

**COUNTY OF MADISON, NEW YORK**

**Financial Statements  
for the Year Ended December 31, 2017  
Together with  
Independent Auditor's Report**

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

## COUNTY OF MADISON, NEW YORK

### TABLE OF CONTENTS DECEMBER 31, 2017

---

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	i - iii
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) .....	iv - x
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-Wide Financial Statements -	
Statement of Net Position .....	1
Statement of Activities .....	2
Fund Financial Statements -	
Balance Sheet - Governmental Funds .....	3
Reconciliation of the Balance Sheet -	
Governmental Funds to the Statement of Net Position.....	4
Statement of Revenues, Expenditures, and	
Change in Fund Balances - Governmental Funds .....	5
Reconciliation of the Statement of Revenues,	
Expenditures, and Change in Fund Balances - Governmental Funds	
to the Statement of Activities .....	6
Proprietary Funds	
Statement of Net Position .....	7
Statement of Revenues, Expenses and Change in Net Position.....	8
Statement of Cash Flows.....	9
Fiduciary Funds	
Statement of Fiduciary Net Position .....	10
Notes to Basic Financial Statements .....	11 - 37
<b>REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):</b>	
Statement of Revenues, Expenditures, and Change in Fund Balances	
Budget and Actual - General Fund .....	38
Schedule of Funding Progress - Other Postemployment Benefits Plan.....	39
Schedule of Proportionate Share of Net Pension Liability .....	40
Schedule of Contributions - Pension plans .....	41
<b>SUPPLEMENTAL SCHEDULES:</b>	
Combining Balance Sheet - Nonmajor Governmental Funds.....	42
Combining Statement of Changes in Revenues, Expenditures, and Change	
in Fund Balances - Nonmajor Governmental Funds.....	43
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	44
Combining Statement of Revenues, Expenditures, and Change in	
Fund Balances - Nonmajor Special Revenue Funds.....	45

## COUNTY OF MADISON, NEW YORK

### TABLE OF CONTENTS

DECEMBER 31, 2017

(Continued)

---

#### REPORTS REQUIRED UNDER UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	46 - 47
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....	48 - 49
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - FOR THE YEAR ENDED DECEMBER 31, 2017.....	50 - 51
NOTES TO THE SCHEDULE OF EXPENDTUIURES OF FEDERAL AWARDS .....	52
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FOR THE YEAR ENDED DECEMBER 31, 2017.....	53

## INDEPENDENT AUDITOR'S REPORT

September 25, 2018

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Madison, New York (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the aggregate discretely presented component unit, which represents 100% of the assets, net position and revenues of the discretely presented component unit.

### ***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 or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Madison County Industrial Development Agency (IDA), which represents 100% of the assets, net position and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the IDA, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

(Continued)

i

## INDEPENDENT AUDITOR'S REPORT (Continued)

### *Opinions*

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Madison, New York as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Other Postemployment Benefits Plan Schedule of Funding Progress, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Contributions – Pension Plans be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and nonmajor governmental and special revenue fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**INDEPENDENT AUDITOR'S REPORT**  
(Continued)

**Other Matters (Continued)**

*Other Information (Continued)*

**Report on the Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Madison, New York (the County) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 25, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

*Bonadio & Co., LLP*

## COUNTY OF MADISON, NEW YORK

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2017

---

As management of the County of Madison, New York (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended December 31, 2017.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

##### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the County's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent 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 this statement for some items that will result in cash flows in future fiscal periods such as uncollected taxes and earned but unused vacation leave.

##### **Fund Financial Statements**

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

###### **• Governmental Funds**

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### Fund Financial Statements (Continued)

#### • **Governmental Funds (Continued)**

The County maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, County Road and the Capital Projects Funds, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Supplementary Information section of the financial statements.

#### • **Proprietary Funds**

- **Enterprise Funds** - account for those operations that are financed and operated in a manner similar to private business. The County's major enterprise fund is the Environmental Landfill Fund, while the the Worker's Compensation Fund is a non-major enterprise fund.

### Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Component Units

The government-wide financial statements include the primary government, the County, as well as its component unit, the Madison County Industrial Development Agency. Financial information for this entity is reported separately from the financial information presented for the primary government itself.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets/deferred outflow of resources of the County's governmental activities exceeded liabilities/deferred inflow of resources by \$81,266,569 at the close of 2017.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Table 1 – Summary Statement of Net Position

	Governmental 2017	Business-Type 2017	Governmental 2016	Business-Type 2016
<b>Assets:</b>				
Current assets	\$ 56,220,348	\$ 8,502,510	\$ 57,274,157	\$ 8,660,805
Capital assets, net	<u>117,442,907</u>	<u>14,730,347</u>	<u>112,958,272</u>	<u>14,860,681</u>
Total assets	<u>173,663,255</u>	<u>23,232,857</u>	<u>170,232,429</u>	<u>23,521,486</u>
Deferred outflows of resources	<u>9,040,569</u>	<u>347,353</u>	<u>18,638,720</u>	<u>689,970</u>
<b>Liabilities:</b>				
Current liabilities	22,922,539	5,363,755	25,281,920	10,106,714
Long-term liabilities	<u>74,691,649</u>	<u>12,882,549</u>	<u>75,141,802</u>	<u>8,672,821</u>
Total liabilities	<u>97,614,188</u>	<u>18,246,304</u>	<u>100,423,722</u>	<u>18,779,535</u>
Deferred inflow of resources	<u>3,823,067</u>	<u>113,930</u>	<u>4,215,138</u>	<u>120,974</u>
<b>Net Position:</b>				
Net investment in capital assets	103,918,308	7,903,410	97,366,387	8,206,228
Restricted	7,728,101	978,006	7,506,102	786,511
Unrestricted	<u>(30,379,840)</u>	<u>(3,661,440)</u>	<u>(20,640,200)</u>	<u>(3,681,792)</u>
Total net position	<u>\$ 81,266,569</u>	<u>\$ 5,219,976</u>	<u>\$ 84,232,289</u>	<u>\$ 5,310,947</u>

Total assets increased by \$3,142,197 mostly due to changes in capital assets. More specifically our infrastructure increased this year. Total liabilities decreased by \$3,342,765 mostly due to our BAN payment that was 1.3 million dollars. Total net position decreased to \$81 million at December 31, 2017 due to the changes described above offset by the decrease in deferred outflows associated with long-term pension obligations.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

See the Summary Statement of Activities (Table 2) below for a comparative look at the governmental and business-type activities from 2016 to 2017.

Table 2 – Summary Statement of Activities

	Governmental 2017	Business-Type 2017	Governmental 2016	Business-Type 2016
<b>Revenues</b>				
Program revenue:				
Charges for services	\$ 9,300,853	\$5,773,054	\$ 9,289,561	\$7,097,162
Operating grants and contributions	24,659,272	-	23,379,985	-
Capital grants and contributions	1,881,338	-	531,568	-
General revenue:				
Taxes and other tax items	69,628,299	-	64,776,962	-
Tobacco settlement	786,694	-	1,796,684	-
Off-track betting	42,064	-	69,478	-
OIN reacquired land payment	239,566	-	620,209	-
OIN State aid – tribal compact	3,500,000	-	3,500,000	-
OIN State aid – host community benefit	2,250,000	-	-	-
Sale of property and compensation loss	-	582,038	-	-
Use of money and property	133,806	18,006	126,376	4,411
State aid - landfill	-	32,368	-	71,546
Miscellaneous local sources	-	52,298	-	39,789
Transfers	-	-	20,000	(20,000)
Total revenue	<u>112,421,892</u>	<u>6,457,764</u>	<u>104,110,823</u>	<u>7,192,908</u>
<b>Expenses</b>				
General governmental support	29,168,083	-	25,666,398	-
Education	5,059,363	-	5,071,104	-
Public safety	19,301,824	-	18,522,641	-
Public health	7,931,644	-	7,759,670	-
Transportation	18,826,048	-	12,543,954	-
Economic assistance and opportunity	30,873,117	-	31,296,347	-
Culture and recreation	827,452	-	778,262	-
Home and community services	3,001,138	-	3,922,286	-
Interest on long-term debt	398,943	-	372,047	-
Environmental landfill	-	4,991,923	-	4,881,752
Worker's compensation	-	<u>1,556,812</u>	-	<u>2,006,471</u>
Total expenses	<u>115,387,612</u>	<u>6,548,735</u>	<u>105,932,709</u>	<u>6,888,223</u>
<b>Net Position</b>				
Change in net position	(2,965,720)	(90,971)	(1,821,886)	304,685
Net position – beginning of year	<u>84,232,289</u>	<u>5,310,947</u>	<u>86,054,175</u>	<u>5,006,262</u>
Net position – end of year	<u>\$ 81,266,569</u>	<u>\$ 5,219,976</u>	<u>\$ 84,232,289</u>	<u>\$ 5,310,947</u>

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

### **Governmental Activities**

- Revenues increased approximately \$8.3 Million in the current year mostly due to tax and other item increase and host community benefit revenue that occurred in 2017 and not in 2016 because this was the first year Yellow Brick Road Casino opened.
- Tobacco settlement revenues decrease, has been an overall trend in New York State in recent years. In 2016 there was an additional payment of \$865,269.

### **Business-Type Activities**

- Expenses were consistent year over year, while revenues were down more than \$500,000. Charges for services were down as a result of decreases in incinerator ash, bio-solids and workers compensation. Offset by sale of property of almost \$600,000.

## **GENERAL FUND FINANCIAL ANALYSIS**

### **General Fund Budget Analysis**

#### **Revenues**

- Revenues were originally budgeted at \$97,138,318 while actual was \$103,352,531 over budget was the result of host community benefits and sales tax.

#### **Expenditures**

- Expenditures were originally budgeted at \$90,104,772 while the actual was \$85,904,073.

#### **Interfund Transfers**

- Transfers In were less than \$30,000 and equaled the modified budget.
- Transfers Out were \$59,000 more than the modified budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2017 amounted to \$117,442,907 (net of accumulated depreciation). Net of accumulated depreciation in the business-type activities at December 31, 2017 is \$14,730,347. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways and bridges.

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

	<u>Governmental 2017</u>	<u>Business-Type 2017</u>	<u>Governmental 2016</u>	<u>Business-Type 2016</u>
Land	\$ 1,361,272	\$ 715,031	\$ 1,361,272	\$ 715,031
Construction in progress	13,542,776	7,807,030	13,486,763	7,164,649
Buildings	35,682,223	1,467,936	34,655,185	1,467,936
Improvements other than buildings	2,455,472	11,443,419	2,455,472	11,443,419
Infrastructure	153,019,444	1,197,446	146,096,569	1,197,446
Machinery and equipment	<u>29,671,958</u>	<u>5,355,230</u>	<u>28,515,526</u>	<u>5,277,081</u>
<b>Total cost</b>	<u>235,733,145</u>	<u>27,986,092</u>	<u>226,570,787</u>	<u>27,265,562</u>
Accumulated depreciation	(118,290,238)	(13,255,745)	(113,612,515)	(12,404,881)
<b>Total capital assets</b>	<u>\$117,442,907</u>	<u>\$14,730,347</u>	<u>\$112,958,272</u>	<u>\$14,860,681</u>

### Governmental Activities:

During 2017, buildings increased by 1,027,038 and infrastructure increased by \$6,922,875, as a result of bridges that were not completed until 2017. Machinery and equipment also increased by \$1,156,432. Depreciation expense of over \$5,500,000 was recorded in 2017.

### Business-type Activities:

During 2017 construction in progress increased by approximately \$642,380 as a result of Landfill cells 8 and 9 projects during the year. Depreciation expense of \$850,865 was recorded in 2017.

## CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

### Debt Administration

Table 4 –Debt Schedule

	<u>Governmental 2017</u>	<u>Business-Type 2017</u>	<u>Governmental 2016</u>	<u>Business-Type 2016</u>
Beginning outstanding debt	\$15,385,351	\$6,826,937	\$ 9,020,000	\$ -
Debt issued				
Short Term	4,000,000	-	5,300,000	6,826,937
Long Term	1,300,000	4,150,000	2,830,351	-
Scheduled debt payments	<u>(5,860,752)</u>	-	<u>(1,765,000)</u>	-
Ending outstanding debt	<u>\$14,824,599</u>	<u>\$10,976,937</u>	<u>\$15,385,351</u>	<u>\$ 6,826,937</u>

The County's statutory debt limitation is \$276,858,583. The County has used 9.3% of its limitation at the end of 2017, compared with 8.1 % at the end of 2016.

