

COUNTY OF TIOGA

Owego, New York

FINANCIAL REPORT

December 31, 2017



COUNTY OF TIOGA

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INDEPENDENT AUDITOR'S REPORT

The Chairman and Members
of the County Legislature
County of Tioga
Owego, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tioga (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.

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 Tioga County Soil and Water Conservation District or the Tioga County Industrial Development Agency. The Tioga County Soil and Water Conservation District and the Tioga County Industrial Development Agency represent 100% of the assets, net position and revenues of the discretely presented component units. 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 Tioga County Soil and Water Conservation District and the Tioga County Industrial Development Agency, is 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 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 opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tioga, 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 Schedule (Non-GAAP) - General Fund, Schedule of Funding Progress, Schedule of County's Contributions - NYSLRS Pension Plan, Schedule of the County's Proportionate Share of the Net Pension Liability - NYSLRS Pension Plan and related notes, on pages 4-41 and 55-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2018, on our consideration of Tioga County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tioga County's internal control over financial reporting and compliance.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 6, 2018

COUNTY OF TIOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Our discussion and analysis of the County of Tioga's (the County) financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2017. Please read this information in conjunction with the County's financial statements, which begin on page 5.

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,885,177 (net position) compared to \$11,128,515 in 2016. Year-end net position was composed of \$4,250,204 in restricted net position, \$56,405,447 in net investment in capital assets, and \$(52,770,474) in unrestricted net (deficit). Restricted net position increased \$1,521,562 primarily due to additional monies restricted for capital reserves. Net investment in capital assets increased \$2,640,781 compared to the prior year due to capital outlay and principal payments in excess of current year depreciation expense. Unrestricted net (deficit) increased \$7,405,681 compared to the prior year which is primarily attributable to current year recognition of other postemployment benefits expense of \$5,129,140.
- Unrestricted net deficit is primarily the result of the requirement to record the other postemployment benefits liability of \$62,955,278.
- Expenses and other financing uses, exceeded revenues and other financing sources by \$(3,243,338) in 2017 compared to expenses and other financing uses, exceeded revenues and other financing sources by \$(5,586,262) in 2016.
- The County records its proportionate share of the net pension liability along with deferred inflows and outflows of resources related to pensions in accordance with the parameters of GASB Statement No. 68. "Accounting and Financial Reporting for Pensions." Current year recognition resulted in an increase of government wide expenses of \$246,334, compared to an increase of \$1,433,970 in 2016.
- The General Fund recorded an decrease in fund balance of \$(2,027,125) in 2017 and had a fund balance at the end of the year of \$22,594,688, compared to \$24,621,813 in 2016. Of this amount, \$17,949,748 was unassigned.
- Resources available for appropriation in the General Fund, including interfund transfers in, were \$(1,784,462) less than budgeted. Actual expenditures, including encumbrances and interfund transfers out, were \$3,126,390 less than budgeted, resulting in a favorable budget variance of \$1,341,928.
- The County's total indebtedness decreased \$(1,099,040) to \$30,107,680. Serial bond obligations decreased \$(1,480,000) due to principal payments, while accreted interest on TTASC bonds increased \$380,960.
- Capital additions during 2017 amounted to \$6,055,612 for the purchase of various machinery and equipment, infrastructure and building improvements, and construction in progress expenditures. Depreciation expense was \$4,586,393 for the year.

COUNTY OF TIOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

USING THIS ANNUAL REPORT

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 5-6a) provide information about the County as a whole and present a longer-term view of the County's finances. Governmental Fund financial statements start on page 7. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the County's operations in more detail than the Government-wide financial statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's General Fund budget for the year, a Schedule of Funding Progress related to the County's other postemployment benefits, a Schedule of County's Contributions, and a Schedule of the County's Proportionate Share of Net Pension Liability.

In addition to the basic financial statements, the annual report contains other information in the form of combining statements for those funds that are not considered major funds and, therefore, are not presented individually in the basic financial statements.

Reporting the County as a Whole

Analysis of the County as a whole begins on page 5, with the Government-wide financial statements. The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer the question of whether the County, as a whole, is better off or worse off as a result of the year's activities. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the County's net position and its changes. The County's net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. One needs to consider other non-financial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

COUNTY OF TIOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

In the Statement of Net Position and the Statement of Activities, the County is separated into two kinds of activities:

Governmental Activities: Most of the County's services are reported in this category, including public safety, public health, economic assistance, transportation, and general administration. Property and sales taxes, and state and federal grants finance most of these activities.

Component Units: The County includes three separate legal entities in its report - the Tioga Tobacco Asset Securitization Corporation, the Tioga County Soil and Water Conservation District, and Tioga County Industrial Development Agency. Although legally separate, these component units are important because the County is financially accountable for them. The Tioga Tobacco Asset Securitization Corporation is reported as a blended component unit. The Tioga County Soil and Water Conservation District and the Tioga County Industrial Development Agency are reported as discrete component units. Complete financial statements for the Tioga Tobacco Asset Securitization Corporation and the Tioga County Industrial Development Agency can be obtained from their administrative offices at 56 Main Street, Owego, New York 13827. Financial statements for the Tioga County Soil and Water Conservation District can be obtained from their administrative office at 183 Corporate Drive, Owego, New York 13827.

Reporting the County's Most Significant Funds

Fund Financial Statements

Analysis of the County's Major Funds begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by state law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants. The County's three kinds of funds - Governmental, Proprietary, and Fiduciary - use different accounting approaches.

Governmental Funds: All of the County's services are reported in the Governmental Funds which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting* which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The relationship (or differences) between *Governmental Activities* (reported in the Government-wide financial statements) and *Governmental Funds* is explained in a reconciliation following the fund financial statements.

COUNTY OF TIOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Proprietary Funds: When the County charges customers for the services it provides - whether to outside customers or to other units of the County - these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. Internal Service Funds (a component of Proprietary Funds) are used to report activities that provide supplies and services for the County's other programs and activities such as the administration of workers' compensation obligations.

The County as Trustee: The County is the trustee, or fiduciary, for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 14. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE COUNTY AS A WHOLE

The County's net position for fiscal year ended December 31, 2017 decreased \$(3,243,338), from \$11,128,515 to \$7,885,177. Last year net position decreased by \$(5,586,262) .

The largest portion of the County's net position, \$56,405,447, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position, \$4,250,204, represents resources subject to external restrictions on how they may be used and are reported as restricted. Restricted fund balance of \$5,992,957 in the General, Capital, Special Grant, Refuse and Garbage and Debt Service Funds, also includes unspent debt proceeds of \$(1,742,753) which is reported as a portion of net investment in capital assets in the Statement of Net Position.

The remaining category of total net position, unrestricted net position, which shows a deficit of \$(52,770,474), is what may be used to meet the government's ongoing obligations and services to creditors and citizens.

COUNTY OF TIOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Our analysis below focuses on the net position (Figure 1), and changes in net position (Figure 2), of the County's Governmental Activities.

Figure 1 - Net Position

	Governmental Activities		Dollar Change	Percent Change
	2016 (Restated)	2017	2016 - 2017	2016 - 2017
Current assets	\$ 49,625,201	\$ 47,823,506	\$ (1,801,695)	(3.63%)
Capital assets, net	66,968,475	68,437,694	1,469,219	2.19%
Other noncurrent assets	775,882	775,969	87	0.01%
Total Assets	117,369,558	117,037,169	(332,389)	(0.28%)
Pensions	12,069,651	6,295,711	(5,773,940)	(47.84%)
Total Deferred Outflows of Resources	12,069,651	6,295,711	(5,773,940)	(47.84%)
Current liabilities	12,076,862	10,911,377	(1,165,485)	(9.65%)
Noncurrent liabilities	103,776,252	102,421,448	(1,354,804)	(1.31%)
Total Liabilities	115,853,114	113,332,825	(2,520,289)	(2.18%)
Pensions	2,457,580	2,114,878	(342,702)	(13.94%)
Total Deferred Inflows of Resources	2,457,580	2,114,878	(342,702)	(13.94%)
Net investment in capital assets	53,764,666	56,405,447	2,640,781	4.91%
Restricted	2,728,642	4,250,204	1,521,562	55.76%
Unrestricted	(45,364,793)	(52,770,474)	(7,405,681)	(16.32%)
Total Net Position	\$ 11,128,515	\$ 7,885,177	\$ (3,243,338)	(29.14%)

Current assets decreased primarily due to decreases in cash partially offset by increases in prepaid expenses, property taxes receivable, and amounts due from state and federal governments. Capital assets increased because capital outlay exceeded depreciation expense. The change in noncurrent assets is attributable to the change in Tioga Tobacco Asset Securitization Corporation (TTASC) restricted cash.

Deferred outflows and inflows of resources increases are based on actuarially determined changes related to the County's proportionate share of the New York State and Local Retirement System pension plan.

Current liabilities decreased from the prior year due to decreases in accounts payable, overpayments, due to other governments, and unearned revenue, partially offset by increases in the current portion of long term liabilities. The decrease in noncurrent liabilities reflects the decrease in the County's proportionate share of the plans net pension liability of \$(5,184,904), along with decreases in the long term portion of indebtedness of \$(1,299,040) due to principal payments, partially offset by an increase in other postemployment benefit liability of \$5,129,140.

The change in net investment in capital assets is due to reductions in debt and increases in capital assets. Restricted net position increased primarily as a result of increases in capital reserves. Unrestricted net position decreased primarily as a result of current year expenses in excess of revenues; see Figure 2 for additional information.

The County's total revenues increased by 4.26%, while the total cost of all programs and services increased 0.92%. Our analysis in Figure 2 considers the operations of Governmental Activities.

COUNTY OF TIOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Figure 2 - Changes in Net Position

	Governmental Activities		Dollar Change	Percent Change
	2016	2017	2016 - 2017	2016 - 2017
REVENUES				
Program Revenues:				
Charges for services	\$ 6,318,608	\$ 6,232,695	\$ (85,913)	(1.36%)
Operating grants and contributions	15,962,105	16,691,927	729,822	4.57%
Capital grants	1,496,862	2,868,262	1,371,400	91.62%
General Revenues:				
Property taxes and tax items	26,108,454	25,792,998	(315,456)	(1.21%)
Sales and other taxes	19,699,211	21,200,001	1,500,790	7.62%
Tobacco settlement	605,619	645,219	39,600	6.54%
State sources	1,084,549	1,146,009	61,460	5.67%
Use of money and property	115,897	106,548	(9,349)	(8.07%)
Other	417,271	180,518	(236,753)	(56.74%)
Total Revenues	\$ 71,808,576	\$ 74,864,177	\$ 3,055,601	4.26%
PROGRAM EXPENSES				
General government	\$ 16,369,342	\$ 16,705,486	\$ 336,144	2.05%
Education	4,468,732	4,811,419	342,687	7.67%
Public safety	15,807,692	15,136,740	(670,952)	(4.24%)
Public health	7,603,118	7,584,836	(18,282)	(0.24%)
Transportation	5,295,084	5,965,198	670,114	12.66%
Economic assistance and opportunity	23,727,856	23,726,275	(1,581)	(0.01%)
Culture and recreation	362,583	340,447	(22,136)	(6.11%)
Home and community services	2,176,952	2,270,824	93,872	4.31%
Interest on long-term debt	1,583,479	1,566,290	(17,189)	(1.09%)
Total Expenses	\$ 77,394,838	\$ 78,107,515	\$ 712,677	0.92%
CHANGE IN NET POSITION	\$ (5,586,262)	\$ (3,243,338)	\$ 2,342,924	41.94%

Revenues

- Operating grants increased primarily due to a new fire protection grant received, partially offset by decreases in public health, transportation, social services, and child care grants for the current year.
- Capital grants increased due to FEMA grants received in the current year and transportation grants that exceeded 2016 amounts.
- Property tax and tax items decreased based on an increase in unpaid and estimated uncollectible taxes.

Expenses

- General government expenses increased primarily as a result of allocating the increase in employee benefits, along with changes in other postemployment benefits, and net pension activity, to functions based on percentages of payroll in each function.
- The increase in education expense is attributable to increased tuition, services, and other transportation costs associated with the education of handicapped children.
- Public safety expenses decreased as a result of higher than normal expenses in 2016, which resulted from arbitration settlements.
- Transportation expenses increased primarily due to allocation of depreciation expense.

COUNTY OF TIOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Figures 3 and 4 show the sources of revenue for 2017 and 2016.

