement by April 1 of the following year as required by law.

The County is subject to tax abatements granted by CCIDA to promote and assist private sector industrial and business development. Through CCIDA, entities promise to expand or maintain facilities or employment in the County, establish new business in the County, or relocate existing business to the County. Economic development agreements entered into by CCIDA can include the abatement of County, town, and school district taxes, in addition to other assistance. In the case of the County, these abatements have resulted in reductions of property taxes, which the County administers as a temporary reduction of property taxes, which can be as much as 100%. For the year ended December 31, 2018, the County's real property tax abatement totaled $1,472,000 under these agreements. However, property taxes are apportioned annually based on the amount established by the budget. As such, the "abated" taxes are actually shifted to all other properties that do not have incentive agreements.

Budget Process, Amendments, and Encumbrances

No later than November 15 of each year, the County Administrator submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds. After public hearings are conducted to obtain comments from interested parties, no later than December 20, the County Legislature adopts the budget. The County Legislature must approve all modifications of the budget.

Annual appropriations are adopted and employed for control of the general fund and all special revenue and proprietary funds. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the County Legislature as a result of new revenue sources not included in the original budget.

Capital project funds are subject to individual project expenditures determined primarily by the cost of the project together with the requirements for external borrowings used to fund a particular project rather than annual appropriations. These budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At January 1, encumbrances carried forward from the prior year are reestablished as budgeted appropriations.

Budgetary comparisons of the general fund presented in these financial statements are on the budgetary basis and represent the budget as modified. The following is a reconciliation of expenditures of the general fund computed on a GAAP and a budgetary basis:

GAAP basis expenditures	$ 133,857,513
Encumbrances at December 31, 2018	1,247,358
Encumbrances at December 31, 2017	(1,500,935)
Budgetary basis expenditures	**$ 133,603,936**

Cash and Cash Equivalents

Cash equivalents consist primarily of certificates of deposit with original maturities of ninety days or less. The County invests cash in excess of its day to day operating needs in certificates of deposit with high credit quality financial institutions and, by policy, requires collateral for cash and cash equivalents not covered by Federal Deposit Insurance.

Investments

The Foundation, which is treated as a discrete component unit of the College, holds investments in various mutual funds and money market accounts measured at fair value on a recurring basis as determined by quoted prices in active markets. These funds are for the purpose of awarding scholarships, grants, work-study programs, and a building development program.

Net Patient Service Revenue, Accounts Receivable and Allowance for Doubtful Accounts (the Nursing Home)

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. The Nursing Home recognizes patient service revenue at the time services are rendered, even though the patient's ability to pay may not be completely assessed at that time. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

There are proposals and actions at the federal and state levels that could, among other things, significantly reduce reimbursement rates or modify reimbursement methods. The ultimate outcome of these proposals and other market changes cannot presently be determined. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Nursing Home.

Medicare reimbursement for skilled nursing facilities represent prospectively determined per diem rates. These rates vary according to the Nursing Home's classification of patients under the Medicare program and the appropriateness of their admission.

Medicaid reimbursement for skilled nursing facility services is paid at per diem rates which are determined using a statewide pricing methodology and are case mix adjusted based on case mix utilization. Certain amounts have been paid based on actual costs and actual base year costs trended, as defined. Revenue recognized is subject to audit and retroactive adjustment. While provisions for estimated possible settlements have been made by management, it is possible that ultimate settlements may differ by a significant amount. Differences between estimated amounts accrued and final settlements are reported in operations in the year of settlement.

The provision for doubtful accounts is based upon management's assessment of historical and expected net collections considering historical experience, economic conditions, trends in health care coverage, and other collection indicators. Throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance. The results of these reviews are used to make modifications to the provision for doubtful accounts to establish an appropriate allowance for uncollectible accounts. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the Nursing Home may place past due patient balances with collection agencies. Accounts receivable are written off after collection efforts have been followed in accordance with policies.

The methodology to determine the allowance for doubtful accounts and related write-offs on uninsured patient accounts has remained consistent with the prior year. The Nursing Home has not experienced material changes in write-off trends in 2018.

Inventory

Inventory of materials and supplies is stated at the lower of first-in, first-out cost or net realizable value.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals. Contributed assets are recorded at fair value at the time received. Depreciation is provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds to determine which asset purchases are added to capital accounts and the estimated useful lives of capital assets for governmental and business type activities are:

	Capitalization Policy	Estimated Useful Life
Land improvements	$ 25,000	10 - 30 years
Buildings and improvements	30,000	10 - 50 years
Machinery and equipment	10,000	3 - 20 years
Infrastructure and improvements	30,000	25 - 50 years

Unearned Revenue

Student tuition and fees billed by the College prior to the end of the fiscal year and related to the following semester are recognized as revenue when earned. Property taxes expected to be collected more than sixty days after year end are recognized in the period that the receivable is settled in the fund financial statements.

Pensions

The County participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS) (the Systems), as it relates to the College, its component unit, as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the County, including its business-type activities and its component unit, recognizes its proportionate share of the net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

Postemployment Benefits Other than Pensions (OPEB)

The total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense of the County's defined benefit healthcare plan (Note 14) has been measured on the same basis as reported by the plan. For this purpose, benefit payments in the plan are recognized when due and payable in accordance with benefit terms.

Deferred Inflows of Resources (the College)

Deferred inflows of resources also include New York State Tuition Assistance Payments (TAP) received by the College on behalf of eligible students. Amounts received prior to the College's year end have a time restriction as they are applicable to the following semester and are recognized as revenue when applied to the respective students' accounts.

Risk Management

The County is self-insured pursuant to Article 5 of the Workers' Compensation law to finance the liability and risks related to workers' compensation claims. The County covers all claim settlements and judgments out of current resources. Risk management activities are reported in the general fund of the fund financial statements and are further presented in Note 12.