### ECONOMIC FACTORS AND FUTURE TRENDS

The unemployment rate for the County as of July 2018 is 4.6%, which compares to 5.2 for previous year. The New York State average is 4.5 % and the national unemployment rate is 3.9% as of July 2018 (*Source: New York State Department of Labor*).

As of July 2018, the Consumer Price Index for the area has increased 2.9 % compared to the previous year. The national average for the same period has risen 2.9% (*Source: Bureau of Labor Statistics*).

General Fund unassigned fund balance amounted to \$15,685,147 as of December 31, 2017. The County appropriated \$4,902,150 for spending in the 2017 budget.

The tax levy increased by \$785,766 to \$ 37,754,090, for the tax year 2018. At December 31, 2017, the County had a maximum taxing power of \$79,102,452 and had used 40.32% of its limit as compared with 39.85 for the previous year.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance & Payroll Office, 138 N. Court Street, Wampsville, New York 13163. Mailing address is P.O Box 575, Wampsville, NY 13163.

**MADISON COUNTY, NEW YORK**

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

	Primary Government			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit</u>
<b>ASSETS</b>				
Cash and cash equivalents, unrestricted	\$ 18,401,433	\$ 6,739,560	\$ 25,140,993	\$ 1,177,777
Cash and cash equivalents, restricted	7,728,101	978,006	8,706,107	-
Taxes receivable, net	7,165,906	-	7,165,906	-
Accounts receivable, net	2,780,408	543,862	3,324,270	-
Loans receivable	375,913	-	375,913	-
State and federal receivables	7,821,637	7,834	7,829,471	-
Due from other governments	222,644	-	222,644	-
Due from other funds	9,046,782	9,212	9,055,994	-
Prepaid expense	1,200,156	158,533	1,358,689	-
Inventories	1,477,368	65,503	1,542,871	-
Capital assets, net	<u>117,442,907</u>	<u>14,730,347</u>	<u>132,173,254</u>	<u>324,795</u>
Total assets	<u>173,663,255</u>	<u>23,232,857</u>	<u>196,896,112</u>	<u>1,502,572</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - relating to pensions	9,040,569	347,353	9,387,922	33,738
Total deferred outflows of resources	<u>9,040,569</u>	<u>347,353</u>	<u>9,387,922</u>	<u>33,738</u>
<b>LIABILITIES</b>				
Accounts payable and other accrued liabilities	5,918,744	234,493	6,153,237	13,993
Due to other governments	13,001,273	-	13,001,273	-
Bond anticipation notes	4,000,000	2,676,937	6,676,937	-
Other liabilities	2,522	2,204,957	2,207,479	-
Customer deposit payable	-	12,000	12,000	-
Due to other funds	-	235,368	235,368	-
Long-term liabilities -				
Due within one year	2,097,379	165,000	2,262,379	-
Due in more than one year	<u>72,594,270</u>	<u>12,717,549</u>	<u>85,311,819</u>	<u>78,919</u>
Total liabilities	<u>97,614,188</u>	<u>18,246,304</u>	<u>115,860,492</u>	<u>92,912</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - unearned revenue	857,805	-	857,805	-
Deferred inflows - relating to pensions	<u>2,965,262</u>	<u>113,930</u>	<u>3,079,192</u>	<u>-</u>
Total deferred inflows of resources	<u>3,823,067</u>	<u>113,930</u>	<u>3,936,997</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	103,918,308	7,903,410	111,821,718	324,795
Restricted	7,728,101	978,006	8,706,107	56,811
Unrestricted	<u>(30,379,840)</u>	<u>(3,661,440)</u>	<u>(34,041,280)</u>	<u>1,061,792</u>
Total net position	<u>\$ 81,266,569</u>	<u>\$ 5,219,976</u>	<u>\$ 86,486,545</u>	<u>\$ 1,443,398</u>

The accompanying notes are an integral part of these statements.

**MADISON COUNTY, NEW YORK**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities -							
General government support	\$ 29,168,083	\$ 3,482,781	\$ 586,571	\$ -	\$ (25,098,731)	\$ -	\$ (25,098,731)
Education	5,059,363	334,484	1,306,533	-	(3,418,446)	-	(3,418,446)
Public safety	19,301,824	566,181	1,364,876	1,881,338	(15,489,429)	-	(15,489,429)
Public health	2,365,969	3,075,286	-	(2,490,389)	-	-	(2,490,389)
Transportation	18,826,048	1,025,624	4,603,832	-	(13,196,592)	-	(13,196,592)
Economic assistance and opportunity	30,873,117	851,278	12,753,179	-	(11,268,660)	-	(11,268,660)
Culture and recreation	827,452	450	230,877	-	(596,125)	-	(596,125)
Home and community services	3,001,138	674,086	738,218	-	(1,568,834)	-	(1,568,834)
Interest on long-term debt	398,943	-	-	-	(398,943)	-	(398,943)
<b>Total governmental activities</b>	<b>115,387,612</b>	<b>9,300,553</b>	<b>24,659,272</b>	<b>1,881,338</b>	<b>(79,546,149)</b>	<b>-</b>	<b>(79,546,149)</b>
Business-type activities -							
Environmental landfill	4,991,923	4,213,797	-	-	(778,126)	-	(778,126)
Workers' Compensation Fund	1,556,812	1,559,257	-	-	2,445	2,445	2,445
<b>Total business-type activities</b>	<b>6,548,735</b>	<b>5,773,054</b>	<b>-</b>	<b>-</b>	<b>(775,681)</b>	<b>-</b>	<b>(775,681)</b>
<b>Total primary government</b>	<b>\$ 121,936,347</b>	<b>\$ 15,073,907</b>	<b>\$ 24,659,272</b>	<b>\$ 1,881,338</b>	<b>(79,546,149)</b>	<b>(775,681)</b>	<b>(80,321,830)</b>
<b>COMPONENT UNIT:</b>							
Proprietary -							
Madison County Industrial Development Agency	\$ 476,086	\$ 15,500	\$ 279,609	\$ -	\$ -	\$ -	\$ -
<b>GENERAL REVENUES AND TRANSFERS:</b>							
Taxes:							
Real property taxes and real property tax items					39,281,848	-	39,281,848
Sales tax					29,340,274	-	29,340,274
Other non-property tax items					1,006,177	-	1,006,177
Tobacco settlement					786,694	-	786,694
Off-track betting					42,064	-	42,064
Oneida Indian Nation state aid tribal compact					3,500,000	-	3,500,000
Oneida Indian Nation state aid host community benefit					2,250,000	-	2,250,000
Oneida Indian Nation reacquired land and payment					239,566	-	239,566
Sale of property and compensation for loss					133,806	18,006	582,038
Use of money and property					-	151,812	-
State and federal aid - landfill					-	32,368	32,368
Miscellaneous local sources					-	52,298	52,298
<b>Total general revenues and transfers</b>	<b>\$ 76,580,429</b>	<b>\$ 684,710</b>	<b>\$ 77,265,139</b>	<b>\$ 1,885</b>	<b>\$ 1,885</b>	<b>\$ 1,885</b>	<b>\$ 1,885</b>
Change in net position	<b>(2,965,720)</b>	<b>(90,971)</b>	<b>(3,056,691)</b>	<b>(179,092)</b>	<b>(179,092)</b>	<b>(179,092)</b>	<b>(179,092)</b>
Net position - beginning of year	<b>84,232,289</b>	<b>5,310,947</b>	<b>89,543,236</b>	<b>1,622,490</b>	<b>1,622,490</b>	<b>1,622,490</b>	<b>1,622,490</b>
Net position - end of year	<b>\$ 81,266,559</b>	<b>\$ 5,219,976</b>	<b>\$ 86,486,545</b>	<b>\$ 1,443,398</b>	<b>\$ 1,443,398</b>	<b>\$ 1,443,398</b>	<b>\$ 1,443,398</b>

The accompanying notes are an integral part of these statements.

**MADISON COUNTY, NEW YORK**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>County Road Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents, unrestricted	\$ 12,683,844	\$ 2,613,166	\$ 1,267,111	\$ 1,837,312	\$ 18,401,433
Cash and cash equivalents, restricted	5,129,568	213,859	138,415	2,246,259	7,728,101
Taxes receivable, net	7,165,906	-	-	-	7,165,906
Accounts receivable, net	1,929,788	-	24,107	826,513	2,780,408
Loans receivable	-	-	-	375,913	375,913
State and federal aid receivable	7,211,037	297,497	313,103	-	7,821,637
Due from other governments	-	222,644	-	-	222,644
Due from other funds	13,666,439	502,886	5,631	295,175	14,470,131
Prepaid expenditures	1,028,390	-	137,461	34,305	1,200,156
Inventories	133,194	-	838,398	505,776	1,477,368
<b>Total assets</b>	<b>\$ 48,948,166</b>	<b>\$ 3,850,052</b>	<b>\$ 2,724,226</b>	<b>\$ 6,121,253</b>	<b>\$ 61,643,697</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable and other accrued liabilities	\$ 4,565,371	\$ 789,042	\$ 396,591	\$ 167,740	\$ 5,918,744
Due to other governments	13,001,273	-	-	-	13,001,273
Bond anticipation notes	-	4,000,000	-	-	4,000,000
Other liabilities	2,522	-	-	-	2,522
Due to other funds	45,146	4,179,077	1,103,306	95,820	5,423,349
<b>Total liabilities</b>	<b>17,614,312</b>	<b>8,968,119</b>	<b>1,499,897</b>	<b>263,560</b>	<b>28,345,888</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>3,003,523</b>	<b>-</b>	<b>222,583</b>	<b>1,180,467</b>	<b>4,406,573</b>
<b>FUND BALANCES:</b>					
Nonspendable	1,161,584	-	975,859	540,081	2,677,524
Restricted	5,129,568	213,859	138,415	2,246,259	7,728,101
Assigned	6,354,032	-	-	1,890,886	8,244,918
Unassigned	15,685,147	(5,331,926)	(112,528)	-	10,240,693
<b>Total fund balances</b>	<b>28,330,331</b>	<b>(5,118,067)</b>	<b>1,001,746</b>	<b>4,677,226</b>	<b>28,891,236</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 48,948,166</b>	<b>\$ 3,850,052</b>	<b>\$ 2,724,226</b>	<b>\$ 6,121,253</b>	<b>\$ 61,643,697</b>

The accompanying notes are an integral part of these statements.

**MADISON COUNTY, NEW YORK**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2017**

---

Total fund balances - governmental funds \$ 28,891,236

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the funds. 117,442,907

Certain revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are unearned in the funds. 3,548,768

Long-term liabilities are not due in the current period and, therefore, are not reported in the funds. They are as follows:

Compensated absences	(4,019,613)
Bonds payable	(6,945,000)
Unamortized bond premium	(145,086)
Installment purchase debt	(2,579,599)
Net pension liability	(10,650,010)
Other postemployment benefits	(50,352,341)

Deferred outflows/inflows of resources related to pensions are applicable to future periods and; therefore are not reported in the funds.

Deferred outflow - pension related	9,040,569
Deferred inflow - pension related	(2,965,262)

Total net position of governmental activities \$ 81,266,569

The accompanying notes are an integral part of these statements.