Figure 3 - Revenue by Source
Governmental Activities
2017

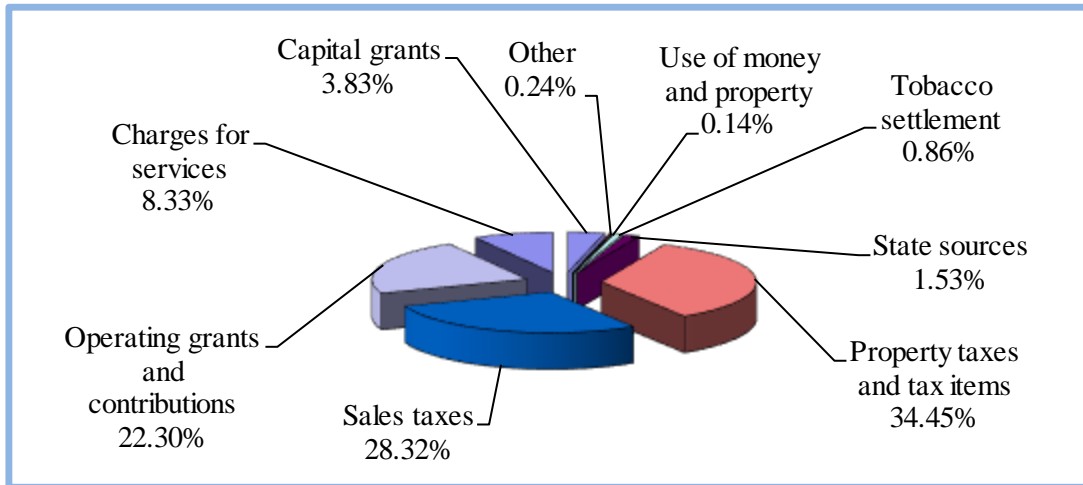
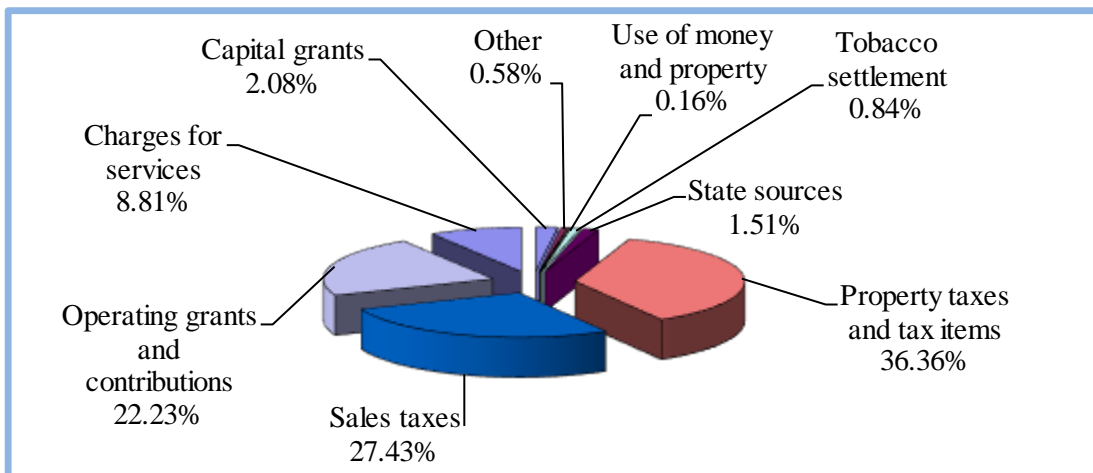


Figure 4 - Revenue by Source
Governmental Activities
2016



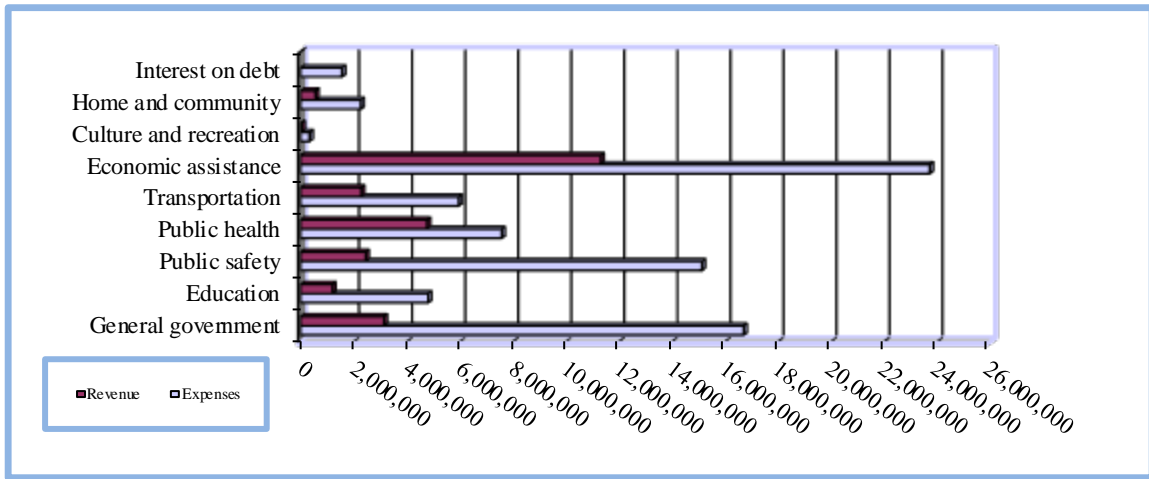
The cost of all Governmental Activities this year was \$78,107,515. As shown in the Statement of Activities, the amount our taxpayers ultimately financed for these activities through County property and other tax revenues was \$52,314,631, because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Overall, the County's governmental program revenues were \$25,792,884. The County paid for the remaining "public benefit" portion of Governmental Activities with \$49,071,293 in taxes and other revenues, such as interest and general entitlements.

COUNTY OF TIOGA

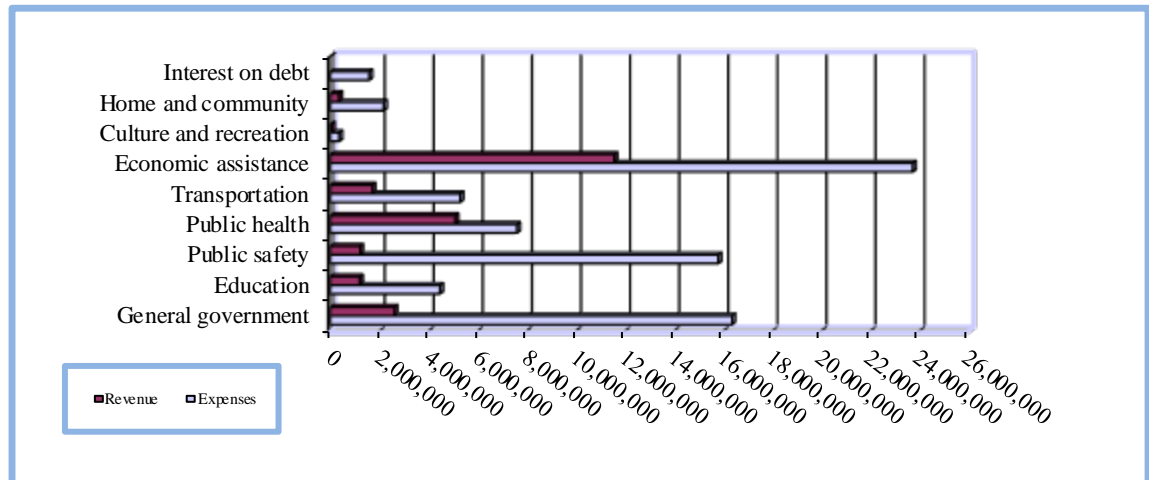
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

Overall, program expenses of the County's Governmental Activities increased \$712,677, which represents a 3.34% increase over the prior year. The total cost versus revenue generated by activities for the County's largest programs is presented below. The difference between the cost and revenue shows the relative financial burden placed on the County's taxpayers by each of these functions.

**Figure 5 - Net Program Cost
Governmental Activities
2017**



**Figure 6 - Net Program Cost
Governmental Activities
2016**



COUNTY OF TIOGA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

THE COUNTY'S FUNDS

At December 31, 2017, the County's Governmental Funds, as presented in the balance sheets on page 7, reported a combined fund balance of \$34,935,135, which represents a decrease of (3.02)% from the prior year. Of this amount, \$1,012,429 was non-spendable, \$5,992,957 was restricted, and \$9,980,001 was assigned, leaving \$17,947,748 in unassigned fund balance. Figure 7 shows the changes in fund balance for the County's Governmental Funds.

*Figure 7
Governmental Funds
Fund Balances*

	2016	2017	Dollar Change	Percent Change
			2016 - 2017	2016 - 2017
Major Funds:				
General Fund	\$ 24,621,813	\$ 22,594,688	\$ (2,027,125)	(8.23%)
Capital Projects Fund	9,499,041	10,010,193	511,152	5.38%
Nonmajor Funds:				
Special Revenue Funds:				
County Road Fund	(78,200)	11,387	89,587	114.56%
Road Machinery Fund	601,671	400,406	(201,265)	(33.45%)
Special Grant Fund	613,189	934,646	321,457	52.42%
Refuse and Garbage Fund	186,265	137,779	(48,486)	(26.03%)
Debt Service Fund	851,786	846,036	(5,750)	(0.68%)
Totals	\$ 36,295,565	\$ 34,935,135	\$ (1,360,430)	(3.75%)

The decrease in the General Fund is primarily related to interfund transfers out of \$4,490,591 to capital and other non-major funds for capital projects and to cover cost of operations in non-major funds. The increase in the Capital Projects Fund is primarily due to interfund transfers in of \$1,695,874. The changes in non-major governmental funds is primarily the result of funds transferred in from the General Fund as well as results of operations within the funds.

General Fund Budgetary Highlights

Over the course of the year, the County Legislature revised the County budget several times. These budget amendments consist of budget transfers between functions, which did not increase the overall budget. In addition to these transfers, the County Legislature increased the overall budget to provide for unspent appropriations from the previous year (encumbrances) and various federal and state grants.

Actual charges to appropriations (expenditures) and other financing uses were below final budgeted amounts by \$3,126,390. Resources available for appropriation and other financing sources were \$(1,784,462) under the final budgeted amounts.

COUNTY OF TIOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

*Figure 8 - Budgetary Comparison Schedule - General Fund
December 31, 2017*

	Original Budget	Final Budget	Actual w/ Encumbrances	Variance Fav. (Unfav.)
REVENUES AND OTHER FINANCING SOURCES				
Real property taxes and tax items	\$ 24,723,214	\$ 24,723,214	\$ 24,238,463	\$ (484,751)
Nonproperty tax items	19,379,000	19,379,000	20,680,920	1,301,920
Departmental income	5,265,754	5,235,604	4,881,556	(354,048)
Intergovernmental charges	457,000	475,019	130,041	(344,978)
Use of money and property	65,000	65,000	83,663	18,663
State sources	8,997,582	11,465,123	10,493,237	(971,886)
Federal sources	7,103,871	7,541,412	6,919,007	(622,405)
Other revenues and financing sources	505,637	513,557	186,580	(326,977)
Total Revenues and Other Financing Sources	\$ 66,497,058	\$ 69,397,929	\$ 67,613,467	\$ (1,784,462)
Appropriated Reserves and Fund Balance	\$ 1,101,943	\$ 4,257,469	\$ -	\$ -
EXPENDITURES AND OTHER FINANCING USES				
General government	\$ 11,419,644	\$ 11,809,186	\$ 11,191,815	\$ 617,371
Education	4,982,455	5,201,961	5,046,611	155,350
Public safety	8,180,449	10,429,847	9,981,381	448,466
Public health	5,385,263	5,546,330	4,802,920	743,410
Transportation		310,298	247,773	62,525
Economic assistance and opportunity	19,714,722	20,025,039	19,442,859	582,180
Culture and recreation	346,211	348,254	332,150	16,104
Home and community services	634,479	643,278	642,178	1,100
Employee benefits	11,964,253	12,240,944	12,240,146	798
Debt service	2,110,589	2,110,589	2,110,584	5
Other financing uses	2,860,936	4,989,672	4,490,591	499,081
Total Expenditures and Other Financing Uses	\$ 67,599,001	\$ 73,655,398	\$ 70,529,008	\$ 3,126,390
Excess of Revenues and Other Financing Sources	\$ -	\$ -	\$ (2,915,541)	\$ 1,341,928

COUNTY OF TIOGA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2017, the County had \$126,993,806, partially offset by accumulated depreciation of \$(58,556,112), invested in a broad range of capital assets, including buildings and improvements, machinery and equipment, roads and bridges, and construction in process. This amount represents a net increase (including additions, disposals and depreciation) of \$1,469,219 from the prior year.

Figure 9 - Capital Assets, Net of Depreciation

	Governmental Activities		Dollar Change	Percent Change
	2016 (Restated)	2017	2016 - 2017	2016 - 2017
Land	\$ 1,264,322	\$ 1,264,322	\$ -	0.00%
Construction-in-progress	1,537,653	1,873,022	335,369	21.81%
Buildings and improvements	23,020,645	22,179,019	(841,626)	(3.66%)
Machinery and equipment	3,625,084	3,453,755	(171,329)	(4.73%)
Infrastructure	37,520,771	39,667,576	2,146,805	5.72%
Totals	\$ 66,968,475	\$ 68,437,694	\$ 1,469,219	2.19%

This year's additions consisted of:

Construction in progress	\$ 2,080,270
Buildings and Improvements	88,728
Machinery and equipment	798,772
Infrastructure	3,087,842
Total Additions	<u>6,055,612</u>
Less: Depreciation expense	<u>(4,586,393)</u>
Total Net Change	<u>\$ 1,469,219</u>

COUNTY OF TIOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Debt Administration

At the end of 2017, the County and its blended component unit had total debt outstanding, in the form of serial bonds, of \$30,107,680. The County's debt of \$13,775,000 is backed by the full faith and credit of the County. Of this amount, \$13,775,000 is subject to the County's statutory debt limit of \$177,725,576, and represents approximately 7.8% of the County's debt limit. The blended component unit, Tioga Tobacco Asset Securitization Corporation, has debt of \$16,332,680, which is backed by future Tobacco Settlement Revenues.

Figure 10 - Outstanding Debt at Years Ended

	Governmental Activities		Dollar Change
	2016	2017	2016 - 2017
Bonds - Issued by County	\$ 15,225,000	\$ 13,775,000	\$ (1,450,000)
Bonds - Issued by TTASC	13,177,915	13,147,915	(30,000)
Tobacco settlement pass-through bonds accreted interest	2,803,805	3,184,765	380,960
Totals	\$ 31,206,720	\$ 30,107,680	\$ (1,099,040)

Moody's Investors Service assigned the rating of A1 to the County's most recent debt issuance.