Compensated Absences

Most County employees earn vacation, which vests immediately. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation at various rates subject to certain maximum limitations. Vacation is accrued as earned as a current liability.

In addition, certain employees who retire and have sick leave remaining are entitled to payment for accumulated sick leave at various rates subject to certain maximum limitations. The government-wide financial statements reflect the entire liability, while in the governmental funds financial statements only the amount of matured liabilities is accrued based on expendable available financial resources.

Property Tax Revenue Recognition

In the fund statements, property tax revenue is recognized for 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. The government-wide statements include all property tax revenue levied during the year. Property taxes receivable are displayed net of the estimated allowance for uncollectible taxes.

Equity Classifications

Government-wide statements

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities and deferred inflows of resources. Restrictions are imposed by external organizations such as federal or state laws or required by the terms of the County's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Governmental fund statements

The County considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the County considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Restricted fund balances generally result from residual fund balance in special revenue funds and reserves established by the State of New York Legislature and included in General Municipal Law, as authorized for use by the County Legislature. Earnings on invested resources are required to be added to the various reserves.

Committed fund balances are authorized by the County Legislature as recommended by management prior to the end of the year, although funding of the commitment may be established subsequent to year end. Assigned fund balances include the planned use of existing fund balance to offset the subsequent year's tax levy. Additionally, the County Legislature has given management the authority to assign fund balances for specific purposes that are neither restricted nor committed. Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash and include prepaid expenses and inventory.

Interfund Transfers

The operations of the County include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds include transfers to provide financing or other services such as operating subsidies to the Nursing Home, College, and Airport.

In the government-wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the County's practice to settle these amounts at the net balances due between funds.

2. Change in Accounting Principle

Effective January 1, 2018, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which supersedes GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement addresses accounting and financial reporting for other postemployment benefits offered by the County and requires various note disclosures (Note 14) and required supplementary information. The impact of these required accounting changes is as follows:

		Business-Type Activities	
	County	**Airport**	**Nursing Home**
Net position (deficit), January 1, 2018	$ (24,373,832)	$ 124,158,100	$ 1,305,610
OPEB previously reported	114,945,147	2,663,382	9,358,081
Total OPEB liability	(156,141,883)	(2,787,159)	(15,204,173)
Payments subsequent to the measurement date	4,132,178	62,085	480,963
Net position (deficit), as restated	**$ (61,438,390)**	**$ 124,096,408**	**$ (4,059,519)**

3. Stewardship and Accountability

The capital projects fund's deficit fund balance of $1,731,778 will be funded when bond anticipation notes are redeemed from subsequent budget appropriations or converted to permanent financing.

4. Cash and Investments

Cash management is governed by State laws and as established in the County's written policy. Policies permit the Treasurer to use certificates of deposit, repurchase agreements, savings accounts, money market accounts, NOW checking accounts, and other available bank investments, provided that approved securities are pledged to secure those funds on deposit in amounts equal to those funds. Invested resources are limited to direct debt securities of the United States, the State, other State municipalities, public authorities, and agencies.

Collateral is required for all deposits in excess of the amount insured by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State and its municipalities and school districts, and irrevocable letters of credit issued by a federal home loan bank whose commercial paper and other short-term obligations are rated in the highest rating category by at least one nationally recognized statistical rating organization.

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. At December 31, 2018, the County's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' trust departments or agents in the County's name.

5. Receivables

Governmental activities	
Fees and service charges	$ 2,558,061
Property taxes	5,476,366
	8,034,427
Less allowance for doubtful accounts	154,695
	$ 7,879,732
Business-type activities	
Nursing Home	
Patient accounts receivable (net)	$ 1,101,207
Airport	
Accounts receivable	928,440
Less allowance for doubtful accounts	32,139
	896,301
	$ 1,997,508
Component unit (College)	
Accounts receivable (net)	**$ 366,320**

6. Interfund Transactions – Fund Financial Statements

	Receivable	Payable	Transfers In	Transfers Out
Governmental activities funds				
General	$ 1,426,416	$ 2,313,159	$ 220,390	$ 9,170,278
Special revenue				
County road	604,000	-	6,984,601	-
Road machinery	346,000	-	30,593	-
Refuse and garbage	2,680,000	1,820	-	52,500
Capital projects				
Community college	-	1,123,683	-	4,881
Miscellaneous	28,861	9,500	-	33,376
Fiduciary	49,798	-	-	-
	$ 5,135,075	**$ 3,448,162**	**$ 7,235,584**	**$ 9,261,035**
Business-type activities				
Nursing Home	$ 10,909,000	$ -	$ -	$ -
Airport	-	12,595,913	2,155,084	129,633
	$ 10,909,000	**$ 12,595,913**	**$ 2,155,084**	**$ 129,633**
	$ 16,044,075	**$ 16,044,075**	**$ 9,390,668**	**$ 9,390,668**

The fiscal operations of the County require numerous transactions between funds, including the transfer of expenditures and certain revenues to provide financing, services, and construction of assets. The transfers from the general fund to the county road, road machinery, and airport funds primarily reflect permanent transfers for construction of assets and/or for operations.

7. Capital Assets

	January 1, 2018	Increases	Retirements/ Reclassifications	December 31, 2018
Governmental activities				
Non-depreciable capital assets:				
Land	$ 2,506,315	$ 41,500	$ -	$ 2,547,815
Construction in progress	561,387	291,172	(311,078)	541,481
Total non-depreciable assets	3,067,702	332,672	(311,078)	3,089,296
Depreciable capital assets:				
Land improvements	9,475,824	-	-	9,475,824
Buildings and improvements	54,977,674	586,015	14,193	55,577,882
Machinery and equipment	18,061,836	8,738,110	(233,015)	26,566,931
Infrastructure and improvements	199,819,447	4,857,742	159,029	204,836,218
Total depreciable assets	282,334,781	14,181,867	(59,793)	296,456,855
Less accumulated depreciation:				
Land improvements	8,338,613	128,565	-	8,467,178
Buildings and improvements	33,292,645	2,137,844	-	35,430,489
Machinery and equipment	12,670,034	1,394,426	(232,097)	13,832,363
Infrastructure and improvements	133,447,389	4,684,077	(128,864)	138,002,602
Total accumulated depreciation	187,748,681	8,344,912	(360,961)	195,732,632
Total depreciable assets, net	94,586,100	5,836,955	301,168	100,724,223
	$ 97,653,802	**$ 6,169,627**	**$ (9,910)**	**$ 103,813,519**

Depreciation expense has been allocated to the following functions: general governmental support $564,171, public safety $2,054,034, health $53,838, transportation $5,528,401, and home and community service $144,468.