MADISON COUNTY, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Capital Projects Fund	County Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real property taxes	\$ 38,085,213	\$ -	\$ -	\$ 7,000	\$ 38,092,213
Real property tax items	1,316,381	-	-	-	1,316,381
Non-property tax items	29,910,949	-	-	-	29,910,949
Departmental income	5,691,952	-	435,502	667,877	6,795,331
Intergovernmental charges	161,367	-	938,704	677	1,100,748
Use of money and property	169,400	3,398	1,274	11,278	185,350
Licenses and permits	14,969	-	-	-	14,969
Fines and forfeitures	108,403	-	-	-	108,403
Sale of property and compensation for loss	990,657	-	14,003	73,076	1,077,736
Miscellaneous local sources	1,733,361	2,886	(106)	29,486	1,765,627
Interfund revenues	90,071	-	63,020	721,760	874,851
State aid	17,804,144	2,462,008	3,811,550	44,677	24,122,379
Federal aid	7,275,664	100,386	-	682,501	8,058,551
 Total revenues	 103,352,531	 2,568,678	 5,263,947	 2,238,332	 113,423,488
<b>EXPENDITURES:</b>					
Current -					
General governmental support	25,395,371	2,936,420	-	-	28,331,791
Education	4,969,933	-	-	-	4,969,933
Public safety	15,714,045	2,692,921	-	15,862	18,422,828
Public health	6,976,673	-	-	-	6,976,673
Transportation	305,154	2,823,084	11,075,961	2,963,562	17,167,761
Economic assistance and opportunity	28,249,223	742,334	-	661,058	29,652,615
Culture and recreation	765,389	-	-	-	765,389
Home and community services	1,671,816	65,109	-	1,042,638	2,779,563
Employee benefits	1,856,469	-	1,790,759	212,684	3,859,912
Debt service -					
Principal	-	-	-	1,860,752	1,860,752
Interest	-	105,546	-	431,736	537,282
 Total expenditures	 85,904,073	 9,365,414	 12,866,720	 7,188,292	 115,324,499
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<u>17,448,458</u>	<u>(6,796,736)</u>	<u>(7,602,773)</u>	<u>(4,949,960)</u>	<u>(1,901,011)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds of obligations	-	1,300,000	-	-	1,300,000
Operating transfers - in	29,546	3,290,723	7,378,306	4,662,293	15,360,868
Operating transfers - out	(12,713,988)	-	(2,646,880)	-	(15,360,868)
 Total other financing sources (uses)	 (12,684,442)	 4,590,723	 4,731,426	 4,662,293	 1,300,000
<b>CHANGE IN FUND BALANCE</b>					
	4,764,016	(2,206,013)	(2,871,347)	(287,667)	(601,011)
<b>FUND BALANCE - beginning of year</b>					
	<u>23,566,315</u>	<u>(2,912,054)</u>	<u>3,873,093</u>	<u>4,964,893</u>	<u>29,492,247</u>
<b>FUND BALANCE - end of year</b>					
	<u>\$ 28,330,331</u>	<u>\$ (5,118,067)</u>	<u>\$ 1,001,746</u>	<u>\$ 4,677,226</u>	<u>\$ 28,891,236</u>

The accompanying notes are an integral part of these statements.

**MADISON COUNTY, NEW YORK**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN  
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Net change in fund balances - governmental funds \$ (601,011)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays	10,557,666
Depreciation	<u>(5,680,373)</u>
	4,877,293

Losses from the disposition of capital assets are not recorded on the fund financial statements but are recorded on the government-wide financial statements. (392,658)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (126,745)

Principal payments on debt service are reported as an expenditure in the governmental funds, and therefore reduces fund balance because current financial resources have been used. These payments are not an expense in the statement of activities. 1,860,752

Proceeds from the issuance of serial bonds is an other financing source in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position. (1,300,000)

Premiums on bonds are recorded as revenue at the fund level but recorded in debt on the statement of net position and amortized in the statement of activities. This amount represents the net current year effect. 61,448

Accrued interest on bonds is an expenditure in the statement of activities of the government-wide statement, but is not reported an expenditure in the governmental funds. This amount represents the current year change. 76,891

Compensated absences are reported in the statement of activities, but do not require the use of current financial resources and, therefore, these are not reported as expenditures in governmental funds. This represents the current year change. (347,690)

Other postemployment benefits are included in the statement of activities, but are not considered an expenditure in the governmental funds. This represents the current year change. (5,251,314)

Net pension liability and deferred inflows and outflows associated are included in the statement of activities, but are not reported as expenditures in the governmental funds. The following represent the current year changes:

Net pension liability	7,473,069
Deferred outflows of resources	(9,598,151)
Deferred inflows of resources	<u>302,396</u>

Change in net position of governmental activities \$ (2,965,720)

**MADISON COUNTY, NEW YORK**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**DECEMBER 31, 2017**

	Business Type Activities - Enterprise Funds		
	Environmental Landfill Fund	Workers' Compensation Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents, unrestricted	\$ 4,595,210	\$ 2,144,350	\$ 6,739,560
Cash and cash equivalents, restricted	978,006	-	978,006
Accounts receivable, net	543,862	-	543,862
State and federal receivables	7,834	-	7,834
Due from other funds	9,212	-	9,212
Prepaid expense	38,533	120,000	158,533
Inventories	65,503	-	65,503
Capital assets, net	<u>14,730,347</u>	<u>-</u>	<u>14,730,347</u>
Total assets	<u>20,968,507</u>	<u>2,264,350</u>	<u>23,232,857</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - relating to pensions	<u>347,353</u>	<u>-</u>	<u>347,353</u>
Total deferred outflows of resources	<u>347,353</u>	<u>-</u>	<u>347,353</u>
<b>LIABILITIES</b>			
Accounts payable and other accrued liabilities	178,011	56,482	234,493
Short-term EFC financing	2,676,937	-	2,676,937
Other liabilities	-	2,204,957	2,204,957
Customer deposit payable	12,000	-	12,000
Due to other funds	235,368	-	235,368
Long-term liabilities -			
Due within one year	165,000	-	165,000
Due in more than one year	<u>12,717,549</u>	<u>-</u>	<u>12,717,549</u>
Total liabilities	<u>15,984,865</u>	<u>2,261,439</u>	<u>18,246,304</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - relating to pensions	<u>113,930</u>	<u>-</u>	<u>113,930</u>
Total deferred inflows of resources	<u>113,930</u>	<u>-</u>	<u>113,930</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,903,410	-	7,903,410
Restricted	978,006	-	978,006
Unrestricted	<u>(3,664,351)</u>	<u>2,911</u>	<u>(3,661,440)</u>
Total net position	<u>\$ 5,217,065</u>	<u>\$ 2,911</u>	<u>\$ 5,219,976</u>

The accompanying notes are an integral part of these statements.

MADISON COUNTY, NEW YORK

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Business Type Activities - Enterprise Funds</u>			
	<u>Environmental Landfill Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 4,213,797	\$ 1,559,257	\$ 5,773,054
Total operating revenues	<u>4,213,797</u>	<u>1,559,257</u>	<u>5,773,054</u>
<b>OPERATING EXPENSES:</b>			
Personal services	1,094,074	-	1,094,074
Employee benefits	517,074	-	517,074
Other postemployment benefit expense	217,906	-	217,906
Contractual expense	2,199,227	1,556,812	3,756,039
Depreciation	<u>823,695</u>	<u>-</u>	<u>823,695</u>
Total operating expenses	<u>4,851,976</u>	<u>1,556,812</u>	<u>6,408,788</u>
Operating income (loss)	<u>(638,179)</u>	<u>2,445</u>	<u>(635,734)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Use of money and property	17,540	466	18,006
State and federal aid	32,368	-	32,368
Miscellaneous local sources	52,298	-	52,298
Sale of property and compensation for loss	582,038	-	582,038
Interest expense	<u>(139,947)</u>	<u>-</u>	<u>(139,947)</u>
Total non-operating revenues	<u>544,297</u>	<u>466</u>	<u>544,763</u>
<b>CHANGE IN NET POSITION</b>			
	(93,882)	2,911	(90,971)
NET POSITION - beginning of year	<u>5,310,947</u>	<u>-</u>	<u>5,310,947</u>
NET POSITION - end of year	<u>\$ 5,217,065</u>	<u>\$ 2,911</u>	<u>\$ 5,219,976</u>

The accompanying notes are an integral part of these statements.

MADISON COUNTY, NEW YORK

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business Type Activity - Enterprise Funds		
	Environmental Landfill Fund	Workers' Compensation Fund	Total
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Cash received from customers and users	\$ 4,111,103	\$ 1,824,000	\$ 5,935,103
Cash payments for contractual services	(2,899,312)	(1,554,844)	(4,454,156)
Cash payments for salaries and benefits	(1,561,693)	-	(1,561,693)
Net cash flow from operating activities	(349,902)	269,156	(80,746)
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Cash received from operating grants	99,154	-	99,154
Transfers from/(to) other funds	62,480	-	62,480
Net cash flow from non-capital financing activities	161,634	-	161,634
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Cash outlay for capital assets, net	(693,359)	-	(693,359)
Sales of property and compensation for loss	582,038	-	582,038
Interest	(139,947)	-	(139,947)
Net cash flow from capital and related financing activities	(251,268)	-	(251,268)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Cash received from interest and dividends	17,540	466	18,006
Net cash flow from investing activities	17,540	466	18,006
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>			
CHANGE IN CASH AND CASH EQUIVALENTS - beginning of year	(421,996)	269,622	(152,374)
CASH AND CASH EQUIVALENTS - end of year	5,995,212	1,874,728	7,869,940
CASH AND CASH EQUIVALENTS - end of year	\$ 5,573,216	\$ 2,144,350	\$ 7,717,566
Cash and cash equivalents - unrestricted	\$ 4,595,210	\$ 2,144,350	\$ 6,739,560
Cash and cash equivalents - restricted	978,006	-	978,006
Total cash and cash equivalents	\$ 5,573,216	\$ 2,144,350	\$ 7,717,566
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (638,179)	\$ 2,445	\$ (635,734)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	823,695	-	823,695
Changes in:			
Accounts receivable	(102,694)	-	(102,694)
Due from other governments	-	264,743	264,743
Prepaid expense	(5,177)	-	(5,177)
Inventories	7,448	-	7,448
Deferred outflows of resources - pension	342,617	-	342,617
Accounts payable and other liabilities	(807,439)	1,607	(805,832)
Other liabilities	-	361	361
Other postemployment benefits	217,906	-	217,906
Net pension liability	(261,757)	-	(261,757)
Compensated absences	(22,844)	-	(22,844)
Landfill closure/post-closure	103,566	-	103,566
Deferred inflows of resources - pension	(7,044)	-	(7,044)
Net cash flow from operating activities	\$ (349,902)	\$ 269,156	\$ (80,746)

The accompanying notes are an integral part of these statements.

**MADISON COUNTY, NEW YORK**

**STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2017**

---

	<u>Agency</u> <u>Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,934,157
Accounts receivable	<u>1,907,356</u>
 Total assets	 <u>9,841,513</u>
<b>LIABILITIES</b>	
Due to other funds	8,820,626
Agency liabilities	<u>1,020,887</u>
 Total liabilities	 <u>\$ 9,841,513</u>

The accompanying notes are an integral part of these statements.

## COUNTY OF MADISON, NEW YORK

### NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

---

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Financial Reporting Entity**

The County of Madison, New York (the County), which was incorporated in 1806, is governed by County Law and other general laws of the State of New York and various local laws. The Board of Supervisors, which is the legislative body responsible for the overall operations of the County, consists of nineteen members with each member's vote weighted on the basis of population in the town or district represented. The Chairman of the Board of Supervisors serves as the Chief Executive Officer. The County Treasurer serves as the Chief Fiscal Officer and Budget Officer.

The basic services provided are highway maintenance, social services, health services, public safety, cultural and recreational programs, and certain administrative and other services.

All governmental activities and functions performed for Madison County are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is Madison County, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by standards set by the Governmental Accounting Standards Board (GASB).

##### **Component Units**

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB 14 and 39 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the Madison County's reporting entity.

The Madison County Industrial Development Agency (IDA or Agency) is a public benefit corporation created by the State Legislature to promote the economic welfare, recreation opportunities, and property of the inhabitants of the County. Members of the Agency are appointed by the County Board of Supervisors and the County has the ability to impose its will and significantly influence the IDA. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The County is not liable for Agency bonds and exercises no oversight responsibility. The IDA is a component unit of the County, and is discretely presented.

Complete financial statements of the Madison County Industrial Development Agency may be obtained from its administrative office:

Madison County Industrial Development Agency  
3215 Seneca Turnpike  
Canastota, NY 13032

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

### **Basis of Presentation**

#### **• Government-wide Financial Statements**

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) concentrate on the County as a whole and do not emphasize fund types but rather governmental and business-type activities classification, which are presented separately. The governmental activities and business-type activities comprise the primary government and are reported separately from the discretely presented component units of the County. General governmental and intergovernmental revenues support the governmental activities, whereas the business-type activities are primarily supported by user fees and charges for services.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources to those funds are not available to support the County's own programs.

