COUNTY OF TIOGA

Owego, New York

FINANCIAL REPORT

For the Year Ended
December 31, 2018

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Certified Public Accountants | Business Advisors

COUNTY OF TIOGA

TABLE OF CONTENTS

COUNTY OF TIOGA

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

In our opinion, based on our audit and the 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended December 31, 2018, the County adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." As discussed in Note 17 to the financial statements, net position as of December 31, 2017 was restated to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule (Non-GAAP) - General Fund, Schedule of Changes in the County's Total OPEB Liability and Related Ratios, 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 4-4l 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 5, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Respectfully Submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 5, 2019

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, 2018. Please read this information in conjunction with the County's financial statements, which begin on page 5.

- During the year ended December 31, 2018, the County, adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," (OPEB) As a result, beginning net position was reduced by $26,595,740. GASB Statement No. 75 requires governments to record their total OPEB liability, as well as deferred outflows of resources and deferred inflows of resources related to the OPEB plan. See Notes 7 and 18 for more detailed information.

- The liabilities and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $(21,721,447) (net deficit) compared to $(18,710,563) in 2017, as restated. Year-end net position was composed of $4,362,202 in restricted net position, $55,808,485 in net investment in capital assets, and $(81,892,134) in unrestricted net deficit. Restricted net position increased $111,998 primarily due to additional monies restricted for capital reserves. Net investment in capital assets decreased $596,962 compared to the prior year because current year depreciation expense exceeded capital outlay and principal payments. Unrestricted net deficit increased $2,525,920 compared to the prior year. This is primarily attributable to current year recognition of other postemployment benefits.

- Unrestricted net deficit is primarily the result of the requirement to record the other postemployment benefits liability of $101,621,657.

- Expenses exceeded revenues by $3,010,884 in 2018 compared to $3,243,338 in 2017.

- 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 a decrease of government wide expenses of $224,323, compared to an increase of $246,334 in 2017.

- The General Fund recorded an increase in fund balance of $1,152,857 in 2018 and had a fund balance at the end of the year of $23,747,545, compared to $22,594,688 in 2017. Of this amount, $18,604,606 was unassigned.

- Resources available for appropriation in the General Fund, including interfund transfers in, were $1,469,654 more than budgeted. Actual expenditures, including encumbrances and interfund transfers out, were $2,465,953 less than budgeted, resulting in a favorable budget variance of $3,935,607.

- The County's total indebtedness decreased $1,170,966 to $28,936,714. Serial bond obligations decreased $1,580,000 due to principal payments, while accreted interest on TTASC bonds increased $409,034.

- Capital additions during 2018 amounted to $3,441,290 for the purchase of various machinery and equipment, infrastructure, buildings and improvements, and construction in progress expenditures. Depreciation expense was $4,482,517 for the year.

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 Changes in the County's Total OPEB Liability and Related Ratios 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.

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.

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 deficit for fiscal year ended December 31, 2018 increased $(3,010,884), from $(18,710,563) to $(21,721,447). Last year net deficit increased by $(3,243,338).

The largest portion of the County's net position, $55,808,485, 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, $4,362,202, represents resources subject to external restrictions on how they may be used and are reported as restricted. Restricted fund balance of $5,054,220 in the General, Capital Projects, Special Grant, and Debt Service Funds, also includes unspent debt proceeds of $692,018 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 $(81,892,134), is what may be used to meet the government's ongoing obligations and services to creditors and citizens.

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
	2017	**2018**	**2017 - 2018**	**2017 - 2018**
Current Assets	$ 47,823,506	$ 49,729,404	$ 1,905,898	3.99%
Capital Assets, Net	68,437,694	67,396,467	(1,041,227)	(1.52)%
Other Noncurrent Assets	775,969	776,056	87	0.01%
Total Assets	**117,037,169**	**117,901,927**	**864,758**	0.74%
Pensions	6,295,711	8,283,942	1,988,231	31.58%
Other Postemployment Benefits	2,702,941	7,277,553	4,574,612	169.25%
Total Deferred Outflows of Resources	**8,998,652**	**15,561,495**	**6,562,843**	72.93%
Current Liabilities	10,911,377	11,479,222	567,845	5.20%
Noncurrent Liabilities	131,720,129	135,550,860	3,830,731	2.91%
Total Liabilities	**142,631,506**	**147,030,082**	**4,398,576**	3.08%
Pensions	2,114,878	8,154,787	6,039,909	285.59%
Total Deferred Inflows of Resources	**2,114,878**	**8,154,787**	**6,039,909**	285.59%
Net Investment in Capital Assets	56,405,447	55,808,485	(596,962)	(1.06)%
Restricted	4,250,204	4,362,202	111,998	2.64%
Unrestricted	(79,366,214)	(81,892,134)	(2,525,920)	(3.18)%
Total Net (Deficit)	**$ (18,710,563)**	**$ (21,721,447)**	**$ (3,010,884)**	(16.09)%

Current assets increased primarily due to increases in cash as a result of operations, along with additional amounts due from state and federal governments for ongoing capital projects. Capital assets decreased because depreciation expense exceeded capital outlay.

The fluctuations in deferred outflows of resources, deferred inflows of resources, and noncurrent liabilities are due to changes in actuarially determined amounts.

Current liabilities increased from the prior year based on increases in accounts payable and accrued liabilities based on timing of payments.

The change in net investment in capital assets is due to reductions in debt and increases in capital assets net of accumulated depriciation. 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 exceeding revenues; see Figure 2 for additional information.

The County's total revenues increased by 4.99%, while the total cost of all programs and services increased 4.49%. Our analysis in Figure 2 considers the operations of Governmental Activities.