	January 1, 2018	Increases	Retirements/ Reclassifications	December 31, 2018
Business-type activities				
Airport				
Land	$ 24,243,689	$ 40,539	$ (4,937)	$ 24,279,291
Land improvements	18,166,081	4,159,613	300,111	22,625,805
Buildings	34,276,279	9,487,525	(179,678)	43,584,126
Building improvements	66,956,042	17,898,541	1,809,262	86,663,845
Equipment	6,206,634	123,715	(57,134)	6,273,215
Infrastructure	28,124,146	-	-	28,124,146
Infrastructure improvements	23,885,866	3,234,966	526,758	27,647,590
Construction in progress	3,698,497	147,245	(3,617,853)	227,889
	205,557,234	35,092,144	(1,223,471)	239,425,907
Less accumulated depreciation	50,562,943	9,546,765	(228,560)	59,881,148
	$ 154,994,291	**$ 25,545,379**	**$ (994,911)**	**$ 179,544,759**
Nursing Home				
Land and buildings	$ 3,894,816	$ 44,928	$ -	$ 3,939,744
Moveable equipment	965,567	128,392	(87,714)	1,006,245
Construction in progress	-	35,396	-	35,396
	4,860,383	208,716	(87,714)	4,981,385
Less accumulated depreciation	3,970,757	122,333	(85,893)	4,007,197
	$ 889,626	**$ 86,383**	**$ (1,821)**	**$ 974,188**
Total business-type activities	**$ 155,883,917**	**$ 25,631,762**	**$ (996,732)**	**$ 180,518,947**

	September 1, 2017	Increases	Retirements/ Reclassifications	August 31, 2018
Component Unit (College)				
Non-depreciable capital assets:				
Land	$ 284,656	$ 7,000	$ -	$ 291,656
Depreciable capital assets:				
Buildings	42,613,434	4,811,033	-	47,424,467
Equipment	7,677,667	1,108,696	(14,177)	8,772,186
Library books	1,470,342	3,771	-	1,474,113
Total depreciable assets	51,761,443	5,923,500	(14,177)	57,670,766
Less accumulated depreciation:				
Buildings	25,204,420	1,351,129	-	26,555,549
Equipment	5,029,056	442,305	(14,177)	5,457,184
Library books	1,367,865	26,022	-	1,393,887
Total accumulated depreciation	31,601,341	1,819,456	(14,177)	33,406,620
Total depreciable assets, net	20,160,102	4,104,044	-	24,264,146
	$ 20,444,758	**$ 4,111,044**	**$ -**	**$ 24,555,802**

Invested in capital assets net of related debt consists of the following:

	Governmental Activities	Business-Type Activities: Airport	Business-Type Activities: Nursing Home	Component Unit: College
Capital assets, net of accumulated depreciation	$ 103,813,519	$ 179,544,759	$ 974,188	$ 24,555,802
Bond anticipation notes	(7,164,000)	(539,193)	(536,000)	-
Serial bonds and related premium	(14,513,521)	(35,634,000)	-	(977,884)
Cash held for capital projects	-	-	159,735	-
Accounts payable related to capital assets	-	(3,380,854)	-	-
	$ 82,135,998	**$ 139,990,712**	**$ 597,923**	**$ 23,577,918**

8. Short-Term Debt

Aggregate bond anticipation notes (BANs) outstanding at December 31, 2018 (the County, Airport, and Nursing Home) amounted to $8,239,193 ($43,163,025 as of December 31, 2017), carry interest of 2.75% - 3.0% (2.0% - 2.375% at December 31, 2017), and mature through August 2019. In 2018, $2,263,244 of outstanding BANs was redeemed, $35,634,000 was repaid with bond proceeds, and $3,900,000 was repaid by the airport from available cash. The BANs are amortized over a five-year period with annual renewals of the remaining outstanding principal balance. The County, Airport, and Nursing Home all intend to either refinance the existing amounts after the payment of one year's principal or convert certain amounts to serial bonds.

9. Long-Term Liabilities

	January 1, 2018	Increases	Decreases	December 31, 2018	Amount Due In One Year
Governmental activities					
Serial bonds	$ 14,280,000	$ -	$ 955,000	$ 13,325,000	$ 975,000
Bond premium	1,301,714	-	113,193	1,188,521	-
Compensated absences	7,605,255	245,892	-	7,851,147	1,337,000
Capital leases	-	7,630,000	972,432	6,657,568	541,439
Landfill closure liability	2,060,100	138,600	-	2,198,700	70,800
Total OPEB liability	156,141,883	21,954,515	4,132,178	173,964,220	-
Net pension liability	13,704,986	-	8,989,784	4,715,202	-
	$ 195,093,938	**$ 29,969,007**	**$ 15,162,587**	**$ 209,900,358**	**$ 2,924,239**
Business-type activities					
Airport					
Serial bonds	$ -	$ 35,634,000	$ -	$ 35,634,000	$ 654,000
Compensated absences	153,085	24,913	-	177,998	78,000
Total OPEB liability	2,787,159	594,641	62,085	3,319,715	-
Net pension liability	653,607	-	353,416	300,191	-
	$ 3,593,851	**$ 36,253,554**	**$ 415,501**	**$ 39,431,904**	**$ 732,000**
Nursing Home					
Compensated absences	$ 459,421	$ 21,919	$ -	$ 481,340	$ 158,445
Total OPEB liability	15,204,173	2,030,694	480,963	16,753,904	-
Net pension liability	1,550,621	-	967,298	583,323	-
	$ 17,214,215	**$ 2,052,613**	**$ 1,448,261**	**$ 17,818,567**	**$ 158,445**
Total business-type activities	**$ 20,808,066**	**$ 38,306,167**	**$ 1,863,762**	**$ 57,250,471**	**$ 890,445**