The Statement of Activities reflects the expenses of a given function or segment and the extent they are offset by program revenue. Program revenue is defined as charges for services, operating grants and contributions, and capital grants and contributions, directly associated within a given function. Taxes and other revenues not associated with a specific function are reported as general revenue.

The effect of interfund activity has been removed from the government-wide financial statements.

#### **• Fund Financial Statements**

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

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

- a) **Major Governmental Funds**

- **General Fund** - the principal operating fund and includes all operations not accounted for and reported in another fund.
    - **Capital Projects Fund** - used to account for financial resources to be used for the acquisition, construction or renovation of capital facilities other than those financed by the enterprise funds.
    - **County Road Fund** - special revenue fund used to account for expenditures for highway purposes authorized by Section 114 of Highway Law.

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

### Basis of Presentation (Continued)

#### • Fund Financial Statements (Continued)

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

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

- Special Revenue Funds - used to account for taxes, user fees, or other revenues, which are raised or received to provide special services to areas that may or may not encompass the whole County. The following are non-major special revenue funds utilized by the County:
  - Community Development Fund - used to account for grants which are furnished by the US Department of Housing and Urban Development for various Community Development Projects.
  - Cowaselon Creek Watershed Protection District Fund - used to account for maintenance and preservation of the Cowaselon Creek watershed district.
  - Law Enforcement Trust Fund - used to account for proceeds of drug activities that are seized and/or forfeited and used solely for drug enforcement.
  - Road Machinery Fund - used to account for the purchase, repair, maintenance and storage of highway machinery, tools and equipment pursuant to Section 133 of the Highway Law.
  - Sewer District Fund - used to account for taxes or other revenues which are raised or received to provide special services to an area that encompasses less than the entire County.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on general obligation long-term debt. Debt service funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

#### Proprietary Fund Types

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

- Enterprise Funds - used to account for those operations that are financed and operated in a manner similar to private business. The Enterprise Funds are:
  - Environmental Landfill Fund - used to account for the financial activities of the County's landfill. The Environmental Landfill Fund is recognized as a major fund.
  - Workers' Compensation Fund - used to account for the financial activities of a Workers' Compensation Insurance Public Entity Risk Pool. The Worker's Compensation Fund is presented as a non-major proprietary fund.

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

### **Basis of Presentation (Continued)**

#### **• Fund Financial Statements (Continued)**

##### **Fiduciary Funds**

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

- Agency Funds - used to account for money and/or property received and held in a purely custodial capacity of the trustee, custodian or agent.

### **Basis of Accounting/Measurement Focus**

#### **• Accrual**

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

#### **• Modified Accrual**

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are deemed measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes receivable, which use a 60-day available period.

Material revenues that are accrued include real property taxes, state and federal aid, distributed sales taxes, certain user charges, and some departmental fees. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

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

### **Basis of Accounting/Measurement Focus (Continued)**

#### **• Modified Accrual (Continued)**

Expenditures are recorded when incurred except that:

- a) Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursement.
- b) Principal and interest on indebtedness are not recognized as an expenditure until due and paid.
- c) Compensated absences, such as vacation and compensatory time which vests or accumulates, are charged as an expenditure when paid.
- d) Net pension liability is charged as an expenditure when paid.
- e) Other post-employment benefits are charged as an expenditure when paid.

### **State and Federal Receivables and Accounts Receivable**

These account includes reimbursement claims for various grant-in-aid programs from State and Federal agencies. Management does not believe an allowance for doubtful accounts is necessary.

### **Prepaid Expense/Expenditures**

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

### **Inventories**

The County uses the purchase method of accounting for inventories. At the end of the period, material and supplies inventories are taken and significant inventories are recorded as an asset with an offset to reserve for inventories referred to as nonspendable fund balance. Inventories are valued at cost using the first-in, first-out (FIFO) method.

### **Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a use of resources that applies to a future period and so will not be recognized as an outflow (expense/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. Deferred inflows of resources in the General Fund relate primarily to property taxes. See footnote 9 for understanding of deferred inflows of resources in the non-major Community Development Fund.

### **Long-Term Obligations**

Long-term obligations represent the County's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the government-wide statements.

### **Compensated Absences**

Under the terms of the personnel policies and union contracts, County employees, other than elected officials, are granted personal, vacation and sick leave credits and may accumulate these credits as follows:

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

### Compensated Absences (Continued)

*Personal Leave* – Employees are granted from between three and five days personal leave each year depending on their contracts, coverage, and hiring date. At December 31 of each year, all unused personal leave is converted to sick leave. Employees are not paid for the value of their unused personal leave credits upon termination.

*Sick Leave* – Employees are granted sick leave credits ranging from one-half day per month to one day per month, depending on their contracts and hiring date. All covered employees are allowed to accumulate up to 165 days of sick leave credits, except those in the White Collar Bargaining Unit and those covered by the Management Compensation Plan, who are allowed to accumulate up to 200 days of sick leave. Depending on contract and hiring date, employees are allowed to buy-back sick leave credits. The buy-back of sick leave credits is limited to those days in excess of 100 days accumulated and may not exceed 30 days of buy-back credits. In addition, the benefit buy-back is paid at 50% of the employee's current hourly rate. Employees at termination, except those in the Management Compensation Plan, with at least 10 years of service, are compensated from a minimum of between 10 and 20 days of accumulated sick leave and as many as between 20 and 60 days depending on contract and length of service.

*Vacation Leave* – Employees are granted vacation leave credits ranging from 10 days to 20 days depending on contract and years of service. The maximum accumulation per employee is 40 days. Full time employees, except those in the Nurses Bargaining Unit, may receive up to 30 days' pay in lieu of vacation time. Employees receive payment at termination from 10 days to 40 days of vacation leave credits depending on contract and years of service.

*Terminal Benefits* – Most employees in the Management Compensation Plan receive additional termination benefits ranging from two weeks to ten weeks depending on years of service, up to a maximum of \$15,000 upon termination for any reason except discharge.

### Capital Assets

All capitalized assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly increase the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are not reported in the governmental funds and additions are recorded as expenditures.

Standard capitalization thresholds for capitalizing assets have been established for each major class of assets as summarized below:

	<u>Class of Asset</u>	<u>Threshold</u>
Land		All
Land Improvements		All
Construction in Progress		Aggregate costs
Buildings/Building Improvements		\$20,000
Improvements other than buildings		10,000
Infrastructure		50,000
Machinery and Equipment		1,000

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

### **Capital Assets (Continued)**

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

<u>Asset Category</u>	<u>Useful Life</u>
Land	Not depreciable
Construction in Progress	Not depreciable
Buildings/Building Improvements	25-50 years
Improvements other than buildings	15-20 years
Infrastructure	10-65 years
Machinery and Equipment	5-30 years

### **Operating and Non-operating Revenues and Expenses**

The County distinguishes between operating revenues expenses from non-operating items. Operating revenues are comprised of charges for services while non-operating revenues include state and federal aid and miscellaneous sources. Operating expenses are the result of operating the landfill and contractual charges in the Workers Compensation Fund. Non-operating expenses include interest expense.

### **Equity Classifications**

- Government-Wide Statements**

Equity is classified as net position and displayed in three components:

- Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - consists of net position with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors, or laws or regulations for other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

The County's policy is to use restricted resources prior to utilizing unrestricted funds.

- Fund Statements**

Accounting standards generally accepted in the United States provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balances**

These are amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. Nonspendable fund balance is comprised of prepaid assets and inventory.

- Restricted Fund Balances**

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

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

### Equity Classifications (Continued)

- **Fund Statements**

- **Committed Fund Balances**

These are amounts that can be used only for specific purposes determined by a formal action of the Board of Supervisors prior to year-end. The Board of Supervisors is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Supervisors.

- **Assigned Fund Balances**

These are amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes, or positive remaining fund balance in a fund other than General Fund. It is at the discretion of the Board of Supervisors or its designee to make assignments as it sees fit. At December 31, 2017, assigned fund balance in the General Fund comprises \$4,902,150 for appropriated amounts in the 2018 budget and \$1,451,882 for encumbrances.

- **Unassigned Fund Balances**

These are amounts within the General Fund that do not meet the definition of the above four classifications and are deemed to be available for general use by the County. In addition, any remaining negative fund balance for funds other than the General Fund is considered unassigned fund balance.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Supervisors has provided otherwise in its commitment or assignment actions.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Budget Policies

The County's budget policies are as follows:

- (1) No later than November 15, the Budget Officer submits a tentative budget to the Board of Supervisors for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for the General, Part County Watershed Protection District, County Road, Road Machinery, Enterprise Environmental Landfill, Part County Sewer District, and Debt Service funds.
- (2) After public hearings are conducted to obtain taxpayer comments, the Board of Supervisors generally makes, by resolution, modifications to the tentative budget and adopts the budget no later than December 20.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

### **Budget Policies (Continued)**

- (3) Most modifications of the budget must be approved by the Board of Supervisors. The Board has authorized transfers of immaterial amounts within department budget line items by coordination of the County Administrator, Budget Officer, and the department head. Revisions that alter the total appropriation of any department or fund are approved by resolution of the Board of Supervisors.
- (4) Budgetary controls are established for the Capital Projects Fund through resolutions establishing the projects. These controls remain in effect throughout the life of the project.
- (5) A budget is prepared for the Enterprise Environmental Landfill Fund to establish the estimated contributions required from other funds and to control expenditures.
- (6) Appropriations in all budgeted funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-apportioned in the subsequent year.

## **3. PROPERTY TAXES AND COLLECTION**

County real property taxes are levied annually, no later than December 31 of each year for the following fiscal year, and become a tax lien on January 1. For fiscal year 2017, the County's real property tax levy (for county-wide purposes) was \$36,968,324 and the composite tax rate was \$9.15940.

Taxes are collected by the town tax collectors during the period January 1 to the expiration of their warrant, which is generally April 30. No later than May 10, the delinquent taxes are returned by the tax collectors to the County Treasurer for the enforcement of the collection of the delinquent tax. Taxes for County purposes are levied together with taxes for town and special district purposes as a single tax bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined tax bill. The collection of County taxes levied on properties within the City of Oneida is enforced by the City, and the County receives the full amount of such taxes from the City within the year of the levy.

The County guarantees the real property tax levies of the towns, villages and school districts located within the county, except city school district taxes on property located within the City of Oneida. The County guarantees the Oneida City School District taxes in the towns of Lenox and Lincoln upon payment or tax foreclosure. At December 31, 2017, the County reflected liabilities to the non-city school districts of \$4,577,174, the city school district of \$220,892 and the villages of \$311,728, for amounts of real property taxes that the County had assumed responsibility for collecting. The County will pay the respective school districts and villages the amounts owed by April 1, and these are included in the amounts due to other governments in the accompanying financial statements. Any such taxes remaining unpaid at year-end are relieved as County taxes on December 31.

At December 31, 2017, the total real property taxes receivable was \$7,165,906 (after deduction of an allowance for uncollectible taxes of \$925,000).

#### **4. TAX ABATEMENTS**

As of December 31, 2017, the County tax abatement programs include abatements on property taxes, sales taxes and mortgage recording taxes. All abatement agreements are made by various area industrial development agencies, cities and townships.

All property tax abatements are performed through Payments in Lieu of Taxes (PILOT) agreements made by various area industrial development agencies, cities and townships. The PILOT agreements are made to support manufacturing, utilities and other purposes. Total amounts received from PILOT agreements in each of these categories for the year ended December 31, 2017 are as follows:

Manufacturing	\$ 7,558
Housing/apartments	37,847
Other	6,856

PILOT agreements entered into by various area industrial development agencies, cities and townships abated \$152,513 of County property taxes in 2017.

#### **5. SALES AND USE TAX**

The County of Madison receives a 4% local sales and use tax on all collections in the County. For sales and use tax imposed inside the City of Oneida, the County receives its 2% share from the State of New York. For sales and use tax imposed outside the City of Oneida, the County receives a 4% local sales and use tax and by State statute, must share 50% of this gross sales tax with towns or villages within the County.

