LIVINGSTON COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Livingston, New York)

Financial Statements as of
December 31, 2018
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

LIVINGSTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Livingston, New York)

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

March 1, 2019

To the Board of Directors of the
Livingston County Industrial Development Agency:

Report on the Financial Statements
We have audited the accompanying financial statements of the Livingston County Industrial Development Agency (the Agency), a New York Public Benefit Corporation and a discretely presented component unit of the County of Livingston, New York, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of December 31, 2018, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Totals
We have previously audited the Agency's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 22, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2019, on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting and compliance.

Bonadio & Co., LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018

The following Management's Discussion and Analysis (MD&A) of the Livingston County Industrial Development Agency's (the Agency) financial position provides an overview of the Agency's financial activities for the year ended December 31, 2018. The MD&A should be read in conjunction with the Agency's financial statements and related notes, which follow the MD&A.

FINANCIAL HIGHLIGHTS

In 2018, the Agency focused on preparedness and investment in infrastructure to provide market-ready sites for development. An expense was incurred for infrastructure that provided four (4) parcels with access to necessary utilities. It is expected that the future sale of these parcels will allow for the Agency to recover this expense and provide the added benefit of marketable sites that need no further preparation.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statement of net position and the statement of revenues, expenses, and change in net position report information about the Agency as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Agency's net position and changes in them from one year to the next. The Agency's net position, the difference between assets and liabilities, are one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in the Agency's fee income and the fluctuation of the Agency's expenses, to assess the overall health of the Agency.

Additionally, the statement of cash flows provides information about the Agency's cash receipts, cash disbursements, and net changes in cash resulting from operating, financing and investing activities.

NOTES TO FINANCIAL STATEMENTS

The financial statements also include notes that explain the information in the financial statements. They are essential to a full understanding of the data provided in the financial statements.

THE AGENCY

The analysis below summarizes the statements of net position (Table 1) and changes in net position (Table 2) of the Agency as of and for the years ended December 31:

Table 1 – Statements of Net Position

	2018	2017
Assets:		
Current assets	$ 380,212	$ 637,712
Capital assets - net	4,111	6,994
Other non-current assets	1,523,662	1,350,058
Total assets	$ 1,907,985	$ 1,994,764
Net position:		
Net investment in capital assets	$ 4,111	$ 6,994
Restricted net position - cash held in escrow	-	80,000
Unrestricted	1,903,874	1,907,770
Total net position	$ 1,907,985	$ 1,994,764

The Agency is one of Livingston County's three economic development organizations for industrial and manufacturing business retention, expansion and attraction. Revenues fluctuate greatly from year to year due to near complete reliance upon project financing and re-grant activity. Financing, in the form of sale/leaseback transactions and the issuance of tax-exempt industrial revenue bonds, cannot be predicted with any degree of certainty as both transactions are dependent upon eligible third-party investment in land, buildings and capital assets. Consequently, a historical analysis of actual results shows large surpluses in some years and small deficits in other years.

Total assets decreased approximately $87,000 or 4.4% from 2017 to 2018. Cash held in escrow also decreased $80,000 from 2017 to 2018 due to the certificate of deposit maturing in 2018.

THE AGENCY (Continued)

Table 2 shows the changes in net position for the years ended December 31:

Table 2 – Changes in Net Position

	2018	2017
Revenue:		
Administrative income	$ 66,632	$ 137,296
Application income	1,500	1,000
Miscellaneous income	10	2,773
Total revenue	68,142	141,069
Expenses:		
Depreciation	783	1,135
General expenses	11,127	16,491
Grant expense	50,000	53,834
Professional fees	41,186	58,143
Total expenses	103,096	129,603
Operating income (loss)	(34,954)	11,466
Non-operating revenue (expense)	(51,825)	(192,296)
Change in net position	(86,779)	(180,830)
Net position - beginning of year, as previously reported	1,994,764	2,571,587
Prior period adjustments	-	(395,993)
Net position - beginning, as restated	1,994,764	2,175,594
Net position - end of year	$ 1,907,985	$ 1,994,764

FINANCIAL ANALYSIS OF THE AGENCY'S FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Agency is one of Livingston County's three economic development organizations for industrial and manufacturing business retention, expansion and attraction. Revenues fluctuate greatly from year to year due to near complete reliance upon project financing and re-grant activity. Financing, in the form of sale/leaseback transactions and the issuance of tax-exempt industrial revenue bonds, cannot be predicted with any degree of certainty, as both transactions are dependent upon eligible third-party investment in land, buildings and fixed assets. Consequently, an historical analysis of actual results shows large surpluses in some years and small deficits in other years.