	September 1, 2017	Increases	Decreases	August 31, 2018	Amount Due In One Year
Component Unit (College)					
Bond payable	$ 1,022,012	$ -	$ 29,128	$ 992,884	$ -
Compensated absences	639,014	-	50,025	588,989	41,856
Total OPEB liability	27,888,915	-	7,081,538	20,807,377	-
Net pension liability	993,903	-	649,184	344,719	-
	$ 30,543,844	**$ -**	**$ 7,809,875**	**$ 22,733,969**	**$ 41,856**

Existing Obligations

Description	Maturity	Rate	Balance
Governmental activities			
Public improvement serial bonds - 2017 refunding	July 2029	2.125%-5.0%	$ 13,325,000
Capital lease obligation – E911 equipment	July 2033	0%-3%	6,657,568
			19,982,568
Business-type activities			
2018 Airport serial bonds	June 2038	3.0%-4.0%	35,634,000
			$ 55,616,568

Debt Service Requirements

	Serial Bonds		Capital Lease	
Years ending December 31,	**Principal**	**Interest**	**Principal**	**Interest**
2019	$ 1,629,000	$ 2,392,954	$ 541,439	$ -
2020	2,330,000	1,700,550	357,955	183,484
2021	2,435,000	1,606,072	368,693	172,745
2022	2,535,000	1,505,469	379,754	161,684
2023	2,635,000	1,398,919	391,147	150,292
2024-2028	14,685,000	5,354,518	2,138,950	568,241
2029-2033	11,075,000	3,095,656	2,479,630	227,563
2034-2038	11,635,000	1,157,703	-	-
	$ 48,959,000	**$ 18,211,841**	**$ 6,657,568**	**$ 1,464,009**

10. County Landfill Contingency and Closure Liability

In 1988, the County entered into an Order of Consent (Consent) with the New York State Department of Environmental Conservation (DEC) as a result of a finding that the County's landfills did not comply with New York State Environmental Conservation Law. The Consent required the County to take certain steps which included closing the County landfills by November 1, 1992. The Mooers landfill was closed in compliance with this consent. In accordance with modified orders of consent, the Ausable landfill closed in October 1993 and the Schuyler Falls landfill closed in August 1997. The County owns a fourth landfill, the Lined Schuyler Falls landfill, whose closure and post-closure responsibilities have been conveyed to a contractor through an operating lease. The DEC has agreed not to institute any action or penalties for the violations as long as the County continues to meet its obligations under the Consent.

State laws and regulations require the County to place a final cover on all sites when it stops accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date the landfills stop accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense each year. The $2,198,700 reported within accrued liabilities for landfill closure and post-closure care at December 31, 2018 represents the entire amount recognized to date, less amounts previously paid, based on the estimated capacity used of 100% at the Schuyler Falls, Ausable, and Mooers landfill sites. These amounts are based on what it would cost to perform all closure and post-closure care at December 31, 2018. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County has renewed a 25 year lease with a waste management company through 2041. Under the terms of the lease, the company assumes the responsibility for the closure of the lined landfill. The company makes payments to host communities and pays recycling fees. Management plans to finance the landfill post-closure care through outsourcing of the landfill's management and operations.

11. Pension Plans

Plan Descriptions

The County, including its business-type activities and component unit, participates in ERS, which is a cost-sharing, multiple-employer, public employee retirement system. ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

The College participates in TRS, which is a cost-sharing, multiple-employer, public employee retirement system. TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 11.72% for 2018. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the County to the pension accumulation fund. For 2018, these rates ranged from 9.2% - 25.6% based on the respective employees' longevity tiers.

The amounts outstanding and payable to ERS and TRS by the College for the year ended August 31, 2018 were $151,033 and $155,044, respectively. At December 31, 2018, a prepayment to ERS of $1,172,446 was recognized by the County on a fund basis for payments made on employee services rendered from January 1, 2019 through March 31, 2019.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At December 31, 2018, the County reported a liability of $4,715,202, the Airport reported a liability of $300,191, and the Nursing Home reported a liability of $583,323 for their proportionate shares of the net pension position. At August 31, 2018, the College reported an asset of $151,428 for its proportionate share of the TRS net pension position and a liability of $344,719 for its proportionate share of the ERS net pension position.

The ERS net pension liability was measured as of March 31, 2018, and the total pension liability was determined by an actuarial valuation as of April 1, 2017. The proportions of the net pension position were based on the ratio of the actuarially determined employer contributions to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2018 measurement date, the County's proportion was 0.1508581%, the Airport's was 0.0064454%, the Nursing Home's was 0.0161686%, and the College's was 0.0106809%, a cumulative increase of 0.0042602.

The TRS net pension position was measured as of June 30, 2018, and the total pension liability was determined by an actuarial valuation as of June 30, 2017, with update procedures applied to roll forward the net pension position to June 30, 2018. The College's proportion of the net pension asset was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2018, the College's proportion was 0.008374%, a decrease of 0.000975.