The County also has other long-term liabilities, which are further described in the footnotes.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- The County Legislature is sensitive to property tax burdens on the residents of the County and is working diligently on keeping taxes low and finding ways to have the County run more efficiently at a lower cost. In developing the 2018 Budget, the County increased appropriations by a total of \$1,307,863 or 1.69%; appropriations increased in the General Fund by \$2,048,641. Revenues increased by \$1,258,418 or 2.43%; General Fund revenue increased by \$715,490. The tax levy for 2018 is up by \$464,630, or an actual 2% increase over 2017 while reliance on appropriated fund balance decreased by \$(415,185).
- Through the first 6 months of 2018 sales tax revenue is up 12.49% over 2017. Energy prices may be a significant contributor. Sales tax revenue is expected to be over the budgeted amount in 2018 by over \$1 million dollars.
- The 2018 County Budget appropriates \$2,698,800 (compared to \$3,397,200 in 2017) for all Capital Projects (bridges and road projects).
- Employee benefits continue to challenge the 2018 budget, with \$13,441,625 budgeted for 2018 compared to \$12,794,172 for 2017, a 5.06% increase overall, largely attributed to an approximate 3.40% increase in NYS Retirement and a 3.07% increase in Workers Comp.

COUNTY OF TIOGA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

- Gaming Revenue for 2017 was \$1,146,009, an increase over 2016 of 5.5%. These funds have been earmarked to specific Capital Reserve accounts. It is anticipated 2018 revenue will exceed \$1,000,000.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the County of Tioga's citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives and disburses. If you have questions about the report or need any additional financial information, contact James McFadden, County Treasurer, 56 Main Street, Owego, New York 13827.

COUNTY OF TIOGA

STATEMENT OF NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2017

	Primary Government	Component Units	
	Governmental Activities	Industrial Development Agency	Soil and Water Conservation District
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 25,641,304	\$ 751,588	\$ 1,455,258
Restricted cash	5,061,393	1,220,046	
Investments		839,156	
Taxes receivable, net	7,095,318		
Accounts receivable, net	1,356,776	397,627	1,479,347
Loans and leases receivable - Current portion	139,602	111,504	
Due from state and federal governments	7,501,869		
Due from other governments	14,815		
Prepaid expenses	1,012,429		5,232
Total Current Assets	47,823,506	3,319,921	2,939,837
Noncurrent Assets			
Restricted cash and cash equivalents	775,969		
Loans and leases receivable, long-term portion		522,750	
Accounts receivable, long-term portion		312,659	
Capital assets-Land and construction in progress	3,137,344	3,939,229	
Capital assets-Depreciable, net of accumulated depreciation	65,300,350	826,529	513,894
Total Noncurrent Assets	69,213,663	5,601,167	513,894
Total Assets	117,037,169	8,921,088	3,453,731
Deferred Outflows of Resources			
Pensions	6,295,711		225,754
Total Deferred Outflows of Resources	6,295,711	-	225,754
LIABILITIES			
Current Liabilities			
Accounts payable	130,946	326,418	589,525
Accrued liabilities	661,732	600,000	29,370
Interest payable	182,192		
Due to other governments	4,733,997		
Compensated absences	985,365		
Contract advances			445,217
Unearned revenue	1,197,145		
Self insurance accruals	840,000		
Long-term obligations due within one year	2,180,000	84,636	
Total Current Liabilities	10,911,377	1,011,054	1,064,112
Long-term obligations due after one year	102,421,448	731,973	269,410
Total Liabilities	113,332,825	1,743,027	1,333,522
Deferred Inflows of Resources			
Pensions	2,114,878		95,090
Total Deferred Inflows of Resources	2,114,878	-	95,090
Net Position			
Net investment in capital assets	56,405,447	4,765,758	513,894
Restricted	4,250,204	427,786	1,056,898
Unrestricted	(52,770,474)	1,984,517	680,081
Total Net Position	\$ 7,885,177	\$ 7,178,061	\$ 2,250,873

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TIOGA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental Activities:				
General governmental support	\$ 16,705,486	\$ 2,492,393	\$ 333,838	\$ 316,158
Education	4,811,419		1,203,743	
Public safety	15,136,740	280,835	2,179,105	
Health	7,584,836	2,648,771	2,121,838	
Transportation	5,965,198	885	121,832	2,165,557
Economic assistance and opportunity	23,726,275	769,977	10,547,047	
Culture and recreation	340,447		46,597	
Home and community services	2,270,824	39,834	137,927	386,547
Interest on debt	1,566,290			
Total Primary Government	\$ 78,107,515	\$ 6,232,695	\$ 16,691,927	\$ 2,868,262
Component Units				
Industrial Development Agency	706,495	236,460	476,038	
Soil and Water Conservation	3,315,623	132,897	3,194,644	
Total Component Units	\$ 4,022,118	\$ 369,357	\$ 3,670,682	\$ -

Net (Expense) Revenue and Changes in Net Position brought forward

GENERAL REVENUES

Property taxes, levied for general purposes
 Sales and other taxes
 County appropriations
 Tobacco settlement payments
 State sources not restricted to specific programs
 Use of money and property
 Sale of property and compensation for loss
 Miscellaneous
 Fines and forfeitures

Total General Revenues

Change in Net Position

Net Position - Beginning, as restated

Net Position - Ending

See Independent Auditor's Report and Notes to Financial Statements

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government Total Governmental Activities	Component Units	
	Industrial Development Agency	Soil and Water Conservation District
\$ (13,563,097)	\$ _____	\$ _____
(3,607,676)	_____	_____
(12,676,800)	_____	_____
(2,814,227)	_____	_____
(3,676,924)	_____	_____
(12,409,251)	_____	_____
(293,850)	_____	_____
(1,706,516)	_____	_____
(1,566,290)	_____	_____
(52,314,631)	-	-
_____	6,003	_____
_____	_____	11,918
_____	6,003	11,918
(52,314,631)	6,003	11,918
25,792,998	_____	_____
21,200,001	_____	189,234
645,219	_____	_____
1,146,009	_____	_____
106,548	10,166	_____
72,574	2,836	_____
4,263	_____	64,965
103,681	_____	_____
49,071,293	13,002	254,199
(3,243,338)	19,005	266,117
11,128,515	7,159,056	1,984,756
\$ 7,885,177	\$ 7,178,061	\$ 2,250,873

COUNTY OF TIOGA

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2017

	Major Funds		Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Funds		
ASSETS				
Cash and cash equivalents - Unrestricted	\$ 15,022,241	\$ 6,443,231	\$ 543,219	\$ 22,008,691
Cash and cash equivalents - Restricted	412,476	3,831,502	1,593,384	5,837,362
Taxes receivable, net	7,095,318			7,095,318
Other receivables, net	704,526		652,250	1,356,776
Due from state and federal governments	7,346,883	77,503	77,483	7,501,869
Due from other governments	14,815			14,815
Prepaid expenses	1,010,128		2,301	1,012,429
Loans receivable			139,602	139,602
Total Assets	\$ 31,606,387	\$ 10,352,236	\$ 3,008,239	\$ 44,966,862
LIABILITIES				
Accounts payable	\$ 108,030	\$	\$ 6,494	\$ 114,524
Accrued liabilities	638,418	500	21,183	660,101
Due to other governments	4,562,878	171,119		4,733,997
Unearned revenue	1,026,721	170,424		1,197,145
Total Liabilities	6,336,047	342,043	27,677	6,705,767
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	2,675,652		650,308	3,325,960
FUND BALANCES				
Nonspendable	1,010,128		2,301	1,012,429
Restricted	412,476	3,831,502	1,748,979	5,992,957
Assigned	3,222,336	6,178,691	578,974	9,980,001
Unassigned	17,949,748			17,949,748
Total Fund Balances	22,594,688	10,010,193	2,330,254	34,935,135
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 31,606,387	\$ 10,352,236	\$ 3,008,239	\$ 44,966,862

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TIOGA

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

Total Governmental Fund Balances **\$ 34,935,135**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Historical cost of capital assets	\$ 126,993,806	
Less accumulated depreciation	<u>(58,556,112)</u>	<u>68,437,694</u>

The County's proportionate share of the local retirement systems' collective net pension liability is not reported in the funds.

Net pension liability - Proportionate share		<u>(6,628,490)</u>
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Certain revenues are deferred in Governmental Funds due to applying the "availability criterion" to receivables for the modified accrual basis of accounting. However, these deferred inflows of resources are considered revenues in the Statement of Activities due to applying the full accrual basis of accounting.

3,325,960

Internal Service Fund is used by management to charge the costs of certain activities, such as health and workers' compensation insurance. The assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Statement of Net Position.

(2,135,440)

Certain accrued expenses, such as interest on debt, reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in Governmental Funds.

(182,192)

Deferred outflows of resources represents a consumption of net position that applies to future periods and, therefore, is not reported in the Governmental Funds. Deferred inflows of resources represents an acquisition of net position that applies to future periods and, therefore, is not reported in the Governmental Funds.

ERS deferred inflows - Pensions	\$ (2,114,878)	
ERS deferred outflows - Pensions	<u>6,295,711</u>	<u>4,180,833</u>

Long-term liabilities, including bonds payable, compensated absences, and other postemployment benefits liability, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	\$ (26,922,915)	
Accreted interest on TASC bonds	(3,184,765)	
Other postemployment benefits liability	(62,955,278)	
Compensated absences	<u>(985,365)</u>	<u>(94,048,323)</u>

Net Position of Governmental Activities **\$ 7,885,177**

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TIOGA

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

	<u>Major Funds</u>		<u>Total Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Funds</u>		
REVENUES				
Real property taxes	\$ 21,466,202	\$ _____	\$ 1,023,677	\$ 22,489,879
Real property tax items	2,772,261	_____	66,815	2,839,076
Nonproperty tax items	20,680,920	519,081	_____	21,200,001
Departmental income	4,881,556	_____	29,621	4,911,177
Intergovernmental charges	130,041	_____	_____	130,041
Use of money and property	83,663	7,869	14,114	105,646
Licenses and permits	39,165	_____	_____	39,165
Fines and forfeitures	103,681	_____	_____	103,681
Sale of property and compensation for loss	25,000	_____	47,574	72,574
Miscellaneous local sources	2,899	1,255	600,639	604,793
State sources	10,493,237	1,879,064	288,898	12,661,199
Federal sources	6,919,007	832,154	293,838	8,044,999
Total Revenues	<u>67,597,632</u>	<u>3,239,423</u>	<u>2,365,176</u>	<u>73,202,231</u>
EXPENDITURES				
General governmental support	11,058,940	_____	46,266	11,105,206
Education	4,811,419	_____	_____	4,811,419
Public safety	9,755,439	_____	_____	9,755,439
Health	4,698,403	_____	_____	4,698,403
Transportation	161,318	_____	1,847,851	2,009,169
Economic assistance and opportunity	19,361,392	_____	184,679	19,546,071
Culture and recreation	324,331	_____	_____	324,331
Home and community services	628,830	_____	1,454,194	2,083,024
Employee benefits	12,239,345	_____	763,312	13,002,657
Debt service (Principal and interest)	2,110,584	_____	567,900	2,678,484
Capital outlay	_____	4,420,458	_____	4,420,458
Total Expenditures	<u>65,150,001</u>	<u>4,420,458</u>	<u>4,864,202</u>	<u>74,434,661</u>
Excess of Revenues (Expenditures)	<u>2,447,631</u>	<u>(1,181,035)</u>	<u>(2,499,026)</u>	<u>(1,232,430)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	15,835	1,695,874	2,666,717	4,378,426
Interfund transfers (Out)	(4,490,591)	(3,687)	(12,148)	(4,506,426)
Total Other Financing (Uses) Sources	<u>(4,474,756)</u>	<u>1,692,187</u>	<u>2,654,569</u>	<u>(128,000)</u>
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	<u>(2,027,125)</u>	<u>511,152</u>	<u>155,543</u>	<u>(1,360,430)</u>
Fund Balances, Beginning	24,621,813	9,499,041	2,174,711	36,295,565
Fund Balances, Ending	<u>\$ 22,594,688</u>	<u>\$ 10,010,193</u>	<u>\$ 2,330,254</u>	<u>\$ 34,935,135</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TIOGA

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

Net Change in Fund Balances - Total Governmental Funds **\$ (1,360,430)**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay and the net book value of disposed assets.

Capital outlay	\$ 6,055,612	
Depreciation expense	<u>(4,586,393)</u>	<u>1,469,219</u>

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in certain deferred inflows of resources. 508,732

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of principal		<u>1,480,000</u>
------------------------	--	------------------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. Changes in these expenses include the following:

Change in compensated absences	\$ (19,522)	
Change in postemployment benefits liability	(5,129,140)	
Change in accrued interest payable	13,154	
Change in accreted interest on TASC capital appreciation bonds	<u>(380,960)</u>	<u>(5,516,468)</u>

Changes in the County's proportionate share of net pension liabilities have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the County's deferred outflows of resources and deferred inflows of resources related to pensions do not effect current financial resources and are also not reported in the Governmental Funds.