Figure 2 - Changes in Net Position

	Governmental Activities		Dollar Change	Percent Change
	2017	**2018**	**2017 - 2018**	**2017 - 2018**
REVENUES				
Program Revenues:				
Charges for Services	$ 6,232,695	$ 6,650,020	$ 417,325	6.70%
Operating Grants and Contributions	16,691,927	16,087,761	(604,166)	(3.62)%
Capital Grants	2,868,262	2,270,704	(597,558)	(20.83)%
General Revenues:				
Property Taxes and Tax Items	25,792,998	26,251,811	458,813	1.78%
Sales and Other Taxes	21,200,001	24,658,094	3,458,093	16.31%
Tobacco Settlement	645,219	630,058	(15,161)	(2.35)%
State Sources	1,146,009	1,303,159	157,150	13.71%
Use of Money and Property	106,548	288,006	181,458	170.31%
Other	180,518	460,755	280,237	155.24%
Total Revenues	**$ 74,864,177**	**$ 78,600,368**	**$ 3,736,191**	**4.99%**
PROGRAM EXPENSES				
General Government	$ 16,705,486	$ 17,657,073	$ 951,587	5.70%
Education	4,811,419	5,311,304	499,885	10.39%
Public Safety	15,136,740	15,979,213	842,473	5.57%
Public Health	7,584,836	8,190,273	605,437	7.98%
Transportation	5,965,198	6,075,404	110,206	1.85%
Economic Assistance and Opportunity	23,726,275	23,808,300	82,025	0.35%
Culture and Recreation	340,447	384,465	44,018	12.93%
Home and Community Services	2,270,824	2,656,450	385,626	16.98%
Interest on Long-term Debt	1,566,290	1,548,770	(17,520)	(1.12)%
Total Expenses	**$ 78,107,515**	**$ 81,611,252**	**$ 3,503,737**	**4.49%**
CHANGE IN NET POSITION	**$ (3,243,338)**	**$ (3,010,884)**	**$ 232,454**	**41.94%**

Revenues

- Charges for services increased based on additional charges for handicapped children.
- Operating grants decreased primarily because an emergency communications tower grant was received in 2017.
- Capital grants decreased due to fewer ongoing transportation projects.
- Property tax and tax items increased based on an increase in unpaid and estimated uncollectible taxes.
- Sales tax increased due to additional economic activity in the County.

Expenses

- General government expenses increased primarily as a result of the increase in sales tax revenue disbursed to towns and villages within the County.
- 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 increased as a result of increased personnel costs and new grant program expenditures for the current year.
- Public health increased as a result of increased public and mental health program costs.
- Home and community services expenses increased as a result of increased forestry program costs, special grant loan and grant program expenses, and refuse and garbage costs.

Figures 3 and 4 show the sources of revenue for 2018 and 2017.

Figure 3 - Revenue by Source
Governmental Activities
2018

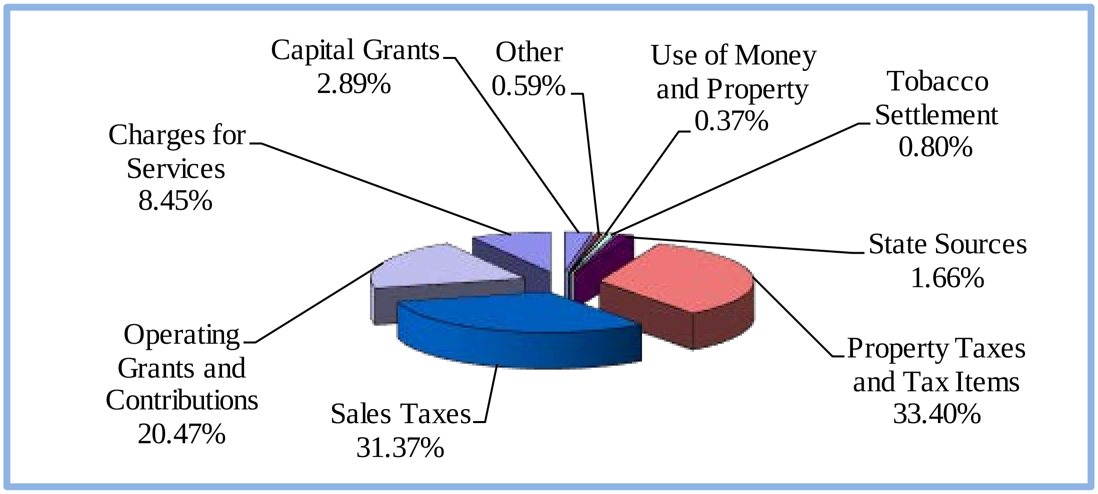
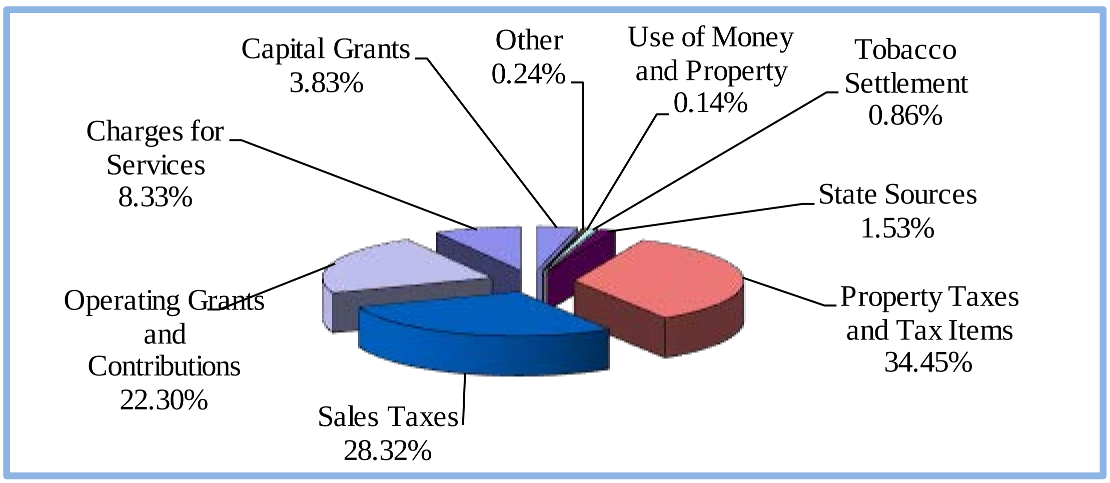


Figure 4 - Revenue by Source
Governmental Activities
2017



The cost of all Governmental Activities this year was $81,611,252. As shown in the Statement of Activities, the amount our taxpayers ultimately financed for these activities through County property and other tax revenues was $56,602,767, 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 $25,008,485. The County paid for the remaining "public benefit" portion of Governmental Activities with $53,591,883 in taxes and other revenues, such as interest and general entitlements.