For the year ended December 31, 2018, the County recognized pension expense of $4,944,234 on the government-wide statements, the Airport recognized pension expense of $211,241, and the Nursing Home recognized pension expense of $529,912. For the year ended August 31, 2018, the College recognized pension expense of $496,009 ($350,056 for ERS and $145,953 for TRS). At December 31, 2018, deferred outflows and deferred inflows of resources for ERS were reported as follows:

			Business-Type Activities			
	County		Airport		Nursing Home	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,736,565	$ (1,435,032)	$ 74,194	$ (61,311)	$ 186,121	$ (153,804)
Changes of assumptions	3,228,457	-	137,934	-	346,019	-
Changes in proportion and differences between contributions and proportionate share of contributions	153,579	(2,203,675)	6,562	(94,151)	16,460	(236,185)
Net difference between projected and actual earnings on pension plan investments	7,071,633	(13,958,695)	302,133	(596,380)	757,922	(1,496,061)
Contributions subsequent to the measurement date	5,093,619	-	192,991	-	496,189	-
	$ 17,283,853	**$ (17,597,402)**	**$ 713,814**	**$ (751,842)**	**$ 1,802,711**	**$ (1,886,050)**

At August 31, 2018, the College reported deferred outflows and deferred inflows of resources as follows:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 122,950	$ (101,601)	$ 113,161	$ (20,498)
Changes of assumptions	228,577	-	529,341	-
Changes in proportion and differences between contributions and proportionate share of contributions	10,873	(156,022)	148,737	-
Net difference between projected and actual earnings on pension plan investments	500,677	(988,286)	-	(168,097)
Contributions subsequent to the measurement date	151,033	-	21,365	-
	$ 1,014,110	**$ (1,245,909)**	**$ 812,604**	**$ (188,595)**

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019 (August 31, 2019 for the College). Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities	Business-Type Activities		Component Unit	
		Airport	Nursing Home	College	
Years ending December 31,	ERS	ERS	ERS	ERS	TRS
2019	$ 100,307	$ 4,286	$ 10,751	$ 7,102	$ 180,212
2020	167,650	7,163	17,968	11,870	131,481
2021	(3,896,338)	(166,470)	(417,601)	(275,864)	39,298
2022	(1,778,787)	(75,998)	(190,646)	(125,940)	131,124
2023	-	-	-	-	91,222
Thereafter	-	-	-	-	29,307
	$ (5,407,168)	**$ (231,019)**	**$ (579,528)**	**$ (382,832)**	**$ 602,644**

Actuarial Assumptions

For ERS, the actuarial assumptions used in the April 1, 2017 valuation, with update procedures used to roll forward the total pension liability to March 31, 2018, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%
Salary increases – 3.8%
Projected Cost of Living Adjustments (COLA) – 1.3% annually
Investment rate of return – 7.0% compounded annually, net of investment expense, including inflation
Mortality – Society of Actuaries' Scale MP-2014
Discount rate – 7.0%

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

For TRS (the College), the actuarial assumptions used in the June 30, 2017 valuation, with update procedures used to roll forward the total pension liability to June 30, 2018, were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. These assumptions are:

Inflation – 2.25%
Salary increases – Based on TRS member experience, dependent on age and gender, ranging from 1.90-4.72%
COLA – 1.5% annually
Investment rate of return – 7.25% compounded annually, net of investment expense, including inflation
Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014
Discount rate – 7.25%

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class and the Systems' target asset allocations as of the valuation date are summarized as follows:

	ERS		TRS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	36%	4.6%	33%	5.8%
International equities	14%	6.4%	16%	7.3%
Global equities	-	-	4%	6.7%
Private equities	10%	7.5%	8%	8.9%
Real estate	10%	5.6%	11%	4.9%
Inflation-indexed bonds	4%	1.3%	-	-
Domestic fixed income securities	-	-	16%	1.3%
Global fixed income securities	-	-	2%	0.9%
Bonds and mortgages	17%	1.3%	7%	2.8%
Short-term	1%	(0.3)%	1%	0.3%
Other	8%	3.8%-5.7%	2%	3.5%-6.8%
	100%		**100%**	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Systems' fiduciary net positions were 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.

The following presents the County's, the Airport's, the Nursing Home's, and the College's proportionate shares of their net pension positions calculated using the discount rate of 7.0% (ERS) and 7.25% (TRS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
County's proportionate share of the ERS net pension asset (liability)	$ (36,839,107)	$ (4,715,202)	$ 22,176,692
Airport's proportionate share of the ERS net pension asset (liability)	$ (1,573,936)	$ (300,191)	$ 947,490
Nursing Home's proportionate share of the ERS net pension asset (liability)	$ (3,948,332)	$ (583,323)	$ 2,376,847
College's proportionate share of the ERS net pension asset (liability)	$ (2,608,237)	$ (344,719)	$ 1,570,127
College's proportionate share of the TRS net pension asset (liability)	$ (1,040,337)	$ 151,428	$ 1,149,796

TIAA-CREF (the College)

The Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF), a State University Optional Retirement Program (ORP), is a multiple-employer defined contribution plan administered by a separate board of trustees. TIAA-CREF provides benefits through annuity contracts and provides retirement and death benefits to those employees who elect to participate in the ORP. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service if the employee is retained thereafter. Employees who joined TIAA-CREF after July 27, 1976 and have less than ten years of service or membership are required to contribute 3% of their salaries. Employees hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based upon their annual compensation. Employer contributions range from 8% to 15% depending upon when the employee was hired. Employee contributions are deducted from their salaries and remitted on a current basis to TIAA-CREF. Total pension contributions by the College for the years ended August 31, amounted to:

2018	$	316,915
2017		369,575
2016		350,238

A publicly available financial report is available from TIAA-CREF at www.tiaa-cref.org.

12. Risk Management

The County purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The County is exposed to various risks of loss related to workers' compensation. The County is self-insured pursuant to Article 5 of the Workers' Compensation law to finance the liability and risks related to workers' compensation claims. The amount of liability insurance for workers' compensation is $1,000,000. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The County has catastrophic liability insurance for claims over $1,000,000.