Deferred outflows - Pensions	\$ (5,773,940)	
Net pension liability - Proportionate share	5,184,904	
Deferred inflows - Pensions	<u>342,702</u>	<u>(246,334)</u>

Internal Service Funds are used by management to charge the costs of certain activities, such as workers' compensation and insurance, to individual funds. Net revenue of the internal service fund is reported with Governmental Activities. 421,943

Change in Net Position of Governmental Activities **\$ (3,243,338)**

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TIOGA

STATEMENT OF NET POSITION PROPRIETARY FUND DECEMBER 31, 2017

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 3,632,613
Total Assets	<u>3,632,613</u>
LIABILITIES	
Current Liabilities	
Accounts payable	<u>16,422</u>
Accrued liabilities	<u>1,631</u>
Self insurance accruals	<u>840,000</u>
Total Current Liabilities	<u>858,053</u>
Noncurrent Liabilities	
Benefits and awards payable	<u>4,910,000</u>
Total Noncurrent Liabilities	<u>4,910,000</u>
Total Liabilities	<u>5,768,053</u>
NET POSITION	
Unrestricted	<u>(2,135,440)</u>
Total Net Position (Deficit)	<u>\$ (2,135,440)</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TIOGA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Governmental Activities Internal Service Fund</u>
OPERATING REVENUES	
Charges for services	\$ 1,813,949
Other operating revenues	<u>80,245</u>
Total Operating Revenues	<u>1,894,194</u>
OPERATING EXPENSES	
Salaries and wages	<u>231,901</u>
Contractual	<u>631,227</u>
Benefits and awards	<u>738,025</u>
Total Operating Expenses	<u>1,601,153</u>
Income from Operations	<u>293,041</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	<u>902</u>
Transfer from other funds	<u>128,000</u>
Total Nonoperating Revenues	<u>128,902</u>
Change in Net Position	<u>421,943</u>
Net Position (Deficit), January 1,	<u>(2,557,383)</u>
Net Position (Deficit), December 31,	\$ <u><u>(2,135,440)</u></u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TIOGA

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

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities	
Cash received from providing services - External participants	\$ 1,813,949
Cash received from insurance recoveries	80,245
Cash payments - Employees	(234,209)
Cash payments - Claims and benefits	(738,025)
Cash payments - Vendors	(675,258)
Net Cash Provided by Operating Activities	246,702
Cash Flows from Non-capital Financing Activities	
Transfer from other funds	128,000
Net Cash Provided by Non-capital Financing Activities	128,000
Cash Flows from Investing Activities	
Interest income received	902
Net Cash Provided by Investing Activities	902
Net Increase in Cash and Cash Equivalents	375,604
Cash and Cash Equivalents, January 1,	3,257,009
Cash and Cash Equivalents, December 31,	\$ 3,632,613
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:	
Income from operations	\$ 293,041
(Decrease) in accounts payable	(44,031)
(Decrease) in accrued liabilities	(2,308)
Net Cash Provided by Operating Activities	\$ 246,702

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TIOGA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2017

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents - Unrestricted	\$ 96,166	\$ 355,401
Total Assets	<u>96,166</u>	<u>\$ 355,401</u>
LIABILITIES		
Agency liabilities	-	\$ 355,401
Total Liabilities	<u>-</u>	<u>\$ 355,401</u>
NET POSITION		
Held in trust for private purposes	<u>\$ 96,166</u>	

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TIOGA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Private Purpose Trust Funds
ADDITIONS	
Contributions	\$ <u>5,272</u>
Total Additions	<u>5,272</u>
DEDUCTIONS	
Distributions	<u>5,880</u>
Total Deductions	<u>5,880</u>
Change in Net Position	(608)
Net Position - Beginning	<u>96,774</u>
Net Position - Ending	\$ <u><u>96,166</u></u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies**

The financial statements of the County of Tioga (the County) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the County's accounting policies are described below.

Financial Reporting Entity

The County, which was established in 1791, is governed by County Law, and other general laws of the State of New York. The County Legislature, which is the Legislative body responsible for the overall operation of the County, consists of nine members representing seven legislative districts within the County. The Chairman of the County Legislature, elected by the Legislature each year, serves as Chief Executive Officer. The County Treasurer, elected for a four year term, serves as Chief Fiscal Officer.

The County provides the following basic services: police and law enforcement, educational assistance for County residents attending community colleges, economic assistance, health and nursing services, maintenance of County roads, culture and recreational services, home and community services, and mental health services.

All Governmental Activities and functions performed for the 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 the 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 statements to be misleading or incomplete, as set forth in GASB Statement No. 14, "The Financial Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - an Amendment to GASB Statements No. 14 and 34."

The decision to include a component unit in the County's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended by GASB Statements No. 39 and No. 61, 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 County's reporting entity.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Blended Component Units

- Tioga Tobacco Asset Securitization Corporation - Tioga Tobacco Securitization Corporation (TTASC), established on October 11, 2000, is a special purpose, local development corporation organized under the laws of the State of New York. TTASC is an instrument of the County, but is a separate legal entity from the County. TTASC will have not less than three or more than five directors, consisting of one ex-officio position being the chairperson of the County Legislature, up to four additional directors and one independent director appointed by the members of TTASC. Although legally separate from the County, TTASC is a component unit of the County and accordingly, is included in the County's basic financial statements as a blended component unit, as its purpose is to exclusively serve the County.

TTASC is blended as part of the County's Governmental Activities and Non-Major Governmental Funds (Debt Service Fund). Separate financial statements may be obtained from the County Treasurer's Office.

Discretely Presented Component Units

- Tioga County Soil and Water Conservation District (TCSWCD) - The Tioga County Soil and Water Conservation District (the District) was created by the state legislature to provide for the conservation of soil and water resources and prevention of soil erosion. The District provides technical assistance relative to natural resources conservation and water quality to the residents of the County. The five members of the District Board have complete responsibility for management and fiscal matters of the District. Separate financial statements may be obtained from the Tioga County Soil and Water Conservation District, 183 Corporate Drive, Owego, New York 13827.
- Tioga County Industrial Development Agency (the Agency) - A public benefit corporation created by the state legislature and established to promote the economic welfare, recreation opportunities, and prosperity of the County's inhabitants and to develop economically sound commerce and industry. Members of the Agency 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. Separate financial statements may be obtained from the Tioga County IDA, 56 Main Street, Owego, New York 13827.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Basic Financial Statements

The County's basic financial statements include both Government-wide (reporting the County as a whole) and Governmental Fund financial statements (reporting the County's Major Funds). Both the Government-wide and Governmental Fund financial statements categorize primary activities as either Governmental or Business-type. The County's general governmental support, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities. Services relating to self-insurance and workers' compensation administration are classified as Internal Service Funds, and are also included in Governmental Activities.

Government-wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government and for the County's discretely presented component units.

Government-wide financial statements do not include the activities reported in the Fiduciary Funds or fiduciary component units. This Government-wide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

In the Government-wide Statement of Net Position, the Governmental Activities are presented on a consolidated basis in one column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts - invested in capital assets, restricted, and unrestricted. The County first utilizes restricted resources to finance qualifying activities.

The Statement of Activities reports both the gross and net cost for each of the County's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the prepared or capital requirements of a particular program. Depreciation on assets that are shared by essentially all of the County's programs has been reported in general governmental support. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the County.

Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Governmental Fund Financial Statements

The financial transactions of the County are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The County records its transactions in the fund types described below:

Governmental Funds

Governmental Funds are those 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 based upon determination of financial position and changes in financial position. The following are the County's Governmental Funds:

Major Funds

- General Fund - Principal operating fund which includes all operations not required to be recorded in other funds.
- Capital Projects Fund - Accounts for and reports financial resources to be used for acquisition, construction, or renovation of major capital facilities or equipment.

Non-Major Funds

- Special Revenue Funds - Accounts for proceeds of specific revenue sources legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:
 - Road Machinery Fund - Accounts for purchase, repair, maintenance, and storage of highway machinery, tools, and equipment pursuant to §133 of Highway Law.
 - County Road Fund - Accounts for expenditures for highway purposes authorized by §114 of the Highway Law.
 - Refuse and Garbage Fund - Accounts for expense of operation and program income of the solid waste and recycling facility.
 - Special Grant Fund - Accounts for funds received under the Workforce Investment Act (WIA).
- Debt Service Fund (TTASC) - Accounts for accumulation of resources from tobacco settlement payments and payment of principal and interest on Tobacco Settlement Pass through Bonds.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Proprietary Funds

Account for ongoing organizations or activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position. The following Proprietary Fund is utilized:

- Internal Service Fund - Accounts for accumulation of resources for payment of unemployment insurance as authorized by §6M of the General Municipal Law and to account for the accumulation of resources for payment of compensation, assessments, and other obligations under Workers' Compensation Law, Article 5, and accumulation of resources for payment of self-insured risks as authorized by §6N of the General Municipal Law.

Fiduciary Funds

Account for assets held by the local government in a trustee or custodial capacity which are not available to support the County's programs. The following are the County's Fiduciary Funds:

- Private Purpose Trust Funds - Trust arrangements under which principal and income benefit individuals, private organizations or other governments.
- Agency Funds - Account for money and/or property received and held in the capacity of trustee, custodian or agent. Agency Funds are custodial in nature and do not involve measurement of results for operations. The most significant of the County's Agency Funds are mortgage tax and social service trust funds.

Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

Accrual Basis

The Government-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly all of the County's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Modified Accrual Basis

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, State and Federal aid, sales tax, and certain user charges.

The County considers property tax receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. All other revenues deemed collectible within 60 days after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when received. Exceptions to this general rule are that 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by the County in the determination of recorded assets and liabilities include, but are not limited to, allowances for uncollectible property taxes, reserves for self-insurance claim liabilities, other postemployment benefits liability, net pension liability, and accumulated depreciation.

Equity Classifications

Government-wide Financial 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, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of net resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists remaining net resources that does not meet the definition of "restricted" or "net investment in capital assets."

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Governmental Fund Financial Statements

Governmental Fund equity is classified as fund balance. Proprietary Fund equity is classified the same as in the Government-wide financial statements. Any capital gains or interest earned on reserve fund resources becomes part of the respective reserve fund. While a separate bank account is not necessary for each reserve fund, a separate identity for each reserve fund must be maintained.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- **Nonspendable** - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- **Restricted** - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the County's legally adopted reserves are reported here.
- **Committed** - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- **Assigned** - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned** - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Governmental Fund Financial Statements - Continued

The County has not adopted any resolutions to commit fund balance. Currently, fund balance is assigned by the County Treasurer for encumbrances and designations and the County Legislature, by resolution, approves fund balance appropriations for next year's budget. The County has not formally adopted a policy defining the order in which to apply expenditures against fund balances. However, the County's informal policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Property Taxes

The authority of levying taxes for the support of County and town governments, inclusive of special districts, and for re-levying unpaid school taxes, has been delegated by the State Legislature to the governing board of the County through various provisions of the Real Property Tax Law. For purposes of both County and town taxes, the value of real property is listed and established by the towns for each parcel of real property therein. Amounts to be raised by tax are determined from balances budgets of towns and the County and levied on or before December 31, each year. Unpaid school taxes are purchased from each school district and added to tax levies and, until paid, are counted among the assets of the County; the County thus acquires all rights, title, and interest in any unpaid school taxes. Any such taxes remaining unpaid at the time of the tax sale are sold along with any other unpaid taxes subject to County enforcement.

County real property taxes are levied annually no later than December 31, on the assessed value of all real property located within the County and become a tax lien on January 1. Taxes are collected in towns from January 1 to a date not later than June 1 when settlement is made with the County Treasurer, who makes collections thereafter. The towns' shares of tax levies, which are guaranteed by the County, are paid to Town Supervisors out of the first monies received. Unpaid taxes are assessed a 5% penalty, bearing interest at an annual variable rate determined by the New York State Commission of Taxation and Finance.

Property taxes are recorded as receivables and revenues at the time the tax levy is billed. Uncollected amounts estimated to be collected subsequent to the first 60 days after year end are recorded as deferred inflows of resources.

School district taxes are turned over to the County for enforcement on November 15. The County collects the second installment of school taxes on or before November 30. Payment to school districts for second installments is required to be remitted within ten days of collection. On December 1, any such taxes remaining unpaid are relieved as County taxes in the subsequent year. The balance of uncollected school taxes is required to be remitted by April 1.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Property Tax - Continued

All unpaid taxes of the current year are advertised and collected under the provisions of Article 11 of the Real Property Tax Law. Properties to which title is taken under this section of the Real Property Tax Law are sold through advertising for bids at public auction.

Sales Tax

The County imposes a 4% sales tax in the County, and in accordance with § 14 of the tax law, shares a portion of the sales tax collections with the towns and villages. In addition, a portion of sales tax collections are restricted to a capital reserve fund to be used only to finance capital improvement projects. The Capital Projects Fund's non-property tax item amounting to \$519,081 is sales tax designated for capital projects.

The General Fund's primary non-property tax item is sales tax, which amounted to \$20,351,507. At December 31, 2017 this amount included an accrual of \$1,473,950, which is included in state and federal receivables, for sales that occurred in the State of New York in 2017 which were not received by the County at December 31, 2017. Of the \$20,351,507 recognized as revenue, \$5,307,917 was distributed to local municipalities within the County.

Cash and Cash Equivalents

For financial statement purposes, the County considers all highly liquid investments with original maturities of three months or less as cash equivalents.

Investments

Investments are stated at cost, which approximates market value.

Receivables

Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the County to reimburse it for expenditures incurred pursuant to state and federally funded programs.

Revenues

Substantially all Governmental Fund revenues are accrued. Property tax receivables expected to be received later than 60 days after year end are reported as deferred inflows of resources in the Governmental Fund financial statements. Other sources of revenue expected to be received more than one year after year end are also reported as deferred inflows of resources in the Governmental Fund financial statements. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements are met. Resources transmitted before time eligibility requirements are met are reported as deferred outflows of resources by the provider and deferred inflows of resources revenue by the recipient. Resources transmitted before all other eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Deferred Outflows and Inflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows related to pensions in the Statements of Net Position. The types of deferred outflows related to pensions are described in Note 6.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County reports deferred inflows related to pensions which are further described in Note 6. In addition, the governmental funds report unavailable revenue from taxes and loans receivable that remain uncollected 60 days after year end.