Overall, program expenses of the County's Governmental Activities increased $3,503,737, which represents a 4.49% 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
2018

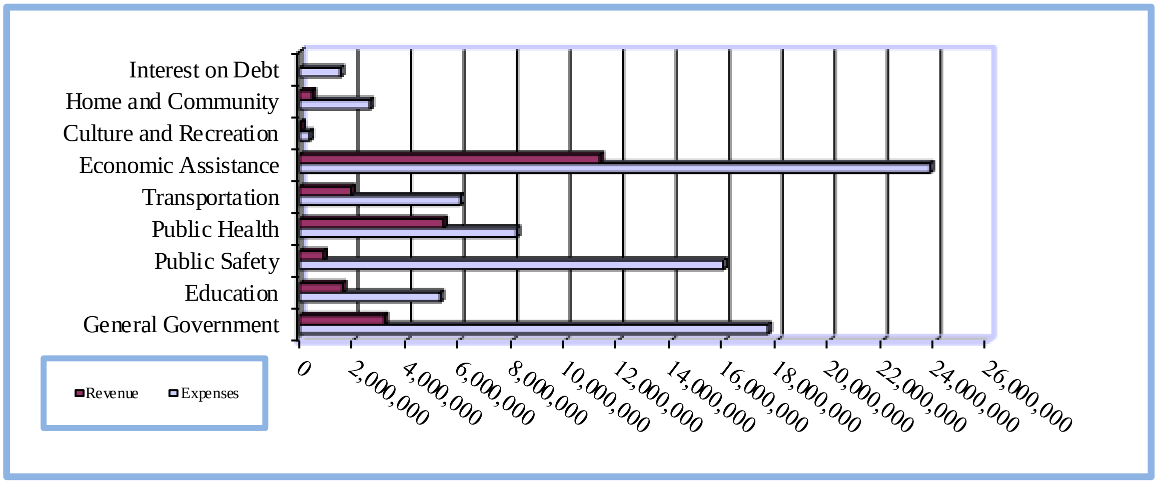
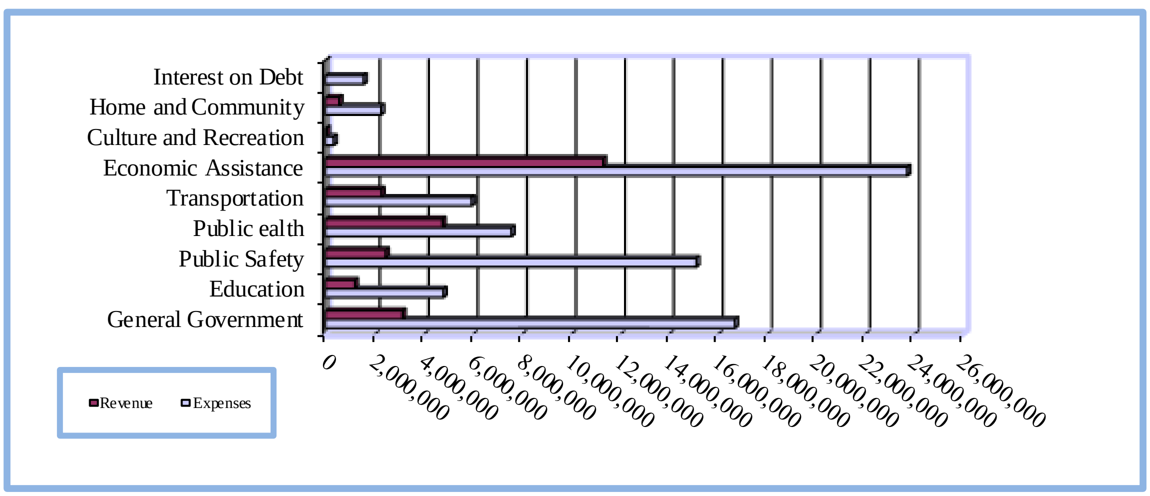


Figure 6 - Net Program Cost
Governmental Activities
2017



THE COUNTY'S FUNDS

At December 31, 2018, the County's Governmental Funds, as presented in the balance sheet on page 7, reported a combined fund balance of $36,367,953, which represents a decrease of 4.10% from the prior year. Of this amount, $763,870 was non-spendable, $5,054,220 was restricted, and $11,945,257 was assigned, leaving $18,604,606 in unassigned fund balance. Figure 7 shows the changes in fund balance for the County's Governmental Funds.

Figure 7
Governmental Funds
Fund Balances

			Dollar Change	Percent Change
	2017	**2018**	**2017 - 2018**	**2017 - 2018**
Major Funds:				
General Fund	$ 22,594,688	$ 23,747,545	$ 1,152,857	5.10%
Capital Projects Fund	10,010,193	9,886,662	(123,531)	(1.23%)
Nonmajor Funds:				
Special Revenue Funds:				
County Road Fund	11,387	250,177	238,790	2,097.04%
Road Machinery Fund	400,406	476,689	76,283	19.05%
Special Grant Fund	934,646	939,349	4,703	0.50%
Refuse and Garbage Fund	137,779	206,085	68,306	49.58%
Debt Service Fund	846,036	861,446	15,410	1.82%
Totals	**$ 34,935,135**	**$ 36,367,953**	**$ 1,432,818**	**4.10%**

The increase in the General Fund is primarily related to increased sales tax allocations.

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 $2,465,953. Resources available for appropriation and other financing sources were $1,469,654 above the final budgeted amounts.