Changes in the claims liability (asset) recognized in the general fund were as follows:

	Beginning of Year	Claims and Changes in Estimates	Claims Paid	End of Year
2018	$ (32,600)	$ 704,500	$ 985,800	$ (313,900)
2017	$ 183,400	$ 344,600	$ 560,600	$ (32,600)

13. Deferred Compensation Plan

The County offers all employees a New York State deferred compensation plan created in accordance with Internal Revenue Code §457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All assets at December 31, 2018 are held in trust by the State for the exclusive benefit of participants. The County makes no contributions to the plan on behalf of employees.

14. OPEB

Plan Description

The County maintains a single-employer defined benefit healthcare plan (the Plan) to eligible retirees through the New York State Health Insurance Program (NYSHIP) which provides pre- and post-65 Medicare supplemental coverage. Cost sharing by the County and retiree is based on years as an employee and employment commencing prior to 1980. Eligibility is based on employees who retire from the County who are at least age 55 with ten or more years of service. Sheriff department employees must have a minimum of ten years of service with the County and either 25 years of participation in ERS for corrections officers, or 20 years of participation in ERS for deputy sheriffs. Generally, employees hired prior to 1980 do not share in the cost of health insurance after retirement. For individual coverage, those hired subsequent to 1980 contribute 15% of the premium with less than 15 years of service and those with greater than 15 years contribute 10%. Contribution rates for family coverage range from 15% to 30% based on years of service. The Plan has no assets, does not issue financial statements, and is not a trust.

At December 31, 2018, employees covered by the Plan include:

Active employees	855
Inactive employees or beneficiaries currently receiving benefits	395
Inactive employees entitled to but not yet receiving benefits	-
	1,250

Total OPEB Liability

The County's total OPEB liability of $194,037,839 was measured as of January 1, 2018 and was determined by an actuarial valuation as of January 1, 2017 for reporting through December 31, 2018.

The total OPEB liability in the January 1, 2017 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rates – based on the Society of Actuaries' Long-Run Medical Cost Trend Model v2018_c, with short-term rates based on recent premium rate history, initially 7.0% for pre-65 and 8.0% for post-65, with an ultimate trend rate of 3.94% in 2077
Salary increases – 3.0%
Mortality – RPH-2014 mortality tables for employees and health annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2017
Discount rate – 3.44% based on the Bond Buyer Weekly 20-Bond GO Index
Inflation rate – 2.2%

Changes in the Total OPEB Liability

	Governmental Activities	Business-Type Activities	
		Airport	**Nursing Home**
Total OPEB liability, December 31, 2017	$ 156,141,883	$ 2,787,159	$ 15,204,173
Changes for the year:			
Service cost	6,375,186	296,330	646,110
Interest	6,064,159	115,721	584,019
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	9,515,170	182,590	800,565
Benefit payments	(4,132,178)	(62,085)	(480,963)
Net changes	17,822,337	532,556	1,549,731
Total OPEB liability, December 31, 2018	**$ 173,964,220**	**$ 3,319,715**	**$ 16,753,904**

The following presents the sensitivity of the County's, the Airport's, and the Nursing Home's cumulative total OPEB liability to changes in the discount rate, including what the cumulative total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (2.44%)	Discount Rate (3.44%)	1.0% Increase (4.44%)
Total OPEB liability	**$ (231,043,749)**	**$ (194,037,839)**	**$ (164,931,950)**

The following presents the sensitivity of the County's, the Airport's, and the Nursing Home's cumulative total OPEB liability to changes in the healthcare cost trend rates, including what the cumulative total OPEB liability would be if it were calculated using a rate that is 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (7.00% to 2.94%)	Healthcare Cost Trend Rate (8.00% to 3.94%)	1.0% Increase (9.00% to 4.94%)
Total OPEB liability	**$ (158,843,984)**	**$ (194,037,839)**	**$ (240,502,107)**

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

For the year ended December 31, 2018, the County recognized OPEB expense of $13,673,433, the Airport recognized OPEB expense of $405,078, and the Nursing Home recognized OPEB expense of $1,229,482. At December 31, 2018, deferred outflows and deferred inflows of resources related to OPEB were reported from the following sources:

	County		Business-Type Activities			
			Airport		Nursing Home	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$ -	$ -	$ -	$ -
Changes of assumptions	8,312,664	-	158,628	-	800,565	-
Contributions subsequent to the measurement date	4,320,321	-	50,001	-	507,397	-
	$ 12,632,985	**$ -**	**$ 208,629**	**$ -**	**$ 1,307,962**	**$ -**

Contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2019. Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31,	Governmental Activities	Business-Type Activities Airport	Business-Type Activities Nursing Home
2019	$ 1,255,690	$ 23,962	$ 120,931
2020	1,255,690	23,962	120,931
2021	1,255,690	23,962	120,931
2022	1,255,690	23,962	120,931
2023	1,255,690	23,962	120,931
Thereafter	2,034,214	38,818	195,910
	$ 8,312,664	**$ 158,628**	**$ 800,565**

15. Fund Balance Reserves and Restricted Net Position

The County, either as required by General Municipal Law or through local laws, has established the following reserves, included in restricted fund balance at December 31, 2018:

General fund		
Retirement contribution	$	2,382,510
Debt		2,840,066
Workers' compensation		2,006,097
Other		401,358
	$	**7,630,031**

In the government-wide financial statements, the County reports restrictions of net position for amounts that are legally restricted by outside parties for a specific purpose or restricted by enabling legislation. In addition to reserves, the County reports $2,577,466 of amounts from the county road, road machinery, and special grant special revenue funds as restricted, as amounts represent state and federal grants and other revenue restricted for specific projects and purposes.

Committed fund balance of $2,909,702 represents the balance remaining in the refuse and garbage special revenue fund, as the County Legislature has specifically committed the applicable revenue stream to landfill operations.