Constitutional Tax Limit

The amount that may be raised by the County-wide tax levy on real estate in any fiscal year (for purposes other than debt service on County indebtedness) is limited to one and one-half per centum (subject to increase up to two per centum by resolution of the County Legislature) of the five-year average full valuation of taxable real estate of the County, per New York State statutes.

The County's constitutional tax limit (per New York State statutes) for the fiscal year ended December 31, 2017 is computed as follows:

Five-Year Average Full Valuation of Taxable Real Estate (2013-2017)	\$ 2,547,537,424
Tax limit @ 1.7%	43,308,136
Less :	
Tax levy	23,079,150
Less exclusions	(1,946,408)
Tax levy subject to tax limit	<u>21,132,742</u>
Tax Margin	\$ <u>22,175,394</u>

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the County's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Unearned Revenues

The County reports unearned revenues on its Statement of Net Position and its Balance Sheet. Unearned revenue arises when resources are received by the County before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the County has legal claim to resources, the liability is removed and revenue is recognized.

Property, Plant, and Equipment

All capital assets are valued 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 extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Governmental capital assets purchased or acquired with an original cost of over \$3,000 and having a useful life of greater than two years are capitalized at cost in the Statement of Net Position. Contributed fixed assets are recorded at fair market value at the date received. The estimated useful lives for governmental capital assets are as follows:

Buildings and improvements	50 years
Machinery and equipment	2 - 25 years
Infrastructure	12 - 40 years

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Postemployment Benefits

In addition to providing pension benefits, the County provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The County recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. The County adopted GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The County's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with this statement. See more detailed information in Note 7.

Vacation and Sick Leave and Compensatory Absences

Under terms of 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:

- Employees are granted between three and four days personal leave each year depending on contracts, coverage, and hiring date. At December 31 of each year, all unused personal leave is forfeited. Employees are not reimbursed for unused personal leave credits upon termination.
- Employees are granted sick leave credits of one day per month, and may accumulate up to 216 days of sick leaves credits, depending on contract coverage. Sick leave must be used prior to leaving County employment or for postretirement benefit premiums as described in Note 10.
- Employees are granted vacation leave credits of 10 to 20 days per year depending on their contract and years of service. Up to two weeks of such leave can be carried over to the following year unless unusual circumstances exist and more time is requested and approved. Upon resignation or retirement, employees are paid for all unused vacation leave. Liability for compensated absences totaling \$985,365 is reported as an accrued liability in the Governmental Activities, as such, amounts were not due and payable at December 31, 2017.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements take place when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between Governmental Funds are netted as part of the reconciliation to the Government-wide financial statements.

Insurance

The County assumes the liability for most risk including, but not limited to, property damage and personal injury liability. 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.

New Accounting Standards

The County adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) effective for the year ending December 31, 2017:

- GASB has issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68," effective for the year ended December 31, 2017.
- GASB has issued Statement No. 80, "Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14," effective for the year ended December 31, 2017.
- GASB has issued Statement No. 81, "Irrevocable Split-Interest Agreements," effective for the year ended December 31, 2017.
- GASB has issued Statement No. 82, "Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73," effective for the year ended December 31, 2017, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Future Changes in Accounting Standards

- GASB has issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,” effective for the year ending December 31, 2018. This statement replaces the requirements of Statements No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions,” as amended, and No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.”
- GASB has issued Statement No. 83, “Certain Asset Retirement Obligations,” effective for the year ending December 31, 2019.
- GASB has issued Statement No. 84, “Fiduciary Activities,” effective for the year ending December 31, 2019.
- GASB has issued Statement No. 85, “Omnibus 2017,” effective for the year ending December 31, 2018.
- GASB has issued Statement No. 86, “Certain Debt Extinguishment Issues,” effective for the year ending December 31, 2018.
- GASB has issued Statement No. 87, “Leases,” effective for the year ending December 31, 2020.
- GASB has issued Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,” effective for the year ending December 31, 2019.
- GASB has issued Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period,” effective for the year ending December 31, 2020.

The County will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 2* Cash and Investments**

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. The County has its own written investment 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; provide sufficient liquidity of invested funds in order to meet obligations as they become due; and attain a market rate of return. Oversight of investment activity is the responsibility of the County Treasurer.

The County's monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Collateral (security) is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts, obligations of Puerto Rico, obligations of municipalities of other states, obligations of domestic corporations, mortgage related securities, commercial paper and bankers acceptances, and zero coupon obligations of the United States.

GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits were either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

The County's aggregate bank balances of \$35,529,640 include \$843,735 for the TTASC, and were either insured or collateralized with securities held by the pledging financial institution in the County's name. The TTASC had liquidity reserves recorded as restricted cash in the amount of \$775,969 and held by the TASC trustee.

Interest Rate Risk

The County's investment policy does not have a formal policy limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2 Cash and Investments - Continued

Restricted Cash

Restricted cash and cash equivalents of the primary government at December 31, 2017 consisted of the following:

<u>Purpose</u>	<u>Amount</u>
General Fund	
STOP DWI Program	\$ 99,644
Criminal forfeiture proceeds	7,097
Unexpended hotel/motel usage proceeds	109,712
Unexpended handicapped parking proceeds	1,142
Debt service reserve	194,881
Total General Fund	<u>412,476</u>
Capital Fund	
Software reserve	213,060
Hardware reserve	28,583
Public land, structure, and equipment	1,468,507
Financial management system reserve	378,599
Unspent debt proceeds	1,742,753
Total Capital Fund	<u>3,831,502</u>
Special Grant Fund	
Unexpended solid waste facility proceeds	<u>38,364</u>
Refuse and Garbage Fund	
Restricted for community development	<u>779,051</u>
Debt Service (TTASC) Fund	
TTASC	<u>775,969</u>
Total Governmental Activities	<u><u>\$ 5,837,362</u></u>

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2 Cash and Investments - Continued

Discretely Presented Component Unit - Tioga County Soil and Water Conservation District (District)

Total bank balances of the District, totaled approximately \$1,455,258 at December 31, 2017 and were entirely insured or collateralized with securities held by TCIDA's agent in the Agency's name.

Discretely Presented Component Unit - Industrial Development Agency (Agency)

Total bank balances of the Agency, including long-term certificates of deposit, totaled approximately \$2,810,790 at December 31, 2017 and were entirely insured or collateralized with securities held by TCIDA's agent in the Agency's name. Cash and investments in the amount of \$1,220,046 were restricted for use as part of the Agency's Board designated, outside contractual and loan program restrictions. The Agency also had certificates of deposit of \$839,156, with an interest rate of 1.15%, all of which mature in 2020.

Note 3 Property Taxes

Property taxes levied for 2017 are recorded as revenue and receivables, net of estimated uncollectible amounts. In the fund financial statements, the net receivables collected during 2017 and expected to be collected within the first 60 days of 2018 are recognized as revenues in 2017.

Net receivables estimated to be collectible subsequent to the first 60 days of 2018 are reflected as unavailable revenue. At December 31, 2017, the County recognized \$2,675,652 of unavailable tax revenue.

Taxes receivable at December 31, 2017 are summarized as follows:

Returned school taxes receivable	\$	3,507,755
Taxes receivable - Overdue		3,485,363
Delinquent village taxes receivable		478,467
Other		737,946
Allowance for uncollectible taxes		<u>(1,114,213)</u>
Total	\$	<u><u>7,095,318</u></u>

Uncollected school and village taxes assumed by the County as a result of settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings. The portion of the receivable that represents taxes re-levied for schools and villages in the amount of \$3,981,667 is reflected as part of a liability, due to other governments, in the accompanying basic financial statements.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 4 Receivables

State and Federal Receivables

State and federal receivables in the General Fund are comprised primarily of claims and reimbursement of expenditures in administering various health and social service programs in accordance with New York State and Federal laws and regulations. These receivables are reported net of related advances received from the state. Cash advances received by the County under other programs are reported as unearned revenue.

The County participates in a number of grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The County believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the County's financial position or results of operations. Expenditures disallowed by completed audits relating to operating programs have been reflected as adjustments to revenues in the year the expenditure was determined to be unallowable, as such amounts have been immaterial in nature.

Tobacco Settlement and Other

In October 2000, the County sold to TTASC all of its future rights, title and interest, in the tobacco settlement revenues. As part of this sale, the County became the beneficial owner of a Residual Certificate, which represents the entitlement to receive all amounts required to be distributed after payment of debt service, operating expenses and certain other costs. The Non-Major Governmental Funds reflect \$600,530 of tobacco settlement revenues for the year ended December 31, 2017. The amount recognized in the Statement of Activities, on the accrual basis, is \$645,219.

Other Accounts Receivable

Other accounts receivable as of December 31, 2017, are as follows:

<u>Governmental Activities</u>	<u>Amount</u>
Various fees and charges recorded in:	
General Fund	\$ 704,526
Road Machinery Fund	1,942
Tobacco settlement revenues recorded in the Debt Service Fund	<u>650,308</u>
Total	\$ <u>1,356,776</u>

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5 Capital Assets

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

	Balance at 12/31/2016 (Restated)	Additions	Disposals/Re- classifications	Balance at 12/31/2017
Governmental Activities				
Land	\$ 1,264,322	\$ -	\$ -	\$ 1,264,322
Construction in progress	1,537,653	2,080,270	(1,744,901)	1,873,022
Total Non-depreciable Capital Assets	2,801,975	2,080,270	(1,744,901)	3,137,344
Buildings	34,091,845	88,728		34,180,573
Machinery and equipment	12,665,852	798,772	(225,980)	13,238,644
Infrastructure	71,604,502	3,087,842	1,744,901	76,437,245
Total Depreciable Capital Assets	118,362,199	3,975,342	1,518,921	123,856,462
Total Historical Cost	121,164,174	6,055,612	(225,980)	126,993,806
Less Accumulated Depreciation:				
Buildings	(11,071,200)	(930,354)	-	(12,001,554)
Machinery and equipment	(9,040,768)	(970,101)	225,980	(9,784,889)
Infrastructure	(34,083,731)	(2,685,938)	-	(36,769,669)
Total Accumulated Depreciation	(54,195,699)	(4,586,393)	225,980	(58,556,112)
Governmental Activities				
Capital Assets, Net	\$ 66,968,475	\$ 1,469,219	\$ -	\$ 68,437,694

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government support	\$ 851,073
Public safety	662,212
Public health	120,374
Transportation	2,913,829
Economic assistance and opportunity	36,348
Home and community	2,557
Total	\$ 4,586,393

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5 Capital Assets - Continued

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

<u>TCIDA</u>	<u>Balance at 12/31/2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 12/31/2017</u>
Land	\$ 638,511	\$ 401,273	\$ (178)	\$ 1,039,606
Construction in progress	2,636,913	262,710		2,899,623
Total Non-depreciable Capital Assets	<u>3,275,424</u>	<u>663,983</u>	<u>(178)</u>	<u>3,939,229</u>
Railroad tracking and facilities	1,976,669	2,662		1,979,331
Machinery and equipment	1,701			1,701
Total Depreciable Capital Assets	<u>1,978,370</u>	<u>2,662</u>	<u>-</u>	<u>1,981,032</u>
Total Historical Cost	<u>5,253,794</u>	<u>666,645</u>	<u>(178)</u>	<u>5,920,261</u>
Less Accumulated Depreciation:	<u>(1,134,818)</u>	<u>(19,685)</u>		<u>(1,154,503)</u>
TCIDA Capital Assets, Net	<u>\$ 4,118,976</u>	<u>\$ 646,960</u>	<u>\$ (178)</u>	<u>\$ 4,765,758</u>

Capital asset activity for the Soil and Water Conservation District for the year ended December 31, 2017, was as follows:

<u>TCSWCD</u>	<u>Balance at 12/31/2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 12/31/2017</u>
Office equipment	\$ 34,388	\$	\$	\$ 34,388
Program buildings and equipment	1,395,167	148,866	(126,711)	1,417,322
Total Historical Cost	<u>1,429,555</u>	<u>148,866</u>	<u>(126,711)</u>	<u>1,451,710</u>
Less Accumulated Depreciation:				
Office equipment	(24,687)	(2,746)		(27,433)
Program buildings and equipment	<u>(930,368)</u>	<u>(105,192)</u>	<u>125,177</u>	<u>(910,383)</u>
	<u>(955,055)</u>	<u>(107,938)</u>	<u>125,177</u>	<u>(937,816)</u>
TCSWCD Capital Assets, Net	<u>\$ 474,500</u>	<u>\$ 40,928</u>	<u>\$ (1,534)</u>	<u>\$ 513,894</u>

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS)

Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

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

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For ERS, 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.

Summary of Significant Accounting Policies

The System's financial statements from which the System's fiduciary net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the System's annual report.

Contributions

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

	<u>2017</u>		<u>2016</u>		<u>2015</u>
County - ERS	\$ 3,161,458	\$	2,528,606	\$	2,962,866
TCSWCD - ERS	91,378		69,896		76,553

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

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

At December 31, 2017, the County reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The County's proportionate share of the net pension liability was based on a projection of the County's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from report provided to the County by the ERS System.