Figure 8 - Budgetary Comparison Schedule - General Fund
December 31, 2018

	Original Budget	Final Budget	Actual w/ Encumbrances	Variance Fav. (Unfav.)
REVENUES AND OTHER FINANCING SOURCES				
Real Property Taxes and Tax Items	$ 25,078,879	$ 25,078,879	$ 25,191,521	$ 112,642
Nonproperty Tax Items	19,639,000	20,120,243	23,755,956	3,635,713
Departmental Income	5,818,798	5,832,945	5,301,098	(531,847)
Intergovernmental Charges	251,000	265,193	141,364	(123,829)
Use of Money and Property	69,000	69,000	226,050	157,050
State Sources	9,288,452	10,508,763	10,025,685	(483,078)
Federal Sources	6,927,025	8,092,429	6,658,254	(1,434,175)
Other Revenues and Financing Sources	334,382	340,301	477,479	137,178
Total Revenues and Other Financing Sources	**$ 67,406,536**	**$ 70,307,753**	**$ 71,777,407**	**$ 1,469,654**
Appropriated Reserves and Fund Balance	**$ 2,317,621**	**$ 3,751,408**	**$ -**	**$ -**
EXPENDITURES AND OTHER FINANCING USES				
General Governmental Support	$ 11,824,368	$ 12,197,282	$ 11,827,860	$ 369,422
Education	5,249,455	5,642,985	5,636,534	6,451
Public Safety	8,417,488	9,372,338	9,152,715	219,623
Public Health	5,571,020	5,807,556	5,325,815	481,741
Transportation		860,881	353,090	507,791
Economic Assistance and Opportunity	19,966,569	20,231,163	19,733,767	497,396
Culture and Recreation	370,389	408,208	393,759	14,449
Home and Community Services	758,247	771,201	770,417	784
Employee Benefits	12,669,998	12,751,165	12,395,335	355,830
Debt Service (Principal and Interest)	2,113,503	2,113,503	2,113,356	147
Other Financing Uses	2,783,120	3,902,879	3,890,560	12,319
Total Expenditures and Other Financing Uses	**$ 69,724,157**	**$ 74,059,161**	**$ 71,593,208**	**$ 2,465,953**
Excess of Revenues and Other Financing Sources	**$ -**	**$ -**	**$ 184,199**	**$ 3,935,607**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2018, the County had $130,401,968, partially offset by accumulated depreciation of $(63,005,501), 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 decrease (including additions, disposals and depreciation) of $(1,041,227) from the prior year.

Figure 9 - Capital Assets, Net of Depreciation

	Governmental Activities		Dollar Change	Percent Change
	2017	**2018**	**2017 - 2018**	**2017 - 2018**
Land	$ 1,264,322	$ 1,264,322	$ -	0.00%
Construction-in-progress	1,873,022	445,216	(1,427,806)	(76.23)%
Buildings and Improvements	22,179,019	21,324,256	(854,763)	(3.85)%
Machinery and Equipment	3,453,755	3,396,722	(57,033)	(1.65)%
Infrastructure	39,667,576	40,965,951	1,298,375	3.27%
Totals	**$ 68,437,694**	**$ 67,396,467**	**$ (1,041,227)**	**(1.52)%**

This year's additions consisted of:

Construction in Progress	$ 528,782
Buildings and Improvements	62,385
Machinery and Equipment	780,846
Infrastructure	2,069,277
Total Additions	3,441,290
Less: Depreciation Expense	(4,482,517)
Total Net Change	**$ (1,041,227)**

Debt Administration

At the end of 2018, the County and its blended component unit had total debt outstanding, in the form of serial bonds, of $28,936,714. The County's debt of $12,280,000 is backed by the full faith and credit of the County. Of this amount, $12,280,000 is subject to the County's statutory debt limit of $180,265,843, and represents approximately 6.8% of the County's debt limit. The blended component unit, Tioga Tobacco Asset Securitization Corporation, has debt of $16,656,714, which is backed by future Tobacco Settlement Revenues.

Figure 10 - Outstanding Debt at Years Ended

	Governmental Activities		Dollar Change
	2017	**2018**	**2017 - 2018**
Bonds - Issued by County	$ 13,775,000	$ 12,280,000	$ (1,495,000)
Bonds - Issued by TTASC	13,147,915	13,062,915	(85,000)
Tobacco Settlement Pass-through Bonds			
Accreted Interest	3,184,765	3,593,799	409,034
Totals	**$ 30,107,680**	**$ 28,936,714**	**$ (1,170,966)**

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 residents of the County and is working diligently to keep taxes low and find ways to have the County run more efficiently at a lower cost. In developing the 2019 Budget, the Legislature increased appropriations by a total of $3,347,478 or 4.24%; appropriations increased in the General Fund by $2,682,527 or 3.85%. Revenues increased by $2,089,341 or 3.97%; General Fund revenue increased by $1,664,698 or 3.70%. The tax levy for 2019 is up by $485,247; an actual 2.05% increase over 2018 while reliance on appropriated fund balance increased by $772,891.

- In the first 6 months of 2019 sales tax revenue is up 4.56% over 2018; energy prices may be a significant contributor. Sales tax revenue is expected to exceed the 2019 budgeted amount by over $2.5 million dollars. 2019 begins the Sales Tax intercept of AIM Funding the state previously provided for funding villages and towns. It is to be replaced by internet sales tax collections of over $500,000. It is yet to be determined what the overall impact to the County will be. We continue to distribute the same allocated percentage to towns, villages, and the county capital account for bond payments.

- The 2019 County budget appropriates $3,257,500 (compared to $2,698,800 in 2018) for all capital projects (bridges, road projects, vehicles, and equipment).

- Employee benefit costs continue to challenge the 2019 budget, with $14,310,809 budgeted for 2019 compared to $13,434,107 for 2018, a 6.53% increase overall, largely attributed to health insurance premiums which increased by 17.88% or $1,410,938. Health insurance covers retirees and active employees.

- Gaming Revenue for 2018 was $1,303,159, an increase of 13.75% over 2017. Some of these funds have been earmarked to specific capital reserve accounts. Based on the first six months of 2019, it is anticipated revenue will be level with 2018. An additional source of revenue was established via the Traffic Diversion Program with the District Attorney in 2018. Collections at year end 2018 were $254,229. Projections for 2019 appear to be slightly higher, at $260,000.