The towns' and villages' 50% share is distributed to each municipality based on the percentage each contributes toward the annual County tax levy. Eight villages and two towns have opted to receive their sales tax distribution as a direct payment and can use the sales tax revenue for any purpose. The other two villages and 13 townships, by State statute, must first have their sales tax distribution used to reduce their respective County taxes based on the percentage each contributes to the annual County tax levy. Any sales tax surplus at the end of the year is used to reduce the ensuing year's town tax rates.

On June 1, 2004, the County increased its local sales and use tax from 3% to 4%. In 2007, 2009, 2011, 2013, 2015, and again in 2017, the County extended the additional 1% sales and compensating use tax. The current County sales and use tax legislation is scheduled to expire on November 30, 2020, at which time it must be rescinded, amended or renewed.

The sales tax portion of the General Fund's non-property tax items amounted to \$29,340,274 in 2017, of which \$12,381,504 was distributed to towns and villages to decrease County and town tax rates. At December 31, 2017, this amount included an accrual of approximately \$669,659 for sales tax transactions that occurred in the State of New York in 2017 that had not yet been received by the County. At December 31, 2017, sales tax due to towns and villages amounted to \$7,888,681 and this governmental activity and general fund liability is included in "Due to other governments" in the accompanying basic financial statements.

The County recognized as sales tax revenue the entire 4% while the subsequent payments to the towns and villages are recognized as general governmental expenditures in the General Fund.

## 6. CASH AND CASH EQUIVALENTS

The County currently follows an investment and deposit policy as directed by State statutes, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the County Treasurer.

### **Interest rate risk**

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The County's investment policy, governed by the State statutes, does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. While the County does not have a specific policy for custodial credit risk, New York State statutes govern the County's investment policies. As of December 31, 2017, the County's bank balance of \$43,434,824 was covered by depository insurance or collateralized by pledged securities held by the pledging banks' trust departments not in the County's name and exposed to custodial credit risk.

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

## 7. INTERFUND BALANCES

### **Interfund Transactions**

Transfers among funds are provided for as part of the annual budget process. Interfund transfers for the year ended December 31, 2017, which were routine in nature, were as follows:

<b>Interfund Transfers To:</b>	<b>Interfund Transfers From</b>		
	<u>General Fund</u>	<u>County Road Fund</u>	<u>Total</u>
General Fund	\$ -	\$ 29,546	\$ 29,546
Capital Projects Fund	958,389	2,332,334	3,290,723
County Road Fund	7,378,306	-	7,378,306
Road Machinery Fund	2,039,361	285,000	2,324,361
Debt Service Fund	<u>2,337,932</u>	<u>-</u>	<u>2,337,932</u>
Total	<u>\$ 12,713,988</u>	<u>\$ 2,646,880</u>	<u>\$ 15,360,868</u>

## 7. INTERFUND BALANCES (Continued)

The following schedule summarizes individual fund interfund receivables and payables at December 31, 2017:

	Amount <u>Receivable</u>	Amount <u>Payable</u>
General Fund	\$ 13,666,439	\$ 45,146
Capital Projects Fund	502,886	4,179,077
County Road Fund	5,631	1,103,306
Community Development Fund	-	66,266
Road Machinery Fund	295,175	20,354
Sewer District Fund	-	9,200
Environmental Landfill Fund	9,212	235,368
Agency Funds	<u>-</u>	<u>8,820,626</u>
 Total	 <u>\$ 14,479,343</u>	 <u>\$ 14,479,343</u>

Interfund transactions between governmental activities are eliminated on the Statement of Net Position. All interfund payables are expected to be repaid within one year.

## 8. CAPITAL ASSETS

Capital asset activity of governmental activities for the year ended December 31, 2017 is detailed as follows:

Type	Beginning <u>Balance</u>	Additions	Deletions	Transfers	Ending <u>Balance</u>
Nondepreciable:					
Land	\$ 1,361,272	\$ -	\$ -	\$ -	\$ 1,361,272
Construction In Progress	<u>13,486,763</u>	<u>3,968,002</u>	<u>(3,911,989)</u>	<u>-</u>	<u>13,542,776</u>
Subtotal	<u>14,848,035</u>	<u>3,968,002</u>	<u>(3,911,989)</u>	<u>-</u>	<u>14,904,048</u>
Depreciable:					
Buildings	34,655,185	1,027,038	-	-	35,682,223
Improvements Other Than Buildings	2,455,472	-	-	-	2,455,472
Infrastructure	146,096,569	6,922,875	-	-	153,019,444
Machinery and Equipment	<u>28,515,526</u>	<u>2,578,909</u>	<u>(1,395,308)</u>	<u>(27,169)</u>	<u>29,671,958</u>
Subtotal	<u>211,722,752</u>	<u>10,528,822</u>	<u>(1,395,308)</u>	<u>(27,169)</u>	<u>220,829,097</u>
Total capital assets	<u>226,570,787</u>	<u>14,496,824</u>	<u>(5,307,297)</u>	<u>(27,169)</u>	<u>235,733,145</u>
Accumulated Depreciation:					
Buildings	(14,863,370)	(677,886)	-	-	(15,541,256)
Improvements Other Than Buildings	(1,341,331)	(3,056,729)	-	-	(4,398,060)
Infrastructure	(80,558,391)	(69,186)	-	-	(80,627,577)
Machinery and Equipment	<u>(16,849,423)</u>	<u>(1,876,572)</u>	<u>1,002,650</u>	<u>-</u>	<u>(17,723,345)</u>
Total Accumulated Depreciation	<u>(113,612,515)</u>	<u>(5,680,373)</u>	<u>1,002,650</u>	<u>-</u>	<u>(118,290,238)</u>
Capital Assets, Net	<u>\$112,958,272</u>	<u>\$ 8,816,451</u>	<u>\$ (4,304,647)</u>	<u>\$ (27,169)</u>	<u>\$ 117,442,907</u>

## 8. CAPITAL ASSETS (Continued)

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

### Governmental activities:

General government support	\$ 384,663
Public safety	1,281,855
Public health	30,416
Transportation	3,644,747
Economic assistance and opportunity	181,043
Culture and recreation	7,016
Home and community services	<u>150,633</u>

Total \$5,680,373

Capital asset activity of business-type activities for the year ended December 31, 2017 is detailed as follows:

Type	Beginning Balance	Additions	Deletions	Transfer	Ending Balance
<b>Nondepreciable assets:</b>					
Land	\$ 715,031	\$ -	\$ -	\$ -	\$ 715,031
Construction in Progress	<u>7,164,649</u>	<u>671,361</u>	<u>(28,980)</u>	<u>—</u>	<u>7,807,030</u>
Subtotal	<u>7,879,680</u>	<u>671,361</u>	<u>(28,980)</u>	<u>—</u>	<u>8,522,061</u>
<b>Depreciable assets:</b>					
Buildings	1,467,936	-	-	-	1,467,936
Improvements Other Than Buildings	11,443,419	-	-	-	11,443,419
Infrastructure	1,197,446	-	-	-	1,197,446
Machinery and Equipment	<u>5,277,081</u>	<u>50,980</u>	<u>—</u>	<u>27,169</u>	<u>5,355,230</u>
Subtotal	<u>19,385,882</u>	<u>50,980</u>	<u>—</u>	<u>27,169</u>	<u>19,464,031</u>
Total capital assets	<u>27,265,562</u>	<u>722,341</u>	<u>(28,980)</u>	<u>27,169</u>	<u>27,986,092</u>
<b>Accumulated Depreciation:</b>					
Buildings	(608,746)	(28,822)	-	-	(637,568)
Improvements Other Than Buildings	(8,393,617)	(525,108)	-	-	(8,918,725)
Infrastructure	(242,635)	(43,107)	-	-	(285,742)
Machinery and Equipment	(3,159,883)	(226,658)	<u>—</u>	<u>(27,169)</u>	<u>(3,413,710)</u>
Total Accumulated Depreciation	<u>(12,404,881)</u>	<u>(823,695)</u>	<u>—</u>	<u>(27,169)</u>	<u>(13,255,745)</u>
<b>Proprietary Fund Types</b>					
Capital Assets, Net	<u>\$14,860,681</u>	<u>\$ (101,354)</u>	<u>\$(28,980)</u>	<u>\$ —</u>	<u>\$14,730,347</u>

## 9. LOANS RECEIVABLE

### Housing and Urban Development (HUD) Loans

The Community Development Fund provides loans for mortgage assistance in a program funded by HUD. Loans are forgiven provided the recipient fulfills certain requirements and therefore, there are no future payments scheduled and these balances are reported as accounts receivable. At December 31, 2017, the receivable balance related to this program is \$804,553.

## 9. LOANS RECEIVABLE (Continued)

### **Community Development Block Grant (CDBG) Revolving Loans**

The Community Development Fund provides loans as part of a revolving loan program funded by CDBG. The various loans range from \$15,000 to \$250,000. One loan issued to a developer for the purchase of land is to be repaid at 50% of the sale price of each parcel sold. At December 31, 2017, the balance on this loan is \$183,563.

The remaining loans receivable are to be repaid in monthly installments with interest rates ranging from 2.25% to 4.25%. The following is a schedule of future loan payments to the County as of December 31, 2017:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 99,870	\$ 5,239	\$ 105,109
2019	57,285	2,136	59,421
2020	19,400	724	20,124
2021	10,450	331	10,781
2022	5,345	47	5,392
<b>Total</b>	<b>\$ 192,350</b>	<b>\$ 8,477</b>	<b>\$ 200,827</b>

## 10. RETIREMENT PLANS

### New York State Employees' Retirement System (NYSERS)

The County participates in the New York State Employees' Retirement System (NYSERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing, multiple employer public employee retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYS RSSL). Once an employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees in NYSERS contribute 3% of their salary throughout their active membership. For employees who joined after April 1, 2012, employees contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

## 10. RETIREMENT PLANS (Continued)

### New York State Employees' Retirement System (NYSERS) (Continued)

Contributions for the current year and two preceding years were equal to 100 percent of contributions required, and were as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 4,282,954
2016	\$ 3,935,905
2015	\$ 4,257,191

### **Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**

At December 31, 2017, the County reported a net pension liability of \$11,059,200 (\$10,650,010 in the governmental activities and \$409,190 in the business-type activities) for its proportionate share of the NYS ERS net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuations as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2017, the County's proportion was 0.1176984%.

For the year ended December 31, 2017, the County recognized pension expense of \$5,875,518 (\$5,658,124 in the governmental activities and \$217,394 in the business-type activities). At December 31, 2017, the County reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 277,133	\$ 1,679,402
Changes in assumptions	3,778,228	-
Net difference between projected and actual earnings on pension plan investments	2,208,970	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	48,558	1,399,790
County's contributions subsequent to the measurement date	<u>3,075,033</u>	<u>-</u>
Total	<u>\$ 9,387,922</u>	<u>\$ 3,079,192</u>

## 10. RETIREMENT PLANS (Continued)

The allocation of deferred inflows and outflows for the governmental activities at December 31, 2017 were as follows;

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 266,879	\$ 1,617,265
Changes in assumptions	3,638,433	-
Net difference between projected and actual earnings on pension plan investments	2,127,239	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	46,761	1,347,997
County's contributions subsequent to the measurement date	<u>2,961,257</u>	-
 Total	 <u>\$ 9,040,569</u>	 <u>\$ 2,956,262</u>

The allocation of deferred inflows and outflows for the business-type activities at December 31, 2017 were as follows;

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,254	\$ 62,138
Changes in assumptions	139,794	-
Net difference between projected and actual earnings on pension plan investments	81,732	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	1,797	51,792
County's contributions subsequent to the measurement date	<u>113,776</u>	-
 Total	 <u>\$ 347,353</u>	 <u>\$ 113,930</u>

County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended March 31:</u>	<u>Gov't Activities Amount</u>	<u>Business-type Activities Amount</u>
2018	\$ 1,571,644	\$ 60,385
2019	1,571,644	60,385
2020	1,533,312	58,912
2021	(1,562,550)	(60,035)
 Total	 <u>\$ 3,114,050</u>	 <u>\$ 119,647</u>

## 10. RETIREMENT PLANS (Continued)

### New York State Employees' Retirement System (NYSERS) (Continued)

#### **Actuarial Assumptions**

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.80% indexed by service
Projected COLAs	1.30% compounded annually
Decremnts	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment rate of return	7.0% compounded annually, net of investment expenses

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

#### **Long-Term Expected Rate of Return**

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term Expected real rate of return in %</u>
Domestic Equity	36.0	4.55
International Equity	14.0	6.35
Private Equity	10.0	7.75
Real Estate	10.0	5.80
Absolute Return Strategies (1)	2.0	4.00
Opportunistic Portfolio	3.0	5.89
Real Asset	3.0	5.54
Bonds & Mortgages	17.0	1.31
Cash	1.0	(0.25)
Inflation Indexed Bonds	4.0	1.50
Total	<u>100</u>	

## 10. RETIREMENT PLANS (Continued)

### New York State Employees' Retirement System (NYSERS) (Continued)

#### **Discount Rate**

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

#### **Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the County's total proportionate share (including governmental activities and business-type activities) of the net pension liability calculated using the discount rate of 7.0%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Proportionate Share of Net Pension liability (asset)	\$35,320,894	\$11,059,200	\$ (9,454,017)

#### **Pension Plan Fiduciary Net Position (in Thousands)**

The components of the current-year net pension liability of the employers as of March 31, 2017 were as follows:

Total pension liability	\$ 177,400,586
Net position	<u>(168,004,363)</u>
Net pension liability (asset)	<u>\$ 9,396,233</u>
ERS net position as a percentage of total pension liability	<u>94.70%</u>

## 11. POSTEMPLOYMENT HEALTH CARE BENEFITS

#### **Plan Description**

The County provides certain health care benefits for retired employees, their dependents and certain survivors. The County recognizes the cost of postemployment healthcare in the year when the services are received and reports the accumulated liability from prior years. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing in 2008, in accordance with GASB Standards.