	<u>ERS</u>
Actuarial valuation date	4/1/2016
Net pension liability	\$ 9,396,223,126
County's proportionate share of the Plan's total net pension	6,628,490
County's share of the Plan's total net pension liability	0.0705442%
TCSWCD's portion of the Plan's total net pension liability	241,947
TCSWCD's share of the Plan's total net pension liability	0.0025749%

For the year ended December 31, 2017, the County recognized pension expense of \$3,404,536 for ERS in the financial statements. At December 31, 2017 the County's reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

**Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS)
- Continued**

	County - ERS	TCSWCD - ERS
Deferred Outflows of Resources		
Differences between expected and actual experience	\$ 166,104	\$ 6,063
Changes of assumptions	2,264,535	82,658
Net differences between projected and actual earnings on pension plan investments	1,323,978	48,327
Changes in proportion and differences between the County's contributions and proportionate share of contributions		20,172
County's contributions subsequent to the measurement date	2,541,094	68,534
Total	\$ 6,295,711	\$ 225,754
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ (1,006,574)	\$ (36,741)
Changes in proportion and differences between the County's contributions and proportionate share of contributions	(1,108,304)	(58,349)
Total	\$ (2,114,878)	\$ (95,090)

County contributions subsequent to the measurement date, reported as deferred outflows of resources, 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:

Year Ended	County - ERS	TCSWCD - ERS
2018	\$ 862,225	\$ 29,928
2019	862,225	29,928
2020	893,765	37,320
2021	(978,476)	(35,046)
2022		
Thereafter		

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

**Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS)
- Continued**

Significant actuarial assumptions used in the valuations were as follows:

	ERS
Measurement date	March 31, 2017
Actuarial valuation date	April 1, 2016
Investment rate of return	7.0%
Salary increases	3.8%
Cost of living adjustments	1.3%
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scaple MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation.

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

	ERS
Measurement date	March 31, 2017
Asset Type:	
Domestic equities	4.55%
International equities	6.35%
Real estate	5.80%
Private equity/Alternative investments	7.75%
Absolute return strategies	4.00%
Opportunistic portfolio	5.89%
Real assets	5.54%
Cash	(0.25%)
Inflation-indexed bonds	1.50%
Mortgages and bonds	1.31%

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

**Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS)
- 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 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 on the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the County's proportionate share 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-percentage point lower or higher than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability	\$ 21,170,083	\$ 6,628,490	\$ (5,666,400)
TCSWCD's proportionate share of net pension liability	772,730	241,947	(206,830)

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

**Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS)
- Continued**

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows:

	Dollars in Thousands	
	ERS	
Measurement date	March 31, 2017	
Employers' total pension liability	\$	177,400,586
Plan net position		(168,004,363)
Employers' net pension liability	\$	9,396,223
Ratio of Plan Net Position to the Employers' Total Pension Liability		
		94.7%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2017 represent the projected employer contribution for the period of April 1, 2017 through December 31, 2017 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2017 amounted to \$-0-.

Effect on Net Position

Changes in the net pension liability and deferred outflows and deferred inflows of resources for the year ended December 31, 2017 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
County - ERS:			
Net pension liability	\$ (11,813,394)	\$ 5,184,904	\$ (6,628,490)
Deferred outflows of resources	12,069,651	(5,773,940)	6,295,711
Deferred inflows of resources	(2,457,580)	342,702	(2,114,878)
County Total Effect on Net Position	\$ (2,201,323)	\$ (246,334)	\$ (2,447,657)
TCSWCD - ERS:			
Net pension liability	\$ (338,335)	\$ 96,388	\$ (241,947)
Deferred outflows of resources	351,701	(125,947)	225,754
Deferred inflows of resources	(87,931)	(7,159)	(95,090)
TCSWCD Total Effect on Net Position	\$ (74,565)	\$ (36,718)	\$ (111,283)

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 7* Postemployment Benefits Other Than Pensions**

In addition to the pension benefits described above, the County provides postretirement health care benefits to all employees who retire from the County in accordance with Article 2, §75-g, Article 14, and Article 15 of the New York State Retirement and Social Security Law. During 2017, 225 retirees participated in this program. When a retiree hired on or before 1992 elects such coverage, the individual payment is \$20 per month and the family payment is \$25 per month. For retirees hired after 1992, through 2005, the cost is 50% of the monthly premium. For those hired after 2005, the retiree's cost is 20-70% of the premium, dependent upon years of service with the County. Additionally, when an employee retires with accumulated sick leave, the dollar equivalent of the retiree's accumulated sick leave is credited to the retiree and used to fund their share of the premium cost of the health insurance program available to the retiree group. Certain premium savings are realized for employees eligible for Medicare coverage (i.e., over age 65). The entire amount of any savings realized is deducted from the employees' contribution. During 2017, expected contributions for this program were \$2,706,595.

The County follows GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." An actuarial valuation of the County Postretirement Health Care Plans (Plan) was performed as of January 1, 2017 for the fiscal year ending December 31, 2017.

The Plan is a single-employer, defined benefit healthcare plan administered by the County. The Plan provides two self-insured options to eligible retirees and dependents. The County also offers an optional Medicare PPO plan to Medicare eligible retirees. Benefit provisions are established through negotiations between the County and bargaining units and are renegotiated each three-year period. The County assigns the authority to establish and amend benefit provisions to the County Legislature for non-bargaining unit employees. The Plan does not issue a stand-alone financial report.

Contribution requirements of Plan members and the County are established and may be amended by the County Legislature. The County Legislature has negotiated several collective bargaining agreements, which include obligations of Plan members and the County. The required contribution is based on projected pay-as-you-go financing requirements. Plan members receiving benefits may be required to contribute to the Plan depending on their hire date and collective bargaining unit.

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 7 Postemployment Benefits Other Than Pensions - Continued

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the County's Plan:

	2017
Normal cost	\$ 3,804,591
Amortization of UAAL	5,044,991
Total Annual Required Contribution	8,849,582
Interest on net OPEB obligation	2,023,915
Adjustment to annual required contribution	(3,037,762)
Annual OPEB Cost (Expense)	7,835,735
Estimated contributions made on behalf of retirees	(2,706,595)
Increase in Net OPEB Obligation	5,129,140
Net OPEB Obligation - January 1, 2017	57,826,138
Net OPEB Obligation - December 31, 2017	\$ 62,955,278

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2017 is as follows:

	Fiscal	Annual	Annual	Net OPEB
	Year Ended	OPEB Cost	OPEB Cost	Obligation
			Contributed	
	12/31/2017	\$ 7,835,735	34.5%	\$ 62,955,278
	12/31/2016	8,654,743	30.7%	57,826,138
	12/31/2015	8,312,661	29.9%	51,827,060

As of December 31, 2017, the Plan was not funded. The actuarial accrued liability for benefits was \$92,787,689; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$17,520,047 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 530%.

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

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 7 Postemployment Benefits Other Than Pensions - Continued

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2017, actuarial valuation, the projected unit credit actuarial cost method was used. Actuarial assumptions included a discount rate of 3.5%, Medicare part B trend rate of 5%, and an annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 4.03% in 2076. The rate includes a 5.2% inflation assumption.

Note 8 Short-term Debt

The County may issue revenue anticipation notes (RANs) and tax anticipation notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. During the year ended December 31, 2017 the County did not issue or redeem any short-term RANs or TANs.

The County may issue bond anticipation notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. Such notes may be classified as long-term when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. During the year ended December 31, 2017 the County did not issue or redeem any short-term BANs.

Note 9 Long-term Debt

Constitutional Debt Limit

At December 31, 2017, the total outstanding indebtedness of the County aggregated to \$30,107,680. Of this amount, \$13,775,000 is subject to the statutory debt limit, and represents approximately 7.8% of the County's debt limit.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9 Long-term Debt - Continued

Serial Bonds

Public improvement serial bonds, refunded in 2001, were utilized to finance the construction of a new public safety facility. The Tobacco Settlement Pass-Through bonds were utilized to finance the purchase of the County's future right, title and, interest in the Tobacco Settlement Revenues.

In 2005, TTASC advance refunded its 2000 series debt and secured additional Tobacco Settlement Revenues by issuing \$15 million in bonds. The proceeds financed the construction of bridge repairs within the County.

Changes in Indebtedness

The following is a summary of changes in indebtedness for the period ended December 31, 2017:

	Balance		Balance		Amount Due
	12/31/2016	Additions	Deletions	12/31/2017	Within One
					Year
Indebtedness					
Serial Bonds	\$ 28,402,915	\$	\$ (1,480,000)	\$ 26,922,915	\$ 2,180,000
Add: Accreted interest payable	2,803,805	380,960		3,184,765	
Carrying Value of Bonds	31,206,720	380,960	(1,480,000)	30,107,680	2,180,000
Total	\$ 31,206,720	\$ 380,960	\$ (1,480,000)	\$ 30,107,680	\$ 2,180,000

The following is a summary of serial bond indebtedness as of December 31, 2017:

Description	Date	Original	Interest	Maturity	Balance
	Issued	Amount	Rate	Date	Outstanding
Serial Bonds					
Issued by TTASC:					
Series 2005	08/2005	\$ 21,713,420	4.25-5.00%	12/2041	\$ 13,147,915
Add current year additions to accreted interest on capital appreciation bonds					3,184,765
Carrying value of TTASC bonds					16,332,680
Issued by the County:					
Public Improvement - 2010	11/2010	9,000,000	3.36-9.07%	03/2030	6,905,000
Public Improvement - 2013	08/2013	9,995,000	1.50-2.75%	08/2023	6,870,000
Total					\$ 30,107,680

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9 Long-term Debt - Continued

The TTASC Series 2005 bonds are comprised of tax exempt turbo bonds in the amount of \$10,815,000 and \$2,332,915 of tax exempt turbo capital appreciation bonds. As of December 31, 2017, total accreted interest of \$3,184,765 has been accrued on the capital appreciation bonds, for a total carrying value of \$16,332,680.

Annual requirements to amortize the debt on outstanding bonds as of December 31, 2017 are as follows:

Governmental Funds							
County Serial Bonds					TTASC Bonds		
Year	Principal	Interest	Interest Subsidy	Total	Principal	Interest	Total
2018	\$ 1,495,000	\$ 610,986	\$ (165,415)	\$ 1,940,571	\$ 685,000	\$ 407,375	\$ 1,092,375
2019	1,535,000	566,684	(158,029)	1,943,655	730,000	372,000	1,102,000
2020	1,570,000	520,101	(149,495)	1,940,606	780,000	334,250	1,114,250
2021	1,615,000	469,817	(140,300)	1,944,517	835,000	293,875	1,128,875
2022	1,655,000	414,416	(130,005)	1,939,411	885,000	250,875	1,135,875
2023-2027	3,940,000	1,266,741	(466,369)	4,740,372	7,323,526	1,620,761	8,944,287
2028-2032	1,965,000	222,946	(93,506)	2,094,440	1,028,044	4,928,604	5,956,648
2033-2037					655,744	5,676,836	6,332,580
2038-2041					225,601	2,666,377	2,891,978
Totals	\$ 13,775,000	\$ 4,071,691	\$ (1,303,119)	\$ 16,543,572	\$ 13,147,915	\$ 16,550,953	\$ 29,698,868

Interest expense on bonds for the year ending December 31, 2017 is as follows:

	County	TTASC	Total
Interest paid	\$ 660,584	\$ 537,900	\$ 1,198,484
Less interest accrued in prior year	(195,346)		(195,346)
Add interest accrued in current year	182,192		182,192
Less prior year accreted interest		(2,803,805)	(2,803,805)
Add current year accreted interest		3,184,765	3,184,765
Total	\$ 647,430	\$ 918,860	\$ 1,566,290

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9 Long-term Debt - Continued

Discretely Presented Component Unit - Industrial Development Agency

The Industrial Development Agency has various outstanding loans payable to the County and USDA. Interest rates range from 1% to 3% with maturities between 2019 and 2039. Repayment of these loans is estimated as follows:

Year	Principal
2018	\$ 84,636
2019	83,836
2020	65,963
2021	60,213
2022	40,056
Thereafter	481,905
Total	\$ 816,609

Interest expense was \$12,331 for the year ended December 31, 2017.

Note 10 Other Long-term Obligations

In addition to the above long-term debt, the County had the following non-current liabilities:

- **Compensated Absences:** Represents the value of earned and unused portion of the liability for compensated absences and is liquidated in various funds.
- **Self-Insurance Liabilities:** As further explained in Note 13, the County is self-insured. Liabilities are established for workers' compensation and general claims in accordance with GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues." This liability is liquidated in the Internal Service Fund.

The following is a summary of changes other long-term obligations for the period ended December 31, 2017:

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017	Amount Due Within One Year
Other Long-term Liabilities					
Compensated absences	\$ 965,843	\$ 19,522	\$ -	\$ 985,365	\$ 985,365
Self-insurance liabilities	5,750,000			5,750,000	840,000
Total	\$ 6,715,843	\$ 19,522	\$ -	\$ 6,735,365	\$ 1,825,365

Additions and deletions to compensated absences, and self-insurance liabilities are shown net, as it is impractical to determine these amounts separately.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 11 Interfund Receivables/Payables and Transfers

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources primarily to provide services.

The Governmental Funds financial statements generally reflect such transactions as transfers whereas the Proprietary Funds record such transactions as non-operating revenues or expenses. Interfund receivables/payables and transfers at December 31, 2017 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$	\$	15,835	\$ 4,490,591
Capital Fund			1,695,874	3,687
Non-Major Funds			2,666,717	12,148
Internal Service Fund			128,000	
Totals	\$	\$	\$ 4,506,426	\$ 4,506,426

All transfers were planned and budgeted as part of normal activities. General Fund transfers out were used to distribute property tax revenues.