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
DECEMBER 31, 2018

	Primary Government	Component Units	
	Governmental Activities	Industrial Development Agency	Soil and Water Conservation District
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 28,180,319	$ 2,282,781	$ 1,751,530
Restricted Cash	4,259,939	540,516	
Investments		849,759	
Taxes Receivable, Net	6,939,207		
Accounts Receivable, Net	1,145,579	558,522	1,399,168
Loans and Leases Receivable - Current Portion		77,488	
Due from State and Federal Governments	8,431,331		
Due from Other Governments	9,159		
Prepaid Expenses	763,870		5,610
Total Current Assets	49,729,404	4,309,066	3,156,308
Noncurrent Assets			
Restricted Cash and Cash Equivalents	776,056		
Loans and Leases Receivable, Long-term Portion		462,807	
Accounts Receivable, Long-term Portion		252,000	
Capital Assets-Land and Construction in Progress	1,709,538	1,450,178	
Capital Assets-Depreciable, Net of Accumulated Depreciation	65,686,929	805,242	486,752
Total Noncurrent Assets	68,172,523	2,970,227	486,752
Total Assets	117,901,927	7,279,293	3,643,060
Deferred Outflows of Resources			
Pensions	8,283,942		320,214
Other Postemployment Benefits	7,277,553		
Total Deferred Outflows of Resources	15,561,495	-	320,214
LIABILITIES			
Current Liabilities			
Accounts Payable	233,105	464,101	386,146
Accrued Liabilities	892,341		29,087
Interest Payable	168,277		
Due to Other Governments	4,718,899		
Compensated Absences	1,209,405		
Contract Advances			516,203
Unearned Revenue	1,147,195		
Self Insurance Accruals	840,000		
Long-term Obligations Due Within One Year	2,270,000	38,892	
Total Current Liabilities	11,479,222	502,993	931,436
Long-term Obligations Due After One Year	135,550,860	599,623	132,994
Total Liabilities	147,030,082	1,102,616	1,064,430
Deferred Inflows of Resources			
Pensions	8,154,787		416,085
Total Deferred Inflows of Resources	8,154,787	-	416,085
Net Position			
Net Investment in Capital Assets	55,808,485	2,255,420	486,752
Restricted	4,362,202	540,516	1,291,055
Unrestricted (Deficit)	(81,892,134)	3,380,741	704,952
Total Net Position (Deficit)	**$ (21,721,447)**	**$ 6,176,677**	**$ 2,482,759**

See Notes to Financial Statements

COUNTY OF TIOGA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental Activities:				
General Governmental Support	$ 17,657,073	$ 2,546,706	$ 253,023	$ 401,701
Education	5,311,304		1,633,333	
Public Safety	15,979,213	302,980	598,629	
Public Health	8,190,273	2,997,417	2,432,534	
Transportation	6,075,404		461,174	1,492,297
Economic Assistance and Opportunity	23,808,300	772,989	10,557,881	
Culture and Recreation	384,465		76,600	
Home and Community Services	2,656,450	29,928	74,587	376,706
Interest on Debt	1,548,770			
Total Primary Government	**$ 81,611,252**	**$ 6,650,020**	**$ 16,087,761**	**$ 2,270,704**
Component Units				
Industrial Development Agency	950,720	470,401	2,355,885	
Soil and Water Conservation District	2,873,191	218,235	2,549,146	
Total Component Units	**$ 3,823,911**	**$ 688,636**	**$ 4,905,031**	**$ -**

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
Special Item - Transfer of Wastewater Treatment Plant

Total General Revenues

Change in Net Position

Net Position (Deficit) - Beginning of Year

Net Position (Deficit) - End of Year

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Units	
Total Governmental Activities	Industrial Development Agency	Soil and Water Conservation District
$ (14,455,643)	$	$
(3,677,971)		
(15,077,604)		
(2,760,322)		
(4,121,933)		
(12,477,430)		
(307,865)		
(2,175,229)		
(1,548,770)		
(56,602,767)	-	-
	1,875,566	
		(105,810)
-	1,875,566	(105,810)
(56,602,767)	1,875,566	(105,810)
26,251,811		
24,658,094		
		309,234
630,058		
1,303,159		
288,006	22,673	
53,034		
293,909		28,462
113,812		
	(2,899,623)	
53,591,883	(2,876,950)	337,696
(3,010,884)	(1,001,384)	231,886
(18,710,563)	7,178,061	2,250,873
$ (21,721,447)	**$ 6,176,677**	**$ 2,482,759**

COUNTY OF TIOGA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Major Funds		Total	
	General Fund	Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents - Unrestricted	$ 17,320,493	$ 5,752,843	$ 1,018,882	$ 24,092,218
Cash and Cash Equivalents - Restricted	406,580	2,932,235	1,697,180	5,035,995
Taxes Receivable, Net	6,939,207			6,939,207
Other Receivables, Net	508,965		619,973	1,128,938
Due from State and Federal Governments	6,861,521	1,519,214	50,596	8,431,331
Due from Other Governments	9,159			9,159
Prepaid Expenses	761,569		2,301	763,870
Total Assets	**$ 32,807,494**	**$ 10,204,292**	**$ 3,388,932**	**$ 46,400,718**
LIABILITIES				
Accounts Payable	$ 199,069	$ 1,087	$ 12,458	$ 212,614
Accrued Liabilities	864,328		26,687	891,015
Due to Other Governments	4,547,780	171,119		4,718,899
Unearned Revenue	1,001,771	145,424		1,147,195
Total Liabilities	6,612,948	317,630	39,145	6,969,723
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	2,447,001		616,041	3,063,042
FUND BALANCES				
Nonspendable	761,569		2,301	763,870
Restricted	406,580	2,932,235	1,715,405	5,054,220
Assigned	3,974,790	6,954,427	1,016,040	11,945,257
Unassigned	18,604,606			18,604,606
Total Fund Balances	23,747,545	9,886,662	2,733,746	36,367,953
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 32,807,494**	**$ 10,204,292**	**$ 3,388,932**	**$ 46,400,718**

See Notes to Financial Statements

COUNTY OF TIOGA

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

Total Governmental Fund Balances		**$ 36,367,953**
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	$ 130,401,968	
Less Accumulated Depreciation	(63,005,501)	67,396,467
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		(2,352,489)
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.		3,063,042
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.		(1,667,075)
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.		(168,277)
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.		
Deferred Inflows of Resources - Pensions	$ (8,154,787)	
Deferred Outflows of Resources - Pensions	8,283,942	
Deferred Outflows of Resources - OPEB	7,277,553	7,406,708
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	$ (25,342,915)	
Accreted Interest on TASC Bonds	(3,593,799)	
Other Postemployment Benefits Liability	(101,621,657)	
Compensated Absences	(1,209,405)	(131,767,776)
Net Position (Deficit) of Governmental Activities		**$ (21,721,447)**