The County provides continuation of medical insurance coverage to eligible employees who retire directly into the New York State Retirement System, and to eligible elected officials who have attained at least 10 years of service to the County. The plan is a single employer, postemployment healthcare benefits plan. The retirees and their beneficiaries receive this medical coverage the remainder of their lives.

## 11. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

### **Funding Policy**

The majority of employees do not contribute toward the cost of these post-employment benefits. However, the number of future retirees who contribute will continue to increase, as members of certain bargaining units and employees covered by the Management Compensation Plan will be required to contribute varying percentages based on their dates of hire. All retiree beneficiaries are required to contribute the full premiums for the respective plans. Actual medical claims paid on behalf of non-Medicare eligible retirees and their beneficiaries are self-funded by the County. Medicare eligible retirees and their beneficiaries are enrolled in a fully insured Medicare Advantage Plan. The County currently pays for postemployment healthcare benefits on a pay-as-you-go basis.

### **Annual OPEB Cost and Net OPEB Obligation**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Annual required contribution	\$ 8,265,850	\$ 319,129	\$ 8,584,979
Interest on net OPEB obligation	1,943,403	73,336	2,016,739
Adjustment to ARC	(2,706,928)	(102,148)	(2,809,076)
Annual OPEB cost	7,502,325	290,317	7,792,642
Contributions made	(2,251,011)	(72,411)	(2,323,422)
Increase in net OPEB obligation	5,251,314	217,906	5,469,220
Net OPEB Obligation – Beginning of year	45,101,027	1,701,920	46,802,947
Net OPEB Obligation – End of year	\$ 50,352,341	\$ 1,919,826	\$ 52,272,167

### **Funded Status and Funding Progress**

The following tables provide the funded status and funding progress for the primary government for the current year and the two preceding year:

<b>Funding Progress</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Annual OPEB cost	6,312,028	7,271,615	7,792,642
Percentage of annual OPEB cost contributed	31.73%	29.81%	29.82%
Net OPEB obligation at end of year	41,669,020	46,802,947	52,272,167

## **11. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)**

### **Actuarial Methods and Assumptions**

The valuation of postemployment healthcare benefits involves estimates and assumptions about the probability of events occurring in the future. Examples are assumptions about future employment, mortality, and the health care cost trend. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of cost sharing between the County and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

For the valuation dated December 31, 2017, the Projected Unit Credit cost method was used. Since Madison County does not currently segregate funding for these benefits, the investment rate of return, 4.309%, is the expected return on the County's general assets. The rates of turnover and rates of retirement were based on the experience under the New York State Employees' Retirement System and the New York Police and Fire Retirement System. It was assumed that 100% of future retirees eligible will elect to receive postretirement healthcare benefits, including medical coverage. Current retirees were assumed to continue participation in their current plans.

## **12. SHORT-TERM OBLIGATIONS**

### **Bond Anticipation Notes**

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Fund and the Enterprise Landfill Fund. Principal payments on BANs must be made annually. State Law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, providing that annual reductions of principal are made.

A BAN was issued in April 2016 in the amount of \$9,450,000 to finance a \$5,300,000 Water Pipeline Project and a \$4,150,000 Landfill Expansion Project. In 2017, \$5,450,000 was converted to a bond, of which \$4,150,000 is in the Landfill Fund, and \$1,300,000 is in governmental activities. The remaining \$4,000,000 BAN was renewed and carries an interest rate of 1.02%, and will mature in April 2018.

### **Short-term EFC Financing**

The County received interest-free financing from the New York State Environmental Facilities Corporation (EFC) in the amount of \$3,310,000 to finance a Sewer Pipeline Project in the Enterprise Landfill Fund. To date, the County has drawn \$2,676,937 of the available financing, which is reported as a liability in the Enterprise Landfill Fund. The loan will be converted into a long-term obligation at the completion of the project.

### 13. LONG-TERM OBLIGATIONS

#### Bonds

The County borrows funds on a long-term basis for the purpose of financing acquisition of equipment and construction of buildings and improvements. This policy enables the cost of capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term obligations represent a reconciling item between the fund and government-wide statements. Interest expense net of bond premium amortization for governmental activities for the year ended December 31, 2017 was \$398,943. Detail relating to general obligation bonds of the County, outstanding at December 31, 2017, is summarized as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
<b>Governmental Activities</b>				
Public safety communications	2010	2020	3.11 - 5.28%	\$ 5,645,000
Water line	2017	2036	2.00 - 3.125%	<u>1,300,000</u>
Total governmental activities				<u><u>6,945,000</u></u>
<b>Business-type Activities</b>				
Landfill expansion	2017	2036	2.00 - 3.125%	<u>4,150,000</u>
Total business-type activities				<u><u>4,150,000</u></u>
Total primary government				<u><u>\$ 11,095,000</u></u>

Principal and interest payments due on the bonds outstanding at December 31, 2017, for the primary government, are as follows:

<b>Governmental Activities</b>			
<u>Year Ending Date</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 1,870,000	\$ 281,936	
2019	1,930,000	187,814	
2020	2,000,000	86,880	
2021	55,000	33,863	
2022	55,000	32,213	
2023-2027	315,000	133,763	
2028-2032	370,000	82,688	
2033-2036	350,000	22,763	
Total	<u>\$ 6,945,000</u>	<u>\$ 861,920</u>	

<b>Business-type Activities</b>			
<u>Year Ending Date</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 165,000	\$ 120,531	
2019	170,000	117,181	
2020	170,000	112,931	
2021	175,000	107,756	
2022	185,000	102,356	
2023-2027	1,010,000	424,106	
2028-2032	1,185,000	260,081	
2033-2036	1,090,000	68,584	
Total	<u>\$ 4,150,000</u>	<u>\$ 1,313,526</u>	

### 13. LONG-TERM OBLIGATIONS (Continued)

#### Installment Purchase Debt - Leases

The County issued two (2) Energy Performance Contract Lease Purchase Agreements in 2016 to finance energy-related improvements. Detail relating to the leases outstanding at December 31, 2017, is summarized as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
<b>Governmental Activities</b>				
Energy efficiency lease #1	2016	2033	2.98%	\$ 2,467,723
Energy efficiency lease #2	2016	2026	3.25%	111,876
Total governmental activities				<u>\$ 2,579,599</u>

Principal and interest payments due on the leases outstanding at December 31, 2017, for the primary government, are as follows:

<b>Governmental Activities</b>		
<u>Year Ending Date</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 165,931	\$ 77,174
2019	199,813	72,205
2020	230,586	66,244
2021	173,744	59,325
2022	191,972	54,117
2023-2027	751,318	196,433
2028-2032	772,470	86,059
2033	<u>93,765</u>	<u>2,794</u>
Total	<u>\$ 2,579,599</u>	<u>\$ 614,351</u>

#### Long-term Liabilities

The following is a summary of changes in long-term liabilities that occurred during the fiscal year ending December 31, 2017:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Compensated absences	\$ 3,671,923	\$ 347,690	\$ -	\$ 4,019,613	\$ -
Serial bonds	7,375,000	1,300,000	(1,730,000)	6,945,000	1,870,000
Unamortized bond premium	206,534	-	(61,448)	145,086	61,448
Installment purchase debt	2,710,351	-	(130,752)	2,579,599	165,931
Net pension liability	18,123,079	-	(7,473,069)	10,650,010	-
OPEB	<u>45,101,027</u>	<u>7,502,325</u>	<u>(2,251,011)</u>	<u>50,352,341</u>	<u>-</u>
	<u>\$ 77,187,914</u>	<u>\$ 9,150,015</u>	<u>\$ (11,646,280)</u>	<u>\$ 74,691,649</u>	<u>\$ 2,097,379</u>

### 13. LONG-TERM OBLIGATIONS (Continued)

#### Long-term Liabilities (Continued)

<b>Business-type Activities:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Compensated absences	\$ 195,399	\$ -	\$ (22,844)	\$ 172,555	\$ -
Serial bonds	-	4,150,000	-	4,150,000	165,000
Landfill closure/post-closure	6,127,412	103,566	-	6,230,978	-
Net pension liability	670,947	-	(261,757)	409,190	-
OPEB	<u>1,701,920</u>	<u>290,317</u>	<u>(72,411)</u>	<u>1,919,826</u>	<u>-</u>
	<u><u>\$ 8,695,678</u></u>	<u><u>\$ 4,543,883</u></u>	<u><u>\$ (357,012)</u></u>	<u><u>\$ 12,882,549</u></u>	<u><u>\$ 165,000</u></u>

### 14. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal law and regulations require the County to place a final cover on its municipal landfill site when it stops accepting waste, and to perform certain maintenance and monitoring function at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as a liability based on landfill capacity used each year. The \$6,230,978 reported in the Landfill Fund as landfill closure and post-closure care liability represents the cumulative amount reported to date.

The landfill is comprised of the East Side and West Side, with the West Side being the active portion of the landfill. Based upon a projected landfill usage rate of 60,000 tons per year, the estimated remaining life of the constructed west side landfill after January 2018 is 6 years.

These amounts are based on estimates of what it would cost to perform all post closure care as of December 31, 2017. Actual costs may be higher in the near term due to final approval of certain elements by the New York State Department of Environmental Conservation, inflation, changes in technology or changes in regulations.

### 15. SIGNIFICANT CLAIMS AND CONTINGENT LIABILITIES

#### Other Matters

The County is subject to a number of lawsuits in the ordinary conduct of its affairs. Such lawsuits and claims are not, in the opinion of management, expected to have a material effect on the County's financial condition.

## **16. INSURANCE AND COMMITMENTS**

The County purchases commercial insurance coverage and is self-insured for the deductible portion of its general liability risks. The County also funds its Workers' Compensation claim liability through a municipal workers' compensation risk pool, of which the County is the sponsoring member. In addition, the County is self-funded for its major medical, surgical, and hospital claims, which are administered by a third-party claims administrator. At December 31, 2017, the County has recognized \$207,384 as part of its accounts payable liability in the General Fund representing incurred but not yet reported health insurance claims. At December 31, 2017, the County also recognized \$55,592 as part of its accounts payable liability in the General Fund representing incurred but not yet reported dental and prescription claims.

The County has also accrued a liability of \$2,204,957 for workers' compensation premiums, unresolved claims and legal costs in its business-type activities and major enterprise fund (Workers' Compensation) at December 31, 2017. A reconciliation of workers' compensation claims is presented below.