FINANCIAL ANALYSIS OF THE AGENCY'S FINANCIAL POSITION AND RESULTS OF OPERATIONS (Continued)

Activity at the James M. Steele Commerce Park in Avon has been strong, having sold two (2) parcels in 2018, with a third pending and expected to close in 2019. This can be attributed to the readiness of the property for a quick turnaround timeline, which consequently makes the planning process through the local municipality much easier. Other activity includes that of existing companies which have sought to expand their operations at their current location or at other locations within the County. Lastly, adaptive reuse of existing structures remains a focus for the Agency in an effort to bring new purpose to an old building.

The Agency operates with few fixed expenses and little overhead. Variable expenditures are principally related to level of activity. By recognition of the highly variable nature of our revenues, the Agency minimizes fixed and recurring expenditures and budgets a low level of support services in legal and engineering.

During 2018, six (6) applications for IDA assistance were processed with three (3) transactions completed and three (3) expected to be complete in 2019. Fee income had decreased from prior year based on the size of the projects and the overall net benefit provided.

Overall, the efforts of the Agency resulted in almost $11 million of investment with 49 jobs created and 167 retained. The cost to the State was $2,039,312 which drove a further benefit to the State and Region of $51,292,563.

Table 3 –Statements of Cash Flows

	2018	2017
Cash flow from operating activities		
Receipts from providing services	$ 174,554	$ 147,426
Payments of grants	(50,000)	(96,834)
Payments to service providers and supplies	(52,313)	(74,634)
Net cash flows from operating activities	72,241	(24,042)
Cash flow from investing activities		
Improvements to land held for development or sale	(240,985)	(124,917)
Proceeds from sale of land held for development or sale	-	95,031
Rental income - land	17,222	19,042
Interest income	434	294
Net cash flows from investing activities	(223,329)	(10,550)
Net change in cash and cash equivalents	(151,088)	(34,592)
Cash and cash equivalents - beginning of year	531,300	565,892
Cash and cash equivalents - end of year	$ 380,212	$ 531,300

THE AGENCY'S BUDGETARY HIGHLIGHTS

The Agency's revenues fluctuate greatly from year to year due to our nearly complete reliance upon project financing and regrant activity. Financing, in the form of sale/leaseback transactions and the issuance of tax-exempt industrial revenue bonds, cannot be predicted with any degree of certainty, as both transactions are dependent upon eligible third-party investment in land, buildings and fixed asset capital investment. Consequently, a historical analysis of our actual results shows large surpluses in some years and small deficits in other years.

The Agency believes these are sound practices that are reflected in the Agency's strong net position and liquidity both this year and historically.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

The Agency focuses on the attraction, retention and expansion of new and current businesses to our County. The Agency's financial performance can vary from year-to-year based on the level of economic activity and the ability to offer some form of assistance to businesses that can validate their economic value to the community. Overall, the Agency will determine incentives for projects where public revenues generated exceed public costs.

CONTACTING THE AGENCY'S ADMINISTRATION

This financial report is designed to provide the Agency Members and Audit Committee with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Phil Brooks, Chairman
Gary Moore, Vice Chairman
Livingston County Industrial Development Agency
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Geneseo, New York 14454
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LIVINGSTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Livingston, New York)

STATEMENT OF NET POSITION
DECEMBER 31, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents - unrestricted	$ 380,212	$ 451,300
Cash and cash equivalents - restricted	-	80,000
Accounts receivable	-	106,412
Total current assets	380,212	637,712
CAPITAL ASSETS, net	4,111	6,994
OTHER NON-CURRENT ASSETS:		
Land held for development or sale	1,523,662	1,350,058
Total assets	1,907,985	1,994,764
LIABILITIES AND NET POSITION		
NET POSITION:		
Net investment in capital assets	4,111	6,994
Restricted net position - cash held in escrow	-	80,000
Unrestricted	1,903,874	1,907,770
Total net position	1,907,985	1,994,764
Total liabilities and net position	$ 1,907,985	$ 1,994,764

The accompanying notes are an integral part of these statements.

LIVINGSTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Livingston, New York)

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018
(With Comparative Totals for 2017)

	2018	2017
REVENUES:		
Administrative income	$ 66,632	$ 137,296
Application income	1,500	1,000
Miscellaneous income	10	2,773
Total revenues	68,142	141,069
EXPENSES:		
Grant expense - LCDC	50,000	50,584
Professional, accounting and audit fees	34,319	28,333
Legal fees	6,867	29,810
Travel and lodging	4,745	3,326
Dues and subscriptions	3,263	2,088
Other expenses	952	1,930
Special assessment funds	897	978
Depreciation	783	1,135
Donations	500	2,652
Reimbursable expenses	440	501
Office expense and supplies	330	529
Repairs and maintenance	-	4,487
Grant expense - USDA	-	3,000
Grant expense - other	-	250
Total expenses	103,096	129,603
Operating income (loss)	(34,954)	11,466
NON-OPERATING REVENUE (EXPENSE):		
Loss on sale of land and disposal of capital assets	(69,481)	(211,632)
Rental income - land	17,222	19,042
Interest income	434	294
Total non-operating revenue (expense)	(51,825)	(192,296)
CHANGE IN NET POSITION	(86,779)	(180,830)
NET POSITION - beginning of year	1,994,764	2,175,594
NET POSITION - end of year	$ 1,907,985	$ 1,994,764

The accompanying notes are an integral part of these statements.

LIVINGSTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Livingston, New York)

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018
(With Comparative Totals for 2017)

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from providing services	$ 174,554	$ 147,426
Payments of grants	(50,000)	(96,834)
Payments to service providers and suppliers	(52,313)	(74,634)
Net cash flow from operating activities	72,241	(24,042)
CASH FLOW FROM INVESTING ACTIVITIES:		
Improvements to land held for development or sale	(240,985)	(124,917)
Proceeds from sale of land held for development or sale	-	95,031
Rental income - land	17,222	19,042
Interest income	434	294
Net cash flow from investing activities	(223,329)	(10,550)
Net change in cash and cash equivalents	(151,088)	(34,592)
Cash and cash equivalents - beginning of year	531,300	565,892
Cash and cash equivalents - end of year	$ 380,212	$ 531,300
Cash and cash equivalents - unrestricted	$ 380,212	$ 451,300
Cash and cash equivalents - restricted	-	80,000
Cash and cash equivalents - end of year	$ 380,212	$ 531,300
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income (loss)	$ (34,954)	$ 11,466
Adjustments to reconcile operating income to net cash flow from operating activities -		
Depreciation	783	1,135
Changes in:		
Accounts receivable	106,412	6,357
Grants payable	-	(43,000)
Net cash flow from operating activities	$ 72,241	$ (24,042)

The accompanying notes are an integral part of these statements.

1. THE AGENCY

Livingston County Industrial Development Agency (the Agency) was formed on April 3, 1973, pursuant to the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Laws of the State and Chapter 132 of the Laws of 1973 of the State, as amended. The Agency is a chartered public benefit corporation in New York State that has board authority to finance development projects. Its mandate is to actively promote, encourage and develop economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration in the County of Livingston, New York (the County). The Agency implements development projects through incentives, conduit financing, and direct sales of “shovel-ready” sites.

The Agency is a discretely presented component unit of the County.

The assistance granted to businesses by the Agency generally includes the issuance of low interest industrial development revenue bonds and exemptions from real property tax, mortgage recording tax, and sales and use tax. The financing of a project could take the form of a lease-purchase agreement with the business. The Agency would sell its bonds and use the proceeds to acquire or construct the project. Upon completion, the project is leased to the business for a term equal to the term of the bond issued. The business’s annual payments under the lease are set at an amount sufficient to meet the debt service on the bond.

The Agency also provides financial assistance through “straight-lease” transactions. In this arrangement, the Agency would take title to the property of the business, thereby entitling the property to the above-mentioned tax exemptions. A portion of the local real property tax exemptions would be recaptured by the taxing agencies since the business would be making payments in lieu of taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Agency’s financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation
GASB requires net position be reported in three classifications defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- Restricted net position - This component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At December 31, 2017, the Agency has restricted net position of $80,000. No such amounts were restricted at December 31, 2018.