Note 12 Fund Balances

Restricted Fund Balances

- State statutes require the County to reserve excess revenues over expenditures under the STOP DWI Program for use in the program in the following fiscal year. Excess STOP DWI funds restricted in the General Fund at December 31, 2017 totaled \$99,644.
- The County Legislature requires the County to designate revenues from the forfeiture of criminal proceeds for the purpose of crime prevention. Unexpended criminal prevention revenue restricted in the General Fund at December 31, 2017 was \$7,097.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 12 Fund Balances - Continued

Restricted Fund Balances - Continued

- The County Legislature permits collection of fees for hotel/motel usage. Unexpended hotel/motel usage revenue restricted in the General Fund at December 31, 2017 was \$109,712.
- The County Legislature permits collection of fees from illegal handicapped parking. Unexpended handicapped parking revenue restricted in the General Fund at December 31, 2017 was \$1,142.
- The County transferred interest earned on unspent bond proceeds into a reserve for the payments of debt service on the bonds. The balance in the reserve in the General Fund at December 31, 2017 was \$194,881.
- The County Legislature adopted a resolution requiring the County to designate funds to be utilized for certain solid waste facility capital projects. The amount of unexpended solid waste facility revenue restricted in the Refuse and Garbage Fund at December 31, 2017 was \$38,364.
- The County created various reserves in the Capital Fund. They consist of the following balances:

Software reserve	\$	213,060
Hardware reserve		28,583
Public land, structure, and equipment		1,468,507
Financial management system		<u>378,599</u>
Total	\$	<u><u>2,088,749</u></u>

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 12 Fund Balances - Continued

Fund Balance Detail

At December 31, 2017, fund balance in the governmental funds was comprised of the following:

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Non-Major Funds</u>
Nonspendable			
Prepaid expenses	\$ 1,010,128	\$ -	\$ 2,301
Total Nonspendable Fund Balance	\$ 1,010,128	\$ -	\$ 2,301
Restricted			
Miscellaneous reserves (See previous pages)	\$ 412,476	\$ 2,088,749	\$ 38,364
Unspent debt proceeds		1,742,753	
Home and community services			934,646
TTASC liquidity reserve			775,969
Total Restricted Fund Balance	\$ 412,476	\$ 3,831,502	\$ 1,748,979
Assigned			
Appropriated for next year's budget	\$ 2,317,621	\$ 480,050	\$
Encumbered for:			
General support	132,875	56,844	
Education	235,192		
Public safety	225,942	1,825	
Public health	104,517	49,000	
Transportation	86,455	29,768	23,268
Economic assistance and opportunity	81,467	37,900	
Culture and recreation	7,819		
Home and community services	13,348		94,343
Employee benefits	801		
Assigned for:			
Public safety	16,299		
Transportation			388,525
Home and community services			5,072
Debt payment			67,766
Capital projects		5,523,304	
Total Assigned Fund Balance	\$ 3,222,336	\$ 6,178,691	\$ 578,974
Total Unassigned Fund Balance	\$ 17,949,748	\$ -	\$ -
Total Fund Balances	\$ 22,594,688	\$ 10,010,193	\$ 2,330,254

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 12 Fund Balances - Continued

Reconciliation between Restricted Fund Balance and Restricted Net Position

Restricted fund balances and restricted net assets differ because unspent debt proceeds are reported as restricted fund balance in the fund financial statements and as a portion of net investment in capital assets in the Statement of Net Position.

Restricted fund balance in the fund financial statements	\$ 5,992,957
Less unspent debt proceeds	<u>(1,742,753)</u>
Restricted Net Position in the Government-wide Financial Statements	<u>\$ 4,250,204</u>

Note 13 Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and third parties; and natural disasters. The County utilizes three risk management funds (internal service funds) to account for and finance the County's insured and uninsured risks of loss.

The Liability Insurance Fund provides self-insurance coverage up to \$25,000 for property-related claims and up to \$50,000 for third-party liabilities. All County departments participate in the program with payments from participants based upon the participant's relative budget. The County purchases commercial insurance for claims in excess of the self-insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The County utilizes a third party administrator to process claims and estimate liabilities under this coverage.

The Self-Insurance Fund provides self-insurance coverage for all workers' compensation claims for employees of each participating municipality. The County and certain municipalities within the County participate in the program and make payments to the self-insurance fund based on three factors: total property tax assessed value, total payroll, and prior years' claims for each participant. The County is completely self-insured with regard to workers' compensation claims and is the administrator for this fund. Net deficit of this fund was \$(2,135,440) at December 31, 2017, as the County has not fully funded incurred but not reported claims.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 13 Risk Management - Continued

The estimated accrued claims of \$5,750,000 reported in the Internal Service Fund at December 31, 2017 are based upon the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Issues," which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. All liabilities are recorded at their estimated fair values as of December 31, 2017 including discounted long-life workers' compensation awards within the Workers' Compensation Fund. Changes in the fund's liabilities for the year ended December 31, 2017 were:

	Beginning of Year	Changes in Estimates	Claim Payments	End of Year
Workers' Compensation - 2017	\$ <u>5,750,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,750,000</u>
Workers' Compensation - 2016	\$ <u>5,750,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,750,000</u>

Note 14 Transactions with Discretely Presented Component Units

Tioga County Soil and Water Conservation District

The County provides support to the District through annual appropriations. In 2017, the County provided \$189,234 to the District. In addition, the District office is on land owned by the County. A lease agreement has been put into place outlining the term and how the land may be used. The District is obligated to pay any and all expenses relative to the property as rent. Tioga County has the right to request a security deposit, but has not made that request. The current lease is for ten years ending December 31, 2017, with the option to renew for four additional ten year periods.

Note 15 Summary of Significant Commitments and Contingencies

State and Federally Assisted Programs

The County receives many different state and federal grants to be used for specific purposes. These grants are generally conditioned on compliance with certain statutory, regulatory, and/or contractual requirements. The County makes every effort to comply with all applicable requirements. However, because these grants are audited from time to time, it is possible that the County will be required, upon audit, to repay portions of the grant monies received and recorded as revenue in a prior year. County officials do not anticipate material grant-in-aid disallowances, and no provision, therefore, is reflected in the basic financial statements.

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 15 **Summary of Significant Commitments and Contingencies - Continued**

Other Litigation

The County and/or its agencies are named in several minor lawsuits arising in the ordinary course of the County's operations. These claims and lawsuits, in the opinion of management, are either adequately covered by insurance or will not result in a material impact on the financial position of the County and therefore, are not reflected in the accompanying financial statements. In the past three years, no settlements exceeded insurance coverage.

Note 16 **Stewardship**

At December 31, 2017, the Internal Service Fund had a deficit unrestricted net position of \$(2,135,440). This deficit results from the actuarially determined claim liability for incurred but not reported claims. This deficit will be eliminated as claims are reported.

At December 31, 2017, the Government-wide Statement of Net Position had an unrestricted deficit net position of \$(52,770,474). This is the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability. The deficit is not expected to be eliminated during the normal course of operations.

Note 17 **Reclassifications**

Certain amounts presented for the year ended December 31, 2016 have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the December 31, 2017 ending net position.

Note 18 **Restatement**

During the year ended December 31, 2017, the County completed a detailed inventory valuation of the County's fixed assets. As a result of this valuation, it was determined the December 31, 2017 cost basis for land, building, equipment, and construction in process were overstated by \$79,778, \$763,286, \$3,612,013, and \$5,970 respectively. Additionally it was determined that the related aggregate accumulated depreciation balance was overstated by \$3,524,855. As a result of the above adjustments, December 31, 2017 net position was decreased \$(936,192). The County's December 31, 2016 net position has been restated as follows:

Net Position Beginning of Year	\$ 12,064,707
Capital Asset Revaluation	<u>(936,192)</u>
Net Position Beginning of Year, as Restated	<u><u>\$ 11,128,515</u></u>

COUNTY OF TIOGA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 19 Tax Abatements

For the year ended December 31, 2017, the County was subject to tax abatements negotiated by the Tioga County Industrial Development Agency (TCIDA), a discretely presented component unit.

Under TCIDA, companies from outside the County can apply for sales tax exemptions under eligible spending related to relocating to the County. Companies accepted into the program document the sales tax paid on eligible spending and receive a rebate up to a maximum of 100%. Through this program, companies promise to expand or maintain facilities or employment in the County, to establish new business in the County, or to relocate an existing business to the County. Economic development agreements entered into by TCIDA can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which TCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100%.

Information relevant to disclosure of the program for the year ended December 31, 2017 is as follows:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Economic development	\$ <u>511,053</u>
Total	\$ <u><u>511,053</u></u>

COUNTY OF TIOGA

BUDGETARY COMPARISON SCHEDULE (NON-GAAP) GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable- (Unfavorable)
REVENUES					
Real property taxes	\$ 22,161,628	\$ 22,161,628	\$ 21,466,202	\$	\$ (695,426)
Real property tax items	2,561,586	2,561,586	2,772,261		210,675
Nonproperty tax items	19,379,000	19,379,000	20,680,920		1,301,920
Departmental income	5,265,754	5,235,604	4,881,556		(354,048)
Intergovernmental charges	457,000	475,019	130,041		(344,978)
Use of money and property	65,000	65,000	83,663		18,663
Licenses and permits	60,000	60,000	39,165		(20,835)
Fines and forfeitures	116,877	116,877	103,681		(13,196)
Sale of property and compensation for loss	25,000	25,000	25,000		-
Miscellaneous local sources	303,760	307,993	2,899		(305,094)
State sources	8,997,582	11,465,123	10,493,237		(971,886)
Federal sources	7,103,871	7,541,412	6,919,007		(622,405)
Total Revenues	66,497,058	69,394,242	67,597,632	-	(1,796,610)
EXPENDITURES					
General governmental support	11,419,644	11,809,186	11,058,940	132,875	617,371
Education	4,982,455	5,201,961	4,811,419	235,192	155,350
Public safety	8,180,449	10,429,847	9,755,439	225,942	448,466
Health	5,385,263	5,546,330	4,698,403	104,517	743,410
Transportation		310,298	161,318	86,455	62,525
Economic assistance and opportunity	19,714,722	20,025,039	19,361,392	81,467	582,180
Culture and recreation	346,211	348,254	324,331	7,819	16,104
Home and community services	634,479	643,278	628,830	13,348	1,100
Employee benefits	11,964,253	12,240,944	12,239,345	801	798
Debt service (principal and interest)	2,110,589	2,110,589	2,110,584		5
Total Expenditures	64,738,065	68,665,726	65,150,001	888,416	2,627,309
Excess of Revenues	1,758,993	728,516	2,447,631	(888,416)	830,699
OTHER FINANCING (USES)					
Interfund transfers in		3,687	15,835		12,148
Interfund transfers (out)	(2,860,936)	(4,989,672)	(4,490,591)		499,081
Proceeds of obligations					
Repayments to escrow agent					
Total Other Financing (Uses)	(2,860,936)	(4,985,985)	(4,474,756)	-	511,229
Excess of (Expenditures) and Other Financing (Uses)	(1,101,943)	(4,257,469)	(2,027,125)	\$ (888,416)	\$ 1,341,928
Appropriated Fund Balance	1,101,943	4,257,469			
Net Decrease	\$ -	\$ -	(2,027,125)		
Fund Balance, Beginning			24,621,813		
Fund Balance, Ending			\$ 22,594,688		

See Independent Auditor's Report and Notes to Required Supplementary Information

COUNTY OF TIOGA

SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2017	1/1/2017	\$ -	\$ 92,787,689	\$ 92,787,689	0%	\$ 17,520,047	530%
2016	1/1/2015	-	96,609,916	96,609,916	0%	16,962,212	570%
2015	1/1/2015	-	91,700,522	91,700,522	0%	17,205,908	533%
2014	1/1/2013	-	84,685,800	84,685,800	0%	16,715,820	507%
2013	1/1/2013	-	79,853,675	79,853,675	0%	17,305,396	461%

See Independent Auditor's Report and Notes to Required Supplementary Information

COUNTY OF TIOGA

SCHEDULE OF COUNTY'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	2017	2016	2015
County			
Contractually required contribution	\$ 3,161,458	\$ 2,528,606	\$ 2,962,866
Contributions in relation to the contractually required contribution	(3,161,458)	(2,528,606)	(2,962,866)
Contribution deficiency (excess)	-	-	-
County's covered payroll	16,317,085	15,510,547	16,105,106
Contributions as a percentage of covered payroll	19.38%	16.30%	18.40%
Soil and Water Conservation District			
Contractually required contribution	\$ 91,378	\$ 69,896	\$ 76,553
Contributions in relation to the contractually required contribution	(91,378)	(69,896)	(76,553)
Contribution deficiency (excess)	-	-	-
District's covered payroll	680,000	502,000	391,000
Contributions as a percentage of covered payroll	13.44%	13.92%	19.58%

** Information currently unavailable will be presented as it is made available in future years*

See Independent Auditor's Report and Notes to Required Supplementary Information

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 3,421,461	\$ 3,082,607	\$ 2,711,827	\$ 1,997,539	\$ *	\$ *	\$ *
(3,421,461)	(3,082,607)	(2,711,827)	(1,997,539)	*	*	*
-	-	-	-	*	*	*
16,981,046	17,191,830	17,136,696	17,060,889	*	*	*
20.15%	17.93%	15.82%	11.71%	*	*	*
\$ 30,261	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
(30,261)	*	*	*	*	*	*
-	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*

COUNTY OF TIOGA

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED DECEMBER 31, 2017, 2016, and 2015

County	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.0705442%	0.0736024%	0.0763016%
Proportionate share of the net pension liability	\$ 6,628,490	\$ 11,813,394	\$ 2,577,656
Covered payroll during the measurement period	16,083,652	15,319,512	16,366,971
Proportionate share of the net pension liability as a percentage of its covered payroll	41.21%	77.11%	15.75%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%
Soil and Water Conservation District			
Proportion of the net pension liability	0.0025749%	0.0021080%	0.0017993%
Proportionate share of the net pension liability	241,947	338,335	60,786
Covered payroll during the measurement period	680,000	502,000	391,000
Proportionate share of the net pension liability as a percentage of its covered payroll	35.58%	67.40%	15.55%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%

See Independent Auditor's Report and Notes to Required Supplementary Information

COUNTY OF TIOGA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Budget Policies**

Budget policies are as follows:

- No later than November 15, the budget officer submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for the General and Special Revenue Funds.
- After public hearings are conducted to obtain taxpayer comments, no later than December 20, the governing board adopts the budget.
- All budget modifications must be approved by the County Legislature. During 2016, the budget was modified for unanticipated grants and revenues, use of reserve funds and carryover encumbrances.
- Appropriations are adopted at the functional level by department.
- Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects, which remain in effect for the life of the project.
- An annual legal budget is not adopted for the TTASC, which is a debt service fund. Budgetary controls for the TTASC and Special Grant Fun are established in accordance with the applicable debt service schedules and grant agreements.
- Appropriations lapse at year end.