16. Commitments and Contingencies

Litigation

The County is subject to certain claims and lawsuits. The County Attorney's office, in evaluating the pending matters, is of the opinion that these claims are within the limits of the County's insurance coverage, and adverse results would therefore not have an unfavorable impact on the financial position or results of operations of the County.

Grants

The County is a recipient of numerous federal and state grants. These grants are administered by various federal and state agencies and are subject to compliance and financial audits by the respective agencies administering the grants. The elected officials and administrative department heads of the County believe they have substantially complied with the rules and regulations as specified under the grant agreements as well as the rules and regulations of the respective agencies for each grant.

Encumbrances

Significant outstanding encumbrances in the general fund as of December 31, 2018 include open purchase orders for emergency services telecommunications equipment and buses.

Construction Commitments

The County has entered into construction projects with various companies for airport and highway improvements. Amounts outstanding under these contracts totaled $1,571,000 at December 31, 2018.

Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2018	2017	2016	2015
County's proportion of the net pension position	0.1734721%	0.1693150%	0.1760075%	0.1753272%
County's proportionate share of the net pension liability	$ 5,598,716	$ 15,909,214	$ 27,663,795	$ 5,922,981
County's covered payroll	$ 39,169,505	$ 38,552,328	$ 35,616,706	$35,255,859
County's proportionate share of the net pension position as a percentage of its covered payroll	14.29%	41.27%	77.67%	16.80%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%

Data prior to 2015 is unavailable.

All amounts include the County's business-type activities.

The following is a summary of changes of assumptions:

	2016	2015
Inflation	2.5%	2.7%
Salary increases	3.8%	4.9%
Cost of living adjustments	1.3%	1.4%
Investment rate of return	7.0%	7.5%
Discount rate	7.0%	7.5%

Required Supplementary Information
Schedule of County Contributions
New York State and Local Employees' Retirement System

December 31,	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 5,782,799	$ 5,817,815	$ 5,600,055	$ 6,849,542	$ 7,220,585	$ 7,226,042
Contribution in relation to the contractually required contribution	(5,782,799)	(5,817,815)	(5,600,055)	(6,849,542)	(7,220,585)	(7,226,042)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 39,169,505	$ 38,552,328	$ 35,616,706	$ 35,255,859	$ 35,897,301	$ 36,205,583
Contributions as a percentage of covered payroll	14.76%	15.09%	15.72%	19.43%	20.11%	19.96%

Data prior to 2013 is unavailable.

All amounts include the County's business-type activities.

Required Supplementary Information
Schedule of Changes in the County's
Total OPEB Liability and Related Ratios

December 31, 2018

Total OPEB liability - beginning	$ 174,133,215
Changes for the year:	
Service cost	7,317,626
Interest	6,763,899
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	10,498,325
Benefit payments	(4,675,226)
Net change in total OPEB liability	19,904,624
Total OPEB liability - ending	$ 194,037,839
Covered-employee payroll	$ 42,210,424
Total OPEB liability as a percentage of covered-employee payroll	459.7%

Data prior to 2018 is unavailable.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program Grant Title	CFDA Number	Grantor Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed through New York State Department of Health:			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C-30398GG	$ 1,605,751 [1]
Passed through New York State Department of Family Assistance:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	901,137
Total U.S. Department of Agriculture			**2,506,888**
U.S. Department of Housing and Urban Development:			
Passed through New York State Division of Housing and Community Renewal:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	250-H0316-15	207,471
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	250-HO316-17	75,685
Continuum of Care Program	14.267	N/A	123,030
Total U.S. Department of Housing and Urban Development			**406,186**
U.S. Department of Justice:			
Passed through New York State Office of Victim Services:			
Crime Victim Assistance	16.575	OVS01-C20006GG-1080200	**155,297**
U.S. Department of Labor:			
Passed through New York State Office for the Aging:			
Senior Community Service Employment Program	17.235	N/A	32,159 [2]
Passed through New York State Department of Labor:			
WIOA Cluster:			
WIOA Adult Program	17.258	N/A	510,500
WIOA Youth Activities	17.259	N/A	360,445
WIOA Dislocated Worker Formula Grants	17.278	N/A	225,272
Total WIOA Cluster			1,096,217
Trade Adjustment Assistance	17.245	N/A	80,241
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	N/A	83,812
Total U.S. Department of Labor			**1,292,429**

[1] *includes subrecipient awards of $20,365*

[2] *includes subrecipient awards of $32,159*

See accompanying notes.

Supplementary Information
Schedule of Expenditures of Federal Awards (continued)

For the year ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program Grant Title	CFDA Number	Grantor Number	Federal Expenditures
U.S. Department of Transportation:			
Passed through New York State Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	D-032783	923,805
Highway Planning and Construction	20.205	D-034808	5,565
Highway Planning and Construction	20.205	D-035307	33,352
Highway Planning and Construction	20.205	D-035457	20,878
Highway Planning and Construction	20.205	D-035704	67,458
Total Highway Planning and Construction Cluster			1,051,058
Airport Improvement Program	20.106	7910.XX	3,883,456
Formula Grants for Rural Areas	20.509	C003760	420,331
Formula Grants for Rural Areas	20.509	C005741	178,000
Passed through New York State Governor's Traffic Safety Committee:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	HSG 2018-SO-00465	19,238
State and Community Highway Safety	20.600	PTS-2018-SO-00537	7,786
State and Community Highway Safety	20.600	HIS-2018-00173(08)	8,210 [3]
Occupant Protection Incentive Grants	20.602	CPS-2018-SO-00270	4,649
			39,883
Passed through New York State Division of Criminal Justice Services:			
Highway Safety Cluster:			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	C-523656	13,685
Total Highway Safety Cluster			53,568
Total U.S. Department of Transportation			**5,586,413**
U.S. Department of Education:			
Passed through New York State Department of Health:			
Special Education-Grants for Infants and Families	84.181	C31625GG	**19,578**

[3] *includes subrecipient awards of $2,805*

See accompanying notes.