- Unrestricted net position - This component of net position consists of net position that do not meet the definition of “net investment in capital assets”, or “restricted”.

Absent an Agency policy, when an expense is incurred for which restricted or unrestricted net position is available, the Agency considers amounts to have been spent first out of restricted and then unrestricted, as needed.

Cash
The Agency’s cash consists of demand deposits and certificates of deposit.

Capital Assets
Capital assets are recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. Assets purchased or acquired with a cost of $1,000 or greater and a useful life exceeding one year are capitalized. The cost of repairs, maintenance and minor replacements is expensed as incurred, whereas expenditures that materially extend property lives are capitalized. The depreciation methods and estimated useful lives of assets reported in the Agency’s financial statements are as follows:

Signage	10 years

Land and Improvements Held for Development or Sale
Land and improvements held for development or sale are valued at cost and are not depreciated.

Accounts Receivable
Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the use of the allowance method for recording bad debts. However, the use of the direct write-off method is not materially different from the results that would be obtained under the allowance method. Amounts for which no payments have been received for several months are considered delinquent and when customary collection efforts are exhausted, the account is written-off.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition
Administrative fee income is recognized when the financing for a project closes. Grant income is recognized when the grant expenditures have been incurred. The Agency defines non-operating revenue as interest earned, rental income from land and gain or loss on sale of land.

Related Party
The Agency is related through common management and Board of Directors membership with the Livingston County Development Corporation (LCDC) and the Livingston County Capital Resource Corporation (LCCRC), which also promote economic development in the County. In 2018 and 2017, the Agency contributed $50,000 and $50,584, respectively, to the LCDC, which is shown as grant expense in the accompanying statement of revenues, expenses, and change in net position. Annually, employees of the County provide certain administrative and management services to the Agency. In addition, the County provides the use of facilities to the Agency. The cost of these services is not reflected in the accompanying financial statements.

Income Taxes
The Agency is a not-for-profit public benefit corporation and is exempt from income taxes under the Internal Revenue Code.

Insurance
The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired, or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles 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.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Policies
The Agency follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform 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 Executive Director.

The Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within and authorized to do business in New York State. Permissible investments include special time deposit accounts, certificates of deposit and obligations of the United States or of federal agencies whose principal and interest payments are fully guaranteed by the federal government, or of New York State or in general obligations of the State's political subdivisions.

Collateral is required for deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are those identified in New York State General Municipal Law, Section 10 and outlined in the New York State Comptroller's Financial Management Guide.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Interest Rate Risk

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

Credit Risk

The Agency's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Agency's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Special time deposits;
- Obligations of the United States of America;
- Obligations where payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York
- Certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Agency's investment and deposit policy, all deposits of the Agency including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits and the agreed upon interest; or an "irrevocable letter of credit" issued by a qualified bank with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest; or by an eligible surety bond payable for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest. The Agency restricts the securities to the following eligible items:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- Obligations issued or fully insured or guaranteed by the State of New York.

At December 31, 2018 and 2017, all of the Agency's deposits were covered by FDIC insurance.

	2018		2017	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Cash and cash equivalents	$ 380,212	$ 380,212	$ 531,300	$ 531,355
Collateralized with securities held by the Agency or by its agent in the Agency's name		$ 132,817		$ 287,163
Covered by FDIC Insurance		250,000		330,000
Total deposits		$ 382,817		$ 617,163
Total unrestricted deposits		$ 380,212		$ 451,355
Total restricted deposits		$ -		$ 80,000

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Signage	$ 31,551	$ -	$ (8,045)	$ 23,506
Total capital assets being depreciated	31,551	-	(8,045)	23,506
Less accumulated depreciation for:				
Signage	(24,557)	(783)	5,945	(19,395)
Total accumulated depreciation	(24,557)	(783)	5,945	(19,395)
Capital assets - net	$ 6,994	$ (783)	$ (2,100)	$ 4,111

Depreciation expense amounted to $783 for the year ended December 31, 2018.

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Signage	$ 31,551	$ -	$ -	$ 31,551
Total capital assets being depreciated	31,551	-	-	31,551
Less accumulated depreciation for:				
Signage	(23,422)	(1,135)	-	(24,557)
Total accumulated depreciation	(23,422)	(1,135)	-	(24,557)
Capital assets - net	$ 8,129	$ (1,135)	$ -	$ 6,994

Depreciation expense amounted to $1,135 for the year ended December 31, 2017.