Encumbrances

Encumbrances are recorded to reserve a portion of fund balance for outstanding commitments to be financed from current appropriations. Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the General and Special Revenue Funds. Encumbrances are reported as assignments of fund balances, as they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

COUNTY OF TIOGA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Budgetary Policies - Continued**

Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America for the General, County Road, and Road Machinery Funds. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered disbursements in the financial plan or expenditures in GAAP based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuring that appropriations are not exceeded. The accompanying Budgetary Comparison Schedule for the budgeted major Governmental Fund, the General Fund, presents comparisons of the legally adopted budget with actual data.

***Note 2* Reconciliation of the Budget Basis to GAAP**

No adjustment is necessary to convert the General Fund excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis. Encumbrances are presented in a separate column and are not included in the actual results at December 31, 2017.

***Note 3* Schedule of Funding Progress**

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Note 4* Schedule of County's Proportionate Share of the Net Pension Liability**

The Schedule of the County's Proportionate Share of the Net Pension Liability, presented as required supplementary information, presents three years of information. This schedule will present ten years of information as it becomes available from the pension plan.

COUNTY OF TIOGA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5 Schedules of County Contributions - NYSLRS Pension Plan and Schedule of the County's Proportionate Share of the Net Pension Liability

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2016 actuarial valuation.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2016 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2016 actuarial valuation determines the employer rates for contributions payable in fiscal year 2017. The following actuarial methods and assumptions were used:

Actuarial cost method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset valuation period	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary scale	3.8% in ERS, indexed by service.
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of living adjustments	1.3% annually

COUNTY OF TIOGA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds			
	Special Grant Fund	Refuse and Garbage Fund	County Road Fund	Road Machinery Fund
ASSETS				
Cash and cash equivalents - Unrestricted	\$	\$ 41,998	\$ 25,698	\$ 407,757
Cash and cash equivalents - Restricted	<u>779,051</u>	<u>38,364</u>		
Other receivables, net				<u>1,942</u>
Due from state and federal governments	<u>19,033</u>	<u>58,450</u>		
Prepaid expenses				
Loans receivable	<u>139,602</u>			
Total Assets	<u>\$ 937,686</u>	<u>\$ 138,812</u>	<u>\$ 25,698</u>	<u>\$ 409,699</u>
LIABILITIES				
Accounts payable	\$	\$	\$	\$ 6,494
Accrued liabilities	<u>3,040</u>	<u>1,033</u>	<u>14,311</u>	<u>2,799</u>
Total Liabilities	<u>3,040</u>	<u>1,033</u>	<u>14,311</u>	<u>9,293</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
FUND BALANCES				
Nonspendable				
Restricted	<u>934,646</u>	<u>38,364</u>		
Assigned		<u>99,415</u>	<u>11,387</u>	<u>400,406</u>
Total Fund Balances	<u>934,646</u>	<u>137,779</u>	<u>11,387</u>	<u>400,406</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 937,686</u>	<u>\$ 138,812</u>	<u>\$ 25,698</u>	<u>\$ 409,699</u>

See Independent Auditor's Report

Debt Service Fund (TTASC)	Total Non-Major Government Funds
\$ 67,766	\$ 543,219
<u>775,969</u>	<u>1,593,384</u>
<u>650,308</u>	<u>652,250</u>
	<u>77,483</u>
<u>2,301</u>	<u>2,301</u>
	<u>139,602</u>
<u>\$ 1,496,344</u>	<u>\$ 3,008,239</u>
\$	\$ 6,494
	<u>21,183</u>
<u>-</u>	<u>27,677</u>
<u>650,308</u>	<u>650,308</u>
<u>2,301</u>	<u>2,301</u>
<u>775,969</u>	<u>1,748,979</u>
<u>67,766</u>	<u>578,974</u>
<u>846,036</u>	<u>2,330,254</u>
<u>\$ 1,496,344</u>	<u>\$ 3,008,239</u>

COUNTY OF TIOGA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds			
	Special Grant Fund	Refuse and Garbage Fund	County Road Fund	Road Machinery Fund
REVENUES				
Real property taxes	\$	\$ 1,023,677	\$	\$
Real property tax items		66,815		
Departmental income		29,206	415	
Use of money and property	5,464	413	157	194
Sale of property and compensation for loss				47,574
Miscellaneous local sources			109	
State sources	197,409	91,489		
Federal sources	283,637		10,201	
Total Revenues	486,510	1,211,600	10,882	47,768
EXPENDITURES				
General governmental support				
Transportation			1,339,181	508,670
Economic assistance and opportunity	184,679			
Home and community services	197,409	1,256,785		
Employee benefits	92,158	23,301	559,589	88,264
Debt service (principal and interest)				
Total Expenditures	474,246	1,280,086	1,898,770	596,934
Excess of (Expenditures) Revenues	12,264	(68,486)	(1,887,888)	(549,166)
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	321,341	20,000	1,977,475	347,901
Interfund transfers (out)	(12,148)			
Total Other Financing Sources (Uses)	309,193	20,000	1,977,475	347,901
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	321,457	(48,486)	89,587	(201,265)
Fund Balances, Beginning	613,189	186,265	(78,200)	601,671
Fund Balances, Ending	\$ 934,646	\$ 137,779	\$ 11,387	\$ 400,406

See Independent Auditor's Report

Debt Service Fund (TTASC)	Total Non-Major Governmental Funds
\$ _____	\$ 1,023,677
_____	66,815
_____	29,621
7,886	14,114
_____	47,574
600,530	600,639
_____	288,898
_____	293,838
608,416	2,365,176
_____	_____
46,266	46,266
_____	1,847,851
_____	184,679
_____	1,454,194
_____	763,312
567,900	567,900
_____	_____
614,166	4,864,202
(5,750)	(2,499,026)
_____	_____
_____	2,666,717
_____	(12,148)
-	2,654,569
_____	_____
(5,750)	155,543
_____	_____
851,786	2,174,711
\$ <u><u>846,036</u></u>	\$ <u><u>2,330,254</u></u>

**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***

The Chairman and Members
of the County Legislature
County of Tioga
Owego, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Tioga (the County) as of and for the year ended December 31, 2017 and the related notes to the financial statements, which together with the aggregate discretely presented component units, collectively comprise the County's basic financial statements, and have issued our report thereon dated September 6, 2018. Our report includes a reference to other auditors who audited the financial statements of the Tioga County Soil and Water Conservation District and the Tioga County Industrial Development Agency, as described in our report on the County of Tioga's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 6, 2018

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

The Chairman and Members of the County Legislature
County of Tioga
Owego, New York

Report on Compliance for Each Major Federal Program

We have audited the County of Tioga's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 6, 2018

COUNTY OF TIOGA

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

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Catalog #</u>	<u>Pass-Through Grantor #</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Agriculture				
Passed Through NYS Department of Family Services:				
SNAP Cluster:				
State Administrative Grants for the Supplemental Nutrition Assistance Program	10.561	(1)	\$ _____	\$ <u>783,224</u>
Total SNAP Cluster				<u>783,224</u>
Total U.S. Department of Agriculture				<u>783,224</u>
U.S. Department of Labor				
Passed Through State Department of Labor:				
Workforce Innovation and Opportunity Act Cluster:				
Workforce Innovation and Opportunity Act - Adult Program	17.258	(1)		105,994
Workforce Innovation and Opportunity Act - Youth Activities	17.259	(1)		28,363
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	(1)		146,462
Total Workforce Innovation and Opportunity Act Cluster				<u>280,819</u>
Total U.S. Department of Labor				<u>280,819</u>
U.S. Department of Transportation				
Passed Through State Department of Transportation:				
Federal Transit Cluster:				
Federal Transit Capital Investment Grants	20.500	(1)		143,394
Total Federal Transit Cluster				<u>143,394</u>
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	(1)		612,852
Total Highway Planning and Construction Cluster				<u>612,852</u>
Total U.S. Department of Transportation				<u>756,246</u>
U.S. Department of Education				
Passed Through NYS Department of Health:				
Special Education - Grants for Infants and Toddlers	84.181(A)	(1)		14,432
Total U.S. Department of Education				<u>14,432</u>
Subtotal Expenditures of Federal Awards				<u>1,834,721</u>

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TIOGA

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

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Catalog #</u>	<u>Pass-Through Grantor #</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Subtotal Expenditures of Federal Awards Carried Forward			\$	\$ 1,834,721
U.S. Department of Health and Human Services				
Passed Through Health Research, Inc.:				
Public Health Preparedness and Response to Bioterrorism	93.074	1623-10		35,086
Passed Through NYS Department of Temporary and Disability Assistance:				
TANF Cluster:				
Temporary Assistance for Needy Families (TANF)	93.558	(1)		3,438,155
Total TANF Cluster				<u>3,438,155</u>
Child Support Enforcement	93.563	(1)		305,195
Low-income Home Energy Assistance	93.568	(1)		2,546,250
Adoption Assistance	93.659	(1)		210,468
Medicaid Cluster:				
Medical Assistance Program	93.778	(1)		391,506
Total Medicaid Cluster				<u>391,506</u>
Passed Through NYS Office of Children and Family Services:				
Child Care and Development Fund Cluster:				
Child Care and Development Block Grant	93.575	(1)		1,210,242
Total Child Care and Development Fund Cluster				<u>1,210,242</u>
Title IV-E Foster Care Program	93.658	(1)		563,740
Social Services Block Grant	93.667	(1)		593,843
Chafee Foster Care Independence Program	93.674	(1)		<u>5,883</u>
Passed Through NYS Division of Alcohol and Substance Abuse:				
Block Grant for the Prevention and Treatment of Substance Abuse	93.959	(1)		139,705
Passed Through the NYS Office of Mental Health:				
Maternal and Child Health Services Block Grant to the States	93.994	(1)		27,674
Immunization Cooperative Agreements	93.268	(1)		<u>31,020</u>
Total U.S. Department of Health and Human Services				<u>9,498,767</u>
U.S. Department of Homeland Security				
Passed Through State Division of Homeland Security and Emergency Services:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(1)		498,750
Emergency Management Performance Grant	97.042	(1)		14,846
Homeland Security Grant Program	97.067	(1)		<u>450</u>
Total U.S. Department of Homeland Security				<u>514,046</u>
Total Expenditures of Federal Awards			\$	\$ <u><u>11,847,534</u></u>

(1) Denotes - Unable to Obtain from Pass-Through Entity

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TIOGA

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

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs administered by the County, except for such programs, if any, administered by the Tioga Tobacco Asset Securitization Corporation, Tioga Industrial Development Agency, and the Tioga County Soil and Water Conservation District. The schedule is presented on the basis of accounting for federal programs consistent with the underlying regulations pertaining to each program. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 **Basis of Accounting**

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

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the Federal financial reports used as the source for the data presented. The County has not elected to use the 10% de minimus cost rate.

Note 4 **Matching Costs**

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

Note 5 **Pass-Through Programs**

When 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 advised by the pass-through grantor.

COUNTY OF TIOGA

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes X no

Identification of major programs:

<u>CFDA Numbers:</u>	<u>Name of Federal Program or Cluster:</u>
<u>93.558</u>	<u>Temporary Assistance for Needy Families (TANF)</u>
<u>93.568</u>	<u>Low-Income Home Energy Assistance</u>
<u>93.659</u>	<u>Adoption Assistance</u>
<u>93.667</u>	<u>Social Services Block Grant</u>

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee ___ yes X no

COUNTY OF TIOGA

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings

None

COUNTY OF TIOGA

SUMMARY SCHEDULE OF PRIOR YEAR ADUIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2017

Reference No. 2006-002

Condition:

Reconciliations of the County's bank accounts at December 31, 2016 and 2015 were not performed timely, resulting in an undetected material misstatement in the basic financial statements.

Resolution:

Reconciliations of the County's bank accounts at December 31, 2017 were performed in a timely manner.

Reference No. 2015-001

Condition:

The 2016 and 2015 financial statements were not completed and filed timely.

Resolution:

The 2017 financial statements were completed and filed timely.

Reference No. 2016-001

Condition:

The 2016 and 2015 Single Audit Reporting package was not completed and submitted to OMB and the Federal Audit Clearinghouse timely.

Resolution:

The 2017 Single Audit Reporting package was completed and submitted to OMB and the Federal Audit Clearinghouse timely.