See Notes to Financial Statements

COUNTY OF TIOGA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Major Funds		**Total**	
	General Fund	**Capital Projects Funds**	**Non-Major Governmental Funds**	**Total Governmental Funds**
REVENUES				
Real Property Taxes	$ 22,574,837	$	$ 1,209,205	$ 23,784,042
Real Property Tax Items	2,616,684		79,736	2,696,420
Nonproperty Tax Items	23,755,956	902,138		24,658,094
Departmental Income	5,301,098		23,114	5,324,212
Intergovernmental Charges	141,364			141,364
Use of Money and Property	226,050	27,303	20,977	274,330
Licenses and Permits	38,220			38,220
Fines and Forfeitures	113,812			113,812
Sale of Property and Compensation for Loss	25,000		28,034	53,034
Miscellaneous Local Sources	291,574	2,335	664,325	958,234
State Sources	10,025,685	1,845,628	468,159	12,339,472
Federal Sources	6,658,254	190,578	465,821	7,314,653
Total Revenues	71,768,534	2,967,982	2,959,371	77,695,887
EXPENDITURES				
General Governmental Support	11,742,245		46,101	11,788,346
Education	5,311,304			5,311,304
Public Safety	8,989,556			8,989,556
Health	5,197,218			5,197,218
Transportation	268,374		2,196,217	2,464,591
Economic Assistance and Opportunity	19,569,591		184,288	19,753,879
Culture and Recreation	379,094			379,094
Home and Community Services	767,917		1,710,949	2,478,866
Employee Benefits	12,395,335		665,830	13,061,165
Debt Service (Principal and Interest)	2,113,356		620,295	2,733,651
Capital Outlay		3,732,640		3,732,640
Total Expenditures	66,733,990	3,732,640	5,423,680	75,890,310
Excess of Revenues (Expenditures)	5,034,544	(764,658)	(2,464,309)	1,805,577
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	8,873	650,000	2,867,801	3,526,674
Interfund Transfers (Out)	(3,890,560)	(8,873)		(3,899,433)
Total Other Financing Sources (Uses)	(3,881,687)	641,127	2,867,801	(372,759)
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	1,152,857	(123,531)	403,492	1,432,818
Fund Balances, Beginning	22,594,688	10,010,193	2,330,254	34,935,135
Fund Balances, Ending	**$ 23,747,545**	**$ 9,886,662**	**$ 2,733,746**	**$ 36,367,953**

See 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, 2018

Net Change in Fund Balances - Total Governmental Funds		**$ 1,432,818**
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.		
Capital Outlay	$ 3,441,290	
Depreciation Expense	(4,482,517)	(1,041,227)
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.		(262,918)
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		1,580,000
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	$ (224,040)	
Change in Postemployment Benefits Liability	(4,793,086)	
Change in Accrued Interest Payable	13,915	
Change in Accreted Interest on TASC Capital Appreciation Bonds	(409,034)	(5,412,245)
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 of Resources - Pensions	$ 1,988,231	
Net Pension Liability - Proportionate Share	4,276,001	
Deferred Inflows of Resources - Pensions	(6,039,909)	224,323
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.		468,365
Change in Net Position of Governmental Activities		**$ (3,010,884)**

See Notes to Financial Statements

COUNTY OF TIOGA

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2018

	Internal Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 4,088,101
Accounts Receivable, Net	16,641
Total Assets	4,104,742
LIABILITIES	
Current Liabilities	
Accounts Payable	20,491
Accrued Liabilities	1,326
Self Insurance Accruals	840,000
Total Current Liabilities	861,817
Noncurrent Liabilities	
Benefits and Awards Payable	4,910,000
Total Noncurrent Liabilities	4,910,000
Total Liabilities	5,771,817
NET POSITION	
Unrestricted	(1,667,075)
Total Net Position (Deficit)	**$ (1,667,075)**

See 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, 2018

	Internal Service Fund
OPERATING REVENUES	
Charges for Services	$ 1,816,472
Other Operating Revenues	52,243
Total Operating Revenues	1,868,715
OPERATING EXPENSES	
Salaries and Wages	233,234
Contractual	613,829
Benefits and Awards	591,390
Claims and Judgments	348,332
Total Operating Expenses	1,786,785
Income from Operations	81,930
NONOPERATING REVENUES (EXPENSES)	
Interest Income	13,676
Transfer from Other Funds	372,759
Total Nonoperating Revenues	386,435
Change in Net Position	468,365
Net Position (Deficit), January 1,	(2,135,440)
Net Position (Deficit), December 31,	**$ (1,667,075)**

See Notes to Financial Statements

COUNTY OF TIOGA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Internal Service Fund
Cash Flows from Operating Activities	
Cash Received from Providing Services - External Participants	$ 1,799,831
Cash Received from Insurance Recoveries	52,243
Cash Payments - Employees	(233,539)
Cash Payments - Claims and Benefits	(939,722)
Cash Payments - Vendors	(609,760)
Net Cash Provided (Used) by Operating Activities	69,053
Cash Flows from Non-Capital Financing Activities	
Transfer from Other Funds	372,759
Net Cash Provided (Used) by Non-Capital Financing Activities	372,759
Cash Flows from Investing Activities	
Interest Income Received	13,676
Net Cash Provided (Used) by Investing Activities	13,676
Change in Cash and Cash Equivalents	455,488
Cash and Cash Equivalents, January 1,	3,632,613
Cash and Cash Equivalents, December 31,	**$ 4,088,101**
Reconciliation of Income from Operations to Net Cash Provided (Used) by Operating Activities	
Income from Operations	$ 81,930
(Increase) Decrease in Other Receivables	(16,641)
Increase (Decrease) in Accounts Payable	4,069
Increase (Decrease) in Accrued Liabilities	(305)
Net Cash Provided (Used) by Operating Activities	**$ 69,053**