Supplementary Information
Schedule of Expenditures of Federal Awards (continued)

For the year ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program Grant Title	CFDA Number	Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Passed through the New York State Department of Family Assistance:			
Temporary Assistance For Needy Families	93.558	N/A	5,095,956
Child Support Enforcement	93.563	N/A	497,783
Low-Income Home Energy Assistance	93.568	N/A	6,885,260
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	66,235
Foster Care_Title IV-E	93.658	N/A	1,358,692
Adoption Assistance	93.659	N/A	944,828
Social Services Block Grant	93.667	N/A	943,770
Chafee Foster Care Program for Succesful Transition to Adulthood	93.674	N/A	15,388
Child Care & Development	93.596	N/A	426,228
Passed through New York State Department of Health:			
Immunization Cooperative Agreements	93.268	C-028284	24,053
Medical Assistance Program	93.778	N/A	1,326,160
Preventive Health and Health Services Block Grant	93.991	C-30885GG	8,945
Maternal and Child Health Services Block Grant to the States	93.994	C-32654GG	21,894
Children's Health Insurance Program	93.767	N/A	56,549
Passed through New York State Department of Mental Hygiene:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	392,861 [4]
Passed through Health Research, Inc.:			
Public Health Emergency Preparedness	93.069	001593-11	18,000
Hospital Prepardness Program and Public Health Emergency Preparedness	93.074	001593-11	48,502
Passed through New York State Department of Mental Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	N/A	91,348 [5]

[4] *includes subrecipient awards of $392,861*
[5] *includes subrecipient awards of $91,348*

Supplementary Information
Schedule of Expenditures of Federal Awards (continued)

For the year ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program Grant Title	CFDA Number	Grantor Number	Federal Expenditures
Passed through New York State Office for the Aging:			
Aging Cluster:			
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	N/A	121,043 [6]
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	N/A	152,880 [7]
Nutrition Services Incentive Program	93.053	N/A	113,244 [8]
Total Aging Cluster			387,167
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	N/A	3,451 [9]
National Family Caregiver Support, Title III, Part E	93.052	N/A	39,026 [10]
Medicare Enrollment Assistance Program	93.071	N/A	13,380
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	N/A	22,640
Passed through New York State Office of Children and Family Services:			
Children's Justice Grants to States	93.643	C028071	91,678
Promoting Safe and Stable Families	93.556	N/A	71,093
Total U.S. Department of Health and Human Services			**18,850,887**
U.S. Department of Homeland Security:			
Passed through New York State Division of Homeland Security & Emergency Services:			
Emergency Management Performance Grants	97.042	T-969875	35,499
Homeland Security Grant Program	97.067	C-969860	29,541
Homeland Security Grant Program	97.067	C-969870	33,927
Homeland Security Grant Program	97.067	T-969852	2,779
Homeland Security Grant Program	97.067	C174369	2,650
Homeland Security Grant Program	97.067	C174379	72,320
Homeland Security Grant Program	97.067	C969850	107,820
Homeland Security Grant Program	97.067	T969882	370
Total U.S. Department of Homeland Security			**284,906**
Total Expenditures of Federal Awards			**$ 29,102,584**

[6] *includes subrecipient awards of $49,250*
[7] *includes subrecipient awards of $145,629*
[8] *includes subrecipient awards of $113,244*
[9] *includes subrecipient awards of $3,451*
[10] *includes subrecipient awards of $39,026*

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal award programs administered by the County of Clinton, New York (the County), an entity described in Note 1 of the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The basis of accounting used is consistent with the underlying regulations pertaining to the program and the governmental funds accounting in the financial statements.

The amounts reported as federal expenditures were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger, which is the source of the financial statements.

Indirect Costs

Indirect costs and administrative allowances are set by New York State or Federal awarding agencies by contractual rates. The County chose not to use the 10% de minimis indirect cost rate allowed by the Uniform Guidance.

2. Non-Cash Expenditures

The accompanying Schedule of Expenditures of Federal Awards includes $947,888 of vouchers paid directly to recipients by the New York State Department of Health for the Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA number 10.557, and payments to vendors made directly by the New York State Department of Family Assistance of $6,885,260 for Low-Income Home Energy Assistance, CFDA number 93.568. No amounts for the aforementioned programs have been reflected in the accompanying financial statements, as these vouchers are redeemed directly by the pass-through grantors.

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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*

The Honorable County of Clinton, New York Legislature
County of Clinton, New York

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Clinton, New York (the County) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 23, 2019. We conducted our audit 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. Our report includes a reference to other auditors who audited the financial statements of Clinton County Nursing Home (the Nursing Home) and Clinton Community College (the College), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of the College's internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Nursing Home were not audited in accordance with *Government Auditing Standards*.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

July 23, 2019

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Honorable County of Clinton, New York Legislature
County of Clinton, New York

Report on Compliance for Each Major Federal Program

We have audited the County of Clinton, New York's (the County's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of Clinton Community College (the College), a component unit, which received $4,575,495 in federal awards which is not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2018. Our compliance audit, described below, did not include the operations of the College because the component unit engaged other auditors to perform an audit in accordance with the Uniform Guidance for the year ended August 31, 2018.

Management's Responsibility

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

Auditors' 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* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

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

Lumsden & McCormick, LLP

July 23, 2019

Schedule of Findings and Questioned Costs

For the year ended December 31, 2018

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs

Name of Federal Program or Cluster	CFDA #	Total Expenditures
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	$ 1,605,751
Temporary Assistance for Needy Families	93.558	5,095,956
Social Services Block Grant	93.667	943,770
Highway Planning and Construction Cluster:		
Highway Planning and Construction	20.205	1,051,058
		$ 8,696,535

Dollar threshold used to distinguish between type A and type B programs:	$873,078
Auditee qualified as low-risk auditee?	Yes

Section II. Financial Statement Findings

No matters were reported.

***Section III. Federal Award* Findings and Questioned Costs**

No matters were reported.