5. LAND AND IMPROVEMENTS HELD FOR DEVELOPMENT OR SALE

Land held for development or sale activity for the year ended December 31, 2018 and 2017 was as follows:

	2018			
	Beginning Balance	Increases	Decreases	Ending Balance
Land and improvements held for development or sale:				
Land in Mount Morris	$ 845	$ -	$ (845)	$ -
Land in Dansville	196,276	-	-	196,276
Land in Avon	488,336	-	-	488,336
Improvements in Dansville	2,500	-	-	2,500
Improvements in Avon	662,101	240,985	(66,536)	836,550
Total land and improvements held for development or sale	$ 1,350,058	$ 240,985	$ (67,381)	$ 1,523,662

	2017			
	Beginning Balance	Increases	Decreases	Ending Balance
Land and improvements held for development or sale:				
Land in Mount Morris	$ 845	$ -	$ -	$ 845
Land in Dansville	196,276	-	-	196,276
Land in Avon	528,871	-	(40,535)	488,336
Improvements in Dansville	2,500	-	-	2,500
Improvements in Avon	848,642	124,917	(311,458)	662,101
Total land and improvements held for development or sale	$ 1,577,134	$ 124,917	$ (351,993)	$ 1,350,058

6. RESTRICTED ASSETS

The Agency was holding cash in escrow related to the Tec Drive maintenance account which was held in a segregated account and classified as restricted assets on the statements of net position. The amount was being held for the payment of any future necessary repairs on the Tec Drive project. The escrow period was for two years. The balance in the restricted net position of this commitment as of December 31, 2017 was $80,000. There was no balance in this account as of December 31, 2018.

7. INDUSTRIAL DEVELOPMENT BONDS

The Agency issues tax-exempt or taxable bonds to provide financial assistance to private-sector or non-profit entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the borrowing entity served by the bond issuance. The Agency is not obligated in any manner for repayment of the bonds. Accordingly, neither the related property nor the bonds are reported as assets or liabilities in the accompanying financial statements.

The terms of these transactions generally provide for reductions in property taxes paid by recipients of the financing in return for commitments to provide jobs and other economic benefits for the County.

As of December 31, 2018, there were three (3) series of Industrial Development Bonds outstanding with an approximate aggregate amount payable of $5.1 million.

8. LEASE-LEASEBACK

In a lease-leaseback transaction, the lessee negotiates the terms and conditions of a financing arrangement with a bank or other commercial lender. The Agency obtains title to, possession and/or control of the property financed and enters into a lease agreement with the lessee for a term equal to the lesser of the term of the financing or the tax benefit period, which varies based on the abatement program. The rent from the lease approximates debt service payments to the lender and is paid directly by the lessee to the lender. These transactions are not reported in the Agency's financial statements as the lender has no recourse against the Agency for nonpayment.

9. RENTAL OF LAND

The Agency has entered into a lease agreement for the rental of the Agency's land. The agreement expires at the end of 2022. The total rental income received for the year ended December 31, 2018 was $17,222. The future minimum amounts expected from the remaining agreement are estimated as follows:

2019	$ 17,222
2020	17,222
2021	17,222
2022	17,222
Total	$ 68,888

10. CONTINGENCIES

The Agency is subject to litigation in the ordinary conduct of its affairs. Management does not believe that such litigation, individually or in the aggregate, is likely to have a material adverse effect on the financial condition of the Agency.

11. PENSION PLAN

Livingston County participates in the New York State and Local Employee' Retirement System, a cost-sharing multiple-employer retirement system. The retirement contributions for personnel of the Agency covered through the system are provided by Livingston County at no cost to the Agency. Therefore, no costs associated with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27 and GASB and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date,* were included in these financial statements.

Bonadio & Co., LLP
Certified Public Accountants

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*

March 1, 2019

To the Board of Directors of
Livingston County Industrial Development Agency:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Livingston County Industrial Development Agency (the Agency) a New York Public Benefit Corporation and a discretely presented component unit of the County of Livingston, New York, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 1, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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(Continued)

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*
(Continued)

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

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

Bonadio & Co., LLP