See Notes to Financial Statements

COUNTY OF TIOGA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents - Unrestricted	$ 96,593	$ 379,354
Total Assets	96,593	**$ 379,354**
LIABILITIES		
Agency Liabilities	-	$ 379,354
Total Liabilities	-	**$ 379,354**
NET POSITION		
Held in Trust for Private Purposes	**$ 96,593**	

See Notes to Financial Statements

COUNTY OF TIOGA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Private Purpose Trust Funds
ADDITIONS	
Contributions	$ 4,391
Total Additions	4,391
DEDUCTIONS	
Distributions	3,964
Total Deductions	3,964
Change in Net Position	427
Net Position - Beginning	96,166
Net Position - Ending	**$ 96,593**

See Notes to Financial Statements

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,” GASB Statement No. 61, “The Financial Reporting Entity: Omnibus - an Amendment to GASB Statements No. 14 and No. 34” and GASB Statement No. 85, “Omnibus 2017.”

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, No. 61, and No. 85, 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.

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 Industrial Development Agency, 56 Main Street, Owego, New York 13827.

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.

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.

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.

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.”

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.

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 relevied as County taxes in the subsequent year. The balance of uncollected school taxes is required to be remitted by April 1.

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

Property Taxes - 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 $902,138 is sales tax designated for capital projects.

The General Fund’s primary non-property tax item is sales tax, which amounted to $23,338,100. At December 31, 2018 this amount included an accrual of $1,562,907, which is included in state and federal receivables, for sales that occurred in the State of New York in 2018 which were not received by the County at December 31, 2018. Of the $23,338,100 recognized as revenue, $6,172,131 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.

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, and other postemployment benefits (OPEB) in the Statements of Net Position. The types of deferred outflows related to pensions and OPEB are described in Notes 6 and 7.

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, 2018 is computed as follows:

Five-Year Average Full Valuation of Taxable Real Estate (2014-2018)	$ 2,575,226,327
Tax limit @ 1.7%	43,778,848
Less :	
Tax Levy	23,539,046
Less Exclusions	(1,952,066)
Tax Levy Subject to Tax Limit	21,586,980
Tax Margin	**$ 22,191,868**

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

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.

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

Postemployment Benefits - Continued
During 2018, the County adopted GASB Statement No. 75, "Accounting and Financial Reporting 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 the statement. See Note 7 for additional information.

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 leave 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 $1,209,405 is reported as an accrued liability in the Governmental Activities, as such, amounts were not due and payable at December 31, 2018.

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.

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

New Accounting Standards
The County adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) effective for the year ended December 31, 2018:

- GASB has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ended 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. 85, "Omnibus 2017," effective for the year ended December 31, 2018.

- GASB has issued Statement No. 86, "Certain Debt Extinguishment Issues," effective for the year ended December 31, 2018.

Future Changes in Accounting Standards
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.

- 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. 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.

- GASB has issued Statement No. 90, "Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61," effective for the year ending December 31, 2019.

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 $34,161,872 include $859,145 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 $776,056 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.

Note 2 Cash and Investments - Continued

Restricted Cash

Restricted cash and cash equivalents of the primary government at December 31, 2018 consisted of the following:

Purpose	Amount
General Fund	
STOP DWI Program	$ 86,817
Criminal Forfeiture Proceeds	7,097
Unexpended Hotel/Motel Usage Proceeds	108,001
Unexpended Handicapped Parking Proceeds	911
Debt Service Reserve	203,754
Total General Fund	406,580
Capital Fund	
Software Reserve	143,427
Hardware Reserve	21,760
Public Land, Structure, and Equipment	1,916,329
Financial Management System Reserve	158,701
Unspent Debt Proceeds	692,018
Total Capital Fund	2,932,235
Refuse and Garbage Fund	
Restricted for Community Envelopment	921,124
Debt Service (TTASC) Fund	
TTASC	776,056
Total Governmental Activities	**$ 5,035,995**

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 $1,626,000 at December 31, 2018 and were entirely insured or collateralized with securities held by TCIDA's agent in the Agency's name.

Discretely Presented Component Unit - Tioga County Industrial Development Agency (Agency)
Total bank balances of the Agency, including long-term certificates of deposit, totaled approximately $3,673,056 at December 31, 2018 and were entirely insured or collateralized with securities held by the agency's agent in the Agency's name. Cash and investments in the amount of $540,516 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 $849,759, with an interest rate of 1.15%, all of which mature in 2020.

Note 3 **Property Taxes**
Property taxes levied for 2018 are recorded as revenue and receivables, net of estimated uncollectible amounts. In the fund financial statements, the net receivables collected during 2018 and expected to be collected within the first 60 days of 2018 are recognized as revenues in 2018.

Net receivables estimated to be collectible subsequent to the first 60 days of 2019 are reflected as unavailable revenue. At December 31, 2018, the County recognized $2,447,001 of unavailable tax revenue.

Taxes receivable at December 31, 2018 are summarized as follows:

Returned School Taxes Receivable	$	3,373,296
Taxes Receivable - Overdue		3,934,640
Delinquent Village Taxes Receivable		425,439
Other		393,449
Allowance for Uncollectible Taxes		(1,187,617)
Total	**$**	**6,939,207**

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 $3,790,906 is reflected as part of a liability, due to other governments, in the accompanying basic financial statements.

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 $664,325 of tobacco settlement revenues for the year ended December 31, 2018. The amount recognized in the Statement of Activities, on the accrual basis, is $630,058.