Liability at January 1, 2017	\$ 2,204,596
Incurred Claims	1,555,205
Payments	<u>(1,554,844)</u>
Liability at December 31, 2017	\$ 2,204,957

County employees are entitled to coverage under the New York State Unemployment Insurance Law. The County has elected to discharge its liability to the New York State Unemployment Insurance Fund by the benefit reimbursement method, a dollar-for-dollar reimbursement for benefits paid to County employees and charged to the County's account. There was no change in commercial coverage during 2017, and settled claims have not exceeded commercial coverage in any of the past five fiscal years.

The County has also entered into numerous operating lease agreements which, in the opinion of management, are not considered to be material.

## **17. FEDERAL AND STATE FUNDED PROGRAMS**

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

**18. SUBSEQUENT EVENTS**

In April 2018, the County renewed bond anticipation notes in the amount of \$3,965,000, which carry an interest rate of 2.10% and a maturity date of April 12, 2019.

## 19. NEW AND UPCOMING PRONOUNCEMENTS

### New Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pension (other postemployment benefits or OPEB) included in the general purposes external financial reports of statement local governmental OPEB plans for making decisions and assessing accountability. The County adopted the provisions of Statement No. 74 for the year ending December 31, 2017 with no material effect.

In January 2016, the GASB issues Statement No. 80, *Blending Requirements for Certain Component Units; an Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirement established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The County adopted the provisions of Statement No. 80 for the year ending December 31, 2017 with no material effect.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The County adopted the provisions of Statement No. 81 for the year ending December 31, 2017 with no material effect.

In March 2016, the GASB issued Statement No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Pending the measurement date of the employer's pension liability, the Corporation is required to adopt the provisions of Statement No. 82 for the year ended December 31, 2017 or 2018. The County adopted the provisions of the Statement No. 82 for the year ending December 31, 2017 with no material effect.

## 19. NEW AND UPCOMING PRONOUNCEMENTS (Continued)

### **Upcoming Pronouncements**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (other postemployment benefits or OPEB). The County is required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. This Statement also requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. The County is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments with a focus on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. The County is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is address practice issues specific to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The County is required to adopt the provisions of this Statement for the year ending December 31, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The County is required to adopt the provisions of this Statement for the year ending December 31, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The County is required to adopt the provisions of this Statement for the year ending December 31, 2020.

The County has not yet assessed the impact of these pronouncements on its future financial statements.

MADISON COUNTY, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES  
 BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Adopted)	Budget (Amended)	Actual	Encumbrances	Intrafund Activity	Favorable (Unfavorable) Variance
<b>REVENUES:</b>						
Real property taxes	\$ 36,968,324	\$ 36,968,324	\$ 38,085,213	\$ -	\$ -	\$ 1,116,889
Real property tax items	1,334,650	1,334,650	1,316,381	-	-	(18,269)
Non-property tax items	25,465,000	27,532,505	29,910,949	-	-	2,378,444
Departmental income	6,299,055	6,354,694	5,691,952	-	-	(662,742)
Intergovernmental charges	185,395	185,395	161,367	-	-	(24,028)
Use of money and property	106,408	106,408	169,400	-	-	62,992
Licenses and permits	20,000	20,000	14,969	-	-	(5,031)
Fines and forfeitures	129,840	129,840	108,403	-	-	(21,437)
Sale of property and compensation for loss	993,328	993,328	990,657	-	-	(2,671)
Miscellaneous local sources	1,883,594	2,169,580	1,733,361	-	-	(436,219)
Interfund revenues	1,843,568	1,975,718	90,071	-	1,832,527	(53,120)
State aid	14,317,966	18,768,176	17,804,144	-	-	(965,032)
Federal aid	7,591,190	8,379,538	7,275,664	-	-	(1,103,874)
 Total revenues	 97,138,318	 104,919,156	 103,352,531	 -	 1,832,527	 265,902
<b>EXPENDITURES:</b>						
Current -						
General governmental support	25,338,808	28,752,873	25,395,371	18,108	1,260,533	(2,078,861)
Education	4,781,600	5,255,253	4,969,933	-	-	(285,320)
Public safety	16,519,365	18,410,250	15,714,045	835,600	427,682	(1,432,923)
Public health	7,610,458	8,108,573	6,976,673	23,159	55,756	(1,052,985)
Transportation	260,000	297,183	305,154	-	-	7,971
Economic assistance and opportunity	31,791,006	31,854,422	28,249,223	574,681	32,077	(2,998,441)
Culture and recreation	815,601	834,381	765,389	-	-	(68,992)
Home and community services	1,312,381	2,193,438	1,671,816	334	-	(521,288)
Employee benefits	1,675,553	1,675,841	1,856,469	-	56,479	237,107
 Total expenditures	 90,104,772	 97,382,214	 85,904,073	 1,451,882	 1,832,527	 (8,193,732)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>7,033,546</b>	<b>7,536,942</b>	<b>17,448,458</b>	<b>(1,451,882)</b>	<b>-</b>	<b>(7,927,830)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers - in	-	29,546	29,546	-	-	-
Operating transfers - out	(11,803,131)	(12,654,988)	(12,713,988)	-	-	(59,000)
 Total other financing uses	 (11,803,131)	 (12,625,442)	 (12,684,442)	 -	 -	 (59,000)
<b>CHANGE IN FUND BALANCE</b>	<b>\$ (4,769,585)</b>	<b>\$ (5,088,500)</b>	<b>4,764,016</b>	<b>\$ (1,451,882)</b>	<b>\$ -</b>	<b>\$ (7,986,830)</b>
<b>FUND BALANCE - beginning of year</b>			<b>23,566,315</b>			
<b>FUND BALANCE - end of year</b>			<b>\$ 28,330,331</b>			

MADISON COUNTY, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN (IN 000's) (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

Actuarial Valuation Date	Year Ended	(a)		(b)		(c)	
		Actuarial Value of Assets	<u>Accrued Liability (AAL)</u>	Actuarial Accrued Liability (AAL)	<u>Unfunded AAL (UAAL)</u>	Funded Ratio	<u>((b-a)/c)</u> UAAL as a percentage of Covered Payroll
December 31, 2016	December 31, 2017	\$ -	\$ 75,801	\$ 75,801	\$ 75,801	0.00%	\$ 27,245 278%
December 31, 2016	December 31, 2016	\$ -	\$ 77,943	\$ 77,943	\$ 77,943	0.00%	\$ 25,786 302%
December 31, 2014	December 31, 2015	\$ -	\$ 71,275	\$ 71,275	\$ 71,275	0.00%	\$ 25,145 283%

MADISON COUNTY, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	0.1177%	0.1171%	0.1153%							
Proportionate share of the net pension liability (asset)	\$ 11,059	\$ 18,794	\$ 3,895							
Covered-employee payroll	\$ 27,203	\$ 24,749	\$ 23,264							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	40.65%	75.94%	16.74%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.70%	90.70%	97.95%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

MADISON COUNTY, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2017

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN - ERS	2017	2016	2015	2014	Last 10 Fiscal Years (Dollar amounts displayed in thousands)				
					2013	2012	2011	2010	2009
Contractually required contribution	\$ 4,283	\$ 3,936	\$ 4,257						
Contributions in relation to the contractually required contribution	\$ 4,283	\$ 3,936	\$ 4,257						
Contribution deficiency (excess)	\$ _____	\$ _____	\$ _____						
Covered-employee payroll	\$ 27,203	\$ 24,749	\$ 23,264						
Contributions as a percentage of covered-employee payroll	15.74%	17%	18.30%						

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

**MADISON COUNTY, NEW YORK**

**SUPPLEMENTARY INFORMATION  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents, unrestricted	\$ 1,277,073	\$ 560,239	\$ 1,837,312
Cash and cash equivalents, restricted	2,246,259	-	2,246,259
Accounts receivable, net	826,513	-	826,513
Loans receivable	375,913	-	375,913
Due from other funds	295,175	-	295,175
Prepaid expenditures	34,305	-	34,305
Inventories	<u>505,776</u>	<u>-</u>	<u>505,776</u>
 Total assets	<u>\$ 5,561,014</u>	<u>\$ 560,239</u>	<u>\$ 6,121,253</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable and other accrued liabilities	\$ 167,740	\$ -	\$ 167,740
Due to other funds	<u>95,820</u>	<u>-</u>	<u>95,820</u>
 Total liabilities	<u>263,560</u>	<u>-</u>	<u>263,560</u>
 DEFERRED INFLOWS OF RESOURCES:	<u>1,180,467</u>	<u>-</u>	<u>1,180,467</u>
<b>FUND BALANCES:</b>			
Nonspendable	540,081	-	540,081
Restricted	2,246,259	-	2,246,259
Assigned	<u>1,330,647</u>	<u>560,239</u>	<u>1,890,886</u>
 Total fund balances	<u>4,116,987</u>	<u>560,239</u>	<u>4,677,226</u>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,561,014</u>	<u>\$ 560,239</u>	<u>\$ 6,121,253</u>

**MADISON COUNTY, NEW YORK**

**SUPPLEMENTARY INFORMATION**

**COMBINING STATEMENT OF CHANGE IN REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES:</b>			
Real property taxes	\$ 7,000	\$ -	\$ 7,000
Departmental income	667,877	-	667,877
Intergovernmental charges	677	-	677
Use of money and property	11,278	-	11,278
Sale of property and compensation for loss	73,076	-	73,076
Miscellaneous local sources	29,486	-	29,486
Interfund revenues	721,760	-	721,760
State aid	44,677	-	44,677
Federal aid	<u>682,501</u>	<u>-</u>	<u>682,501</u>
Total revenues	<u>2,238,332</u>	<u>-</u>	<u>2,238,332</u>
<b>EXPENDITURES:</b>			
Current -			
Public safety	15,862	-	15,862
Transportation	2,963,562	-	2,963,562
Economic assistance and opportunity	661,058	-	661,058
Home and community services	1,042,638	-	1,042,638
Employee benefits	212,684	-	212,684
Debt service -			
Principal	-	1,860,752	1,860,752
Interest	<u>-</u>	<u>431,736</u>	<u>431,736</u>
Total expenditures	<u>4,895,804</u>	<u>2,292,488</u>	<u>7,188,292</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(2,657,472)</u>	<u>(2,292,488)</u>	<u>(4,949,960)</u>
<b>OTHER FINANCING SOURCES:</b>			
Operating transfers - in	<u>2,324,361</u>	<u>2,337,932</u>	<u>4,662,293</u>
Total other financing sources	<u>2,324,361</u>	<u>2,337,932</u>	<u>4,662,293</u>
CHANGE IN FUND BALANCE	(333,111)	45,444	(287,667)
FUND BALANCE - beginning of year	<u>4,450,098</u>	<u>514,795</u>	<u>4,964,893</u>
FUND BALANCE - end of year	<u>\$ 4,116,987</u>	<u>\$ 560,239</u>	<u>\$ 4,677,226</u>

**MADISON COUNTY, NEW YORK**

**SUPPLEMENTARY INFORMATION  
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2017**

	Community Development	Cowaselon Creek	Law Enforcement Trust	Road Machinery	Sewer District	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>						
Cash and cash equivalents, unrestricted	\$ 143,169	\$ 64,551	\$ 79,605	\$ 183,778	\$ 805,970	\$ 1,277,073
Cash and cash equivalents, restricted	1,228,213	-	-	1,018,046	-	2,246,259
Accounts receivable, net	826,448	-	-	65	-	826,513
Loans receivable	375,913	-	-	-	-	375,913
Due from other funds	-	-	-	295,175	-	295,175
Prepaid expenditures	14,133	-	-	20,172	-	34,305
Inventories	-	-	-	505,776	-	505,776
<b>Total assets</b>	<b>2,587,876</b>	<b>64,551</b>	<b>79,605</b>	<b>2,023,012</b>	<b>805,970</b>	<b>\$ 5,561,014</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable and other accrued liabilities	14,374	-	-	148,878	4,488	167,740
Due to other funds	66,266	-	-	20,354	9,200	95,820
<b>Total liabilities</b>	<b>80,640</b>	<b>-</b>	<b>-</b>	<b>169,232</b>	<b>13,688</b>	<b>263,560</b>
<b>DEFERR Total deferred inflows of resources</b>	<b>1,180,467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,180,467</b>
<b>FUND BALANCES:</b>						
Nonspendable		-	-	525,948	-	540,081
Restricted	1,228,213	-	-	1,018,046	-	2,246,259
Assigned	84,423	64,551	79,605	309,786	792,282	1,330,647
<b>Total fund balances</b>	<b>1,326,769</b>	<b>64,551</b>	<b>79,605</b>	<b>1,853,780</b>	<b>792,282</b>	<b>4,116,987</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,587,876</b>	<b>\$ 64,551</b>	<b>\$ 79,605</b>	<b>\$ 2,023,012</b>	<b>\$ 805,970</b>	<b>\$ 5,561,014</b>

**MADISON COUNTY, NEW YORK**

**SUPPLEMENTARY INFORMATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Community Development	Cowaselon Creek	Law Enforcement Trust	Road Machinery	Sewer District	Total Nonmajor Special Revenue Funds
<b>REVENUES:</b>						
Real property taxes	\$ 153,080	\$ 7,000	\$ -	\$ -	\$ -	\$ 514,797
Departmental income	-	-	-	677	-	667,877
Intergovernmental charges	9,689	-	16	1,285	288	677
Use of money and property	-	-	-	73,076	-	11,278
Sale of property and compensation for loss	21,913	-	7,573	-	-	73,076
Miscellaneous local sources	122,963	-	2,901	595,896	-	29,486
Interfund revenues	44,677	-	-	-	-	721,760
State aid	682,501	-	-	-	-	44,677
Federal aid	-	-	-	-	-	682,501
<b>Total revenues</b>	<b>1,034,823</b>	<b>7,000</b>	<b>10,490</b>	<b>670,934</b>	<b>515,085</b>	<b>2,238,332</b>
<b>EXPENDITURES:</b>						
Current -						
Public safety	-	-	15,862	-	-	15,862
Transportation	-	-	-	2,963,562	-	2,963,562
Economic assistance and opportunity	661,058	-	-	-	-	661,058
Home and community services	556,719	-	-	-	485,919	1,042,638
Employee benefits	-	-	-	-	3,645	212,684
<b>Total expenditures</b>	<b>1,217,777</b>	<b>-</b>	<b>15,862</b>	<b>3,172,601</b>	<b>489,564</b>	<b>4,895,804</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>						
	<b>(182,954)</b>	<b>7,000</b>	<b>(5,372)</b>	<b>(2,501,667)</b>	<b>25,521</b>	<b>(2,657,472)</b>
<b>OTHER FINANCING SOURCES:</b>						
Operating transfers - in	-	-	-	-	2,324,361	-
Total other financing sources	-	-	-	-	2,324,361	-
CHANGE IN FUND BALANCE	(182,954)	7,000	(5,372)	(177,306)	25,521	(333,111)
FUND BALANCE - beginning of year	1,509,723	57,551	84,977	2,031,086	766,761	4,450,098
FUND BALANCE - end of year	\$ 1,326,769	\$ 64,551	\$ 79,605	\$ 1,853,780	\$ 792,282	\$ 4,116,987

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

September 25, 2018

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Madison, New York (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 25, 2018. Our report includes a reference to another auditor who audited the financial statements of Madison County Industrial Development Agency as described in our report on County of Madison, New York's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

**Internal Control Over Financing 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.

432 North Franklin Street, Suite 60  
Syracuse, New York 13204  
p (315) 476-4004  
f (315) 475-1513

[www.bonadio.com](http://www.bonadio.com)

(Continued)

46

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

(Continued)

**Internal Control Over Financing Reporting**

(Continued)

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

**Compliance and Other Matters**

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

**Purpose of This Report**

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

*Bonadio & Co., LLP*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

September 25, 2018

Members of the Madison County Board  
Of Supervisors  
County of Madison, New York:

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

We have audited the County of Madison, New York's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the County's major federal programs for the year ended December 31, 2017. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of Madison County Industrial Development Agency whose federal awards are not included in the schedule of expenditures of federal awards for the year ended December 31, 2017. Our audit, described below, did not include the federal awards of the above entities as these entities conducted separate audits in accordance with OMB Uniform Guidance, if required.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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.

432 North Franklin Street, Suite 600  
Syracuse, New York 13204  
p (315) 476-4004  
f (315) 475-1513

[www.bonadio.com](http://www.bonadio.com)

(Continued)

48

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**  
(Continued)

***Auditor's Responsibility***

(Continued)

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 its major federal programs for the year ended December 31, 2017.

***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 have not been identified.

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

*Bonadio & Co., LLP*

**COUNTY OF MADISON, NEW YORK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>CFDA #</b>	<b>Pass- Through Entity Identification</b>	<b>Federal Expenditures</b>	<b>Provided to Subrecipients</b>
<b>U.S. Department of Agriculture:</b>				
Passed- through NYS Department of Family Assistance:				
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 638,618	\$ 31,615
Total United States Department of Agriculture			<u>638,618</u>	<u>31,615</u>
<b>U.S. Department of Housing &amp; Urban Development:</b>				
Passed-through New York State Housing & Urban Development:				
Community Development Block Grants/Entitlement Grants:	14.218	686ME-107-16	44,677	6,856
Total Department of Housing and Urban Development	14.218	686HO302-14	<u>132,260</u>	<u>16,800</u>
			<u>176,937</u>	<u>23,656</u>
<b>U.S. Department of Justice:</b>				
Direct Program:				
Bulletproof Vest Partnership Program	16.607		<u>18,140</u>	
Total Department of Justice			<u>18,140</u>	
<b>U.S. Department of Labor:</b>				
Passed-through County of Herkimer, New York				
WIA Cluster				
WIOA Adult Program	17.258		188,456	
WIOA Youth Activities	17.259		166,952	
WIOA Dislocated Water Formula Grants	17.278		<u>166,124</u>	
Total WIA Cluster			<u>521,532</u>	
Total Department of Labor			<u>521,532</u>	
<b>U.S. Department of Transportation:</b>				
Passed-through New York State Governors Committee Traffic Safety:				
Highway Safety Cluster				
State and Community Highway Safety	20.600		24,038	
National Priority Safety Programs	20.616		<u>3,552</u>	
Total Highway Safety Cluster			<u>27,590</u>	
Total Passed-through New York State Governors Committee Traffic Safety			<u>27,590</u>	
Passed-through New York State Department of transportation				
Highway Planning and Construction	20.205		143,871	
Formula Grants for Rural Areas	20.509		<u>73,948</u>	
Total Passed-through New York State Department of Transportation			<u>217,819</u>	
Total Department of Transportation			<u>245,409</u>	
<b>U.S. Department of Education:</b>				
Passed-through NYS Department of Health Early Intervention:				
Special Education-Grants for Infants and Families	84.181		<u>73,751</u>	
Total Department of Education			<u>73,751</u>	

The accompanying notes are an integral part of this schedule.

(Continued)

COUNTY OF MADISON, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass-through Grantor/Program Title	CFDA #	Pass- Through Entity Identification Number	Federal Expenditures	Provided to Subrecipients
<b>U.S. Department of Health and Human Service:</b>				
Passed-through Health Research, Inc:				
Public Health Emergency Preparedness	93.069		44,003	
Total Public Health and Emergency Preparedness			<u>44,003</u>	
Passed-through Department of Health and Human Services				
Center for Disease Control and Prevention				
Environmental Public Health and Emergency Response	93.070		119,059	
Total Environmental Public Health and Emergency Responses			<u>119,059</u>	
Passed-through NYS Department of Health				
Immunization Cooperative Agreements	93.268		44,584	
Maternal and Child Health Services Block Grant	93.994		<u>21,830</u>	
Total Department of Health and Human Services			<u>66,414</u>	
Passed-through NYS Department of Family Assistance				
Promoting Safe and Stable Families	93.556		42,736	6,697
Temporary Assistance for Needy Families (TANF)	93.558		<u>3,141,955</u>	<u>583,327</u>
Child Support Enforcement	93.563		419,005	-
Low-Income Home Energy Assistance	93.568		2,436,687	3,879
Child Care and Development Block Grant	93.575		<u>744,674</u>	
Stephanie Tubbs Jones Child Welfare Services Program	93.645		4,942	-
Foster Care Title IV-E	93.658		474,109	-
Adoption Assistance	93.659		242,189	-
Social Services Block Grant	93.667		529,679	219,727
Child Abuse and Neglect State Grants	93.669		33,469	33,469
Chafee Foster Care Independence Program	93.674		6,730	3,549
Medical Assistance Program	93.778		<u>68,027,566</u>	<u>23,298</u>
Total Passed-Through NYS Department of Family Assistance			<u>76,103,741</u>	<u>873,946</u>
Passed-through Madison County Council on Alcohol and Substance Abuse				
Block Grants for Prevention and Treatment of				
Substance Abuse	93.959		<u>295,284</u>	
Total Passed-Through Madison County Council on Alcohol and Substance Abuse			<u>295,284</u>	
Total Department of Health and Human Services			<u>76,628,501</u>	
Homeland Security Grant Program				
Direct:				
Homeland Security Grant Program - FY15 SLETPP Grant	97.067	T971452	11,793	
Homeland Security Grant Program - FY15 Explosive Detection Canine	97.067	T971459	897	
Homeland Security Grant Program - FY15 SHSP Grant	97.067	SH15-1060-D01	57,020	
Homeland Security Grant Program - FY15 Tech & Rescue Grant	97.067	TR15-1028-E01	8,711	
Homeland Security Grant Program - FY 15 Tactical Team Grant	97.067	C152259	2,099	
Homeland Security Grant Program - FY16 SLETPP Grant	97.067	T971462	15,270	
Homeland Security Grant Program - FY16 SHSP Grant	97.067	SH16-1020-D00	28,514	
Homeland Security Grant Program - FY16 Tactical Team Grant	97.067	C971469	59,659	
Homeland Security Grant Program - FY17 SLETPP Grant	97.067	T971472	4,830	
Homeland Security Grant Program - FY17 EMPG Grant	97.067	EM17-1032-D00	<u>32,331</u>	
Total Homeland Security Grant Program			<u>221,124</u>	
NCA Computer Crimes Grant	97.076		7,000	
Total Department of Homeland Security			<u>228,124</u>	
Total Expenditures of Federal Awards			\$ 78,531,012	\$ 929,217

The accompanying notes are an integral part of this schedule.

## COUNTY OF MADISON, NEW YORK

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

---

#### 1. BASIS OF PRESENTATION

##### **Pass-Through Programs**

Where the County of Madison, New York (the County) receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number when advised by the pass through grantor. Identifying numbers, other than CFDA numbers, which may be assigned by pass-through grantors, are not maintained in the County's financial management system. County management has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards (SEFA).

##### **Non-Monetary Federal Programs**

The County is awarded financial assistance programs that do not result in cash receipts or disbursements, termed "non-monetary programs." During the fiscal year ended December 31, 2017, the County distributed \$67,195,832 of medical services and goods that were received by participants in the Medical Assistance Program (CFDA Number 93.778), and \$2,320,739 of energy assistance to eligible persons under the Low-Income Home Energy Assistance Program (CFDA 93.568), as listed in the accompanying schedule.

#### 2. BASIS OF ACCOUNTING

The SEFA is presented in accordance with accounting principles generally accepted in the United States of America and is derived from the County's general ledger. Federal expenditures are recorded when an allowable cost is incurred under the applicable program and is due and payable. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the SEFA up to such amounts. Negative amounts shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### 3. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The County has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### 4. MATCHING COSTS

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

## COUNTY OF MADISON, NEW YORK

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017**

---

#### **Part I - Summary of Auditor's Results**

##### **Financial Statements**

Type of auditor's report issued on whether the County's financial statements are prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
Significant deficiencies identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

##### **Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
Significant deficiencies identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	Unmodified			
	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

The dollar threshold to distinguish between Type A and Type B programs was \$2,355,930.

The major federal program of the County for the year ended December 31, 2017 was as follows:

##### **U.S. Department of Health and Human Services**

- Medical Assistance Program (93.778)

The County was considered a low-risk auditee for the year ended December 31, 2017.

#### **Part II – Financial Statement Findings**

None

#### **Part III – Federal Award Findings and Questioned Costs**

None