Other Accounts Receivable

Other accounts receivable as of December 31, 2018, are as follows:

Governmental Activities	**Amount**
Various Fees and Charges Recorded in:	
General Fund	$ 508,965
Road Machinery Fund	3,932
Internal Service Funds	16,641
Tobacco Settlement Revenues Recorded in the Debt Service Fund	616,041
Total	**$ 1,145,579**

Note 5 **Capital Assets**

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

	Balance at 12/31/2017	Additions	Disposals/Re-classifications	Balance at 12/31/2018
Governmental Activities				
Land	$ 1,264,322	$	$	$ 1,264,322
Construction in Progress	1,873,022	528,782	(1,956,588)	445,216
Total Non-Depreciable Capital Assets	3,137,344	528,782	(1,956,588)	1,709,538
Buildings	34,180,573	62,385		34,242,958
Machinery and Equipment	13,238,644	780,846	(33,128)	13,986,362
Infrastructure	76,437,245	2,069,277	1,956,588	80,463,110
Total Depreciable Capital Assets	123,856,462	2,912,508	1,923,460	128,692,430
Total Historical Cost	126,993,806	3,441,290	(33,128)	130,401,968
Less Accumulated Depreciation:				
Buildings	(12,001,554)	(917,148)		(12,918,702)
Machinery and Equipment	(9,784,889)	(837,879)	33,128	(10,589,640)
Infrastructure	(36,769,669)	(2,727,490)		(39,497,159)
Total Accumulated Depreciation	(58,556,112)	(4,482,517)	33,128	(63,005,501)
Governmental Activities Capital Assets, Net	**$ 68,437,694**	**$ (1,041,227)**	**$ -**	**$ 67,396,467**

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government Support	$ 880,677
Public Safety	674,658
Public Health	124,552
Transportation	2,765,233
Economic Assistance and Opportunity	34,840
Home and Community	2,557
Total	**$ 4,482,517**

Note 5 **Capital Assets - Continued**

Capital asset activity for the Tioga County Industrial Development Agency for the year ended December 31, 2018, was as follows:

TCIDA	Balance at 12/31/2017	Additions	Disposals	Balance at 12/31/2018
Land	$ 1,039,606	$ 410,572	$	$ 1,450,178
Construction in Progress	2,899,623		(2,899,623)	-
Total Non-Depreciable Capital Assets	3,939,229	410,572	(2,899,623)	1,450,178
Railroad Tracking and Facilities	1,979,331			1,979,331
Machinery and Equipment	1,701			1,701
Total Depreciable Capital Assets	1,981,032	-	-	1,981,032
Total Historical Cost	5,920,261	410,572	(2,899,623)	3,431,210
Less Accumulated Depreciation	(1,154,503)	(21,287)		(1,175,790)
TCIDA Capital Assets, Net	**$ 4,765,758**	**$ 389,285**	**$ (2,899,623)**	**$ 2,255,420**

Capital asset activity for the Soil and Water Conservation District for the year ended December 31, 2018, was as follows:

TCSWCD	Balance at 12/31/2017	Additions	Disposals	Balance at 12/31/2018
Office Equipment	$ 34,388	$ 1,328	$ (25,695)	$ 10,021
Program Buildings and Equipment	1,417,322	92,851	(120,132)	1,390,041
Total Historical Cost	1,451,710	94,179	(145,827)	1,400,062
Less Accumulated Depreciation:				
Office Equipment	(27,433)	(2,016)	24,728	(4,721)
Program Buildings and Equipment	(910,383)	(113,944)	115,738	(908,589)
	(937,816)	(115,960)	140,466	(913,310)
TCSWCD Capital Assets, Net	**$ 513,894**	**$ (21,781)**	**$ (5,361)**	**$ 486,752**

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.

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

Contributions

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

	2018	2017	2016
County - ERS	$ 2,670,717	$ 3,161,458	$ 2,528,606
TCSWCD - ERS	118,939	91,378	69,896

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

At December 31, 2018, 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, 2018. 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 a report provided to the County by the ERS System.

	ERS
Actuarial Valuation Date	4/1/2017
Net Pension Liability	$ 3,227,444,946
County's Proportionate Share of the Plan's Total Net Pension Liability	2,352,489
County's Share of the Plan's Total Net Pension Liability	0.0728901%
TCSWCD's Portion of the Plan's Total Net Pension Liability	109,189
TCSWCD's Share of the Plan's Total Net Pension Liability	0.0033831%

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

For the year ended December 31, 2018, the County recognized pension expense of $2,569,079 for ERS in the financial statements. At December 31, 2018 the County's reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	County - ERS	TCSWCD - ERS
Deferred Outflows of Resources		
Differences Between Expected and Actual Experience	$ 839,057	$ 38,944
Changes of Assumptions	1,559,895	72,401
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	3,416,804	158,588
Changes in Proportion and Differences Between the County's Contributions and Proportionate Share of Contributions	465,148	50,281
County's Contributions Subsequent to the Measurement Date	2,003,038	
Total	**$ 8,283,942**	**$ 320,214**
Deferred Inflows of Resources		
Differences Between Expected and Actual Experience	$ (693,365)	$ (32,182)
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	(6,744,429)	(313,037)
Changes in Proportion and Differences Between the County's Contributions and Proportionate Share of Contributions	(716,993)	(70,866)
Total	**$ (8,154,787)**	**$ (416,085)**

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, 2019. 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
2019	$ 228,637	$ 7,991
2020	256,102	13,979
2021	(1,683,349)	(81,542)
2022	(675,273)	(36,299)
2023		
Thereafter		

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

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.

Significant actuarial assumptions used in the valuations were as follows:

	ERS
Measurement Date	March 31, 2018
Actuarial Valuation Date	April 1, 2017
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, 2017 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.

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

Actuarial Assumptions - Continued
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, 2018
Asset Type	
Domestic Equities	4.6%
International Equities	6.4%
Real Estate	5.6%
Private Equity/Alternative Investments	7.5%
Absolute Return Strategies	3.8%
Opportunistic Portfolio	5.7%
Real Assets	5.3%
Cash	(0.3)%
Inflation-indexed Bonds	1.3%
Mortgages and Bonds	1.3%

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	$ 17,799,568	$ 2,352,489	$ (10,715,122)
TCSWCD's Proportionate Share of the Net Pension Liability	826,152	109,189	(497,334)

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, 2018
Employers' Total Pension Liability	$ 183,400,590
Plan Net Position	(180,173,145)
Employers' Net Pension Liability	**$ 3,227,445**
Ratio of Plan Net Position to the Employers' Total Pension Liability	98.2%

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, 2018 represent the projected employer contribution for the period of April 1, 2018 through December 31, 2018 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2018 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, 2018 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
County - ERS:			
Net Pension Liability	$ (6,628,490)	$ 4,276,001	$ (2,352,489)
Deferred Outflows of Resources	6,295,711	1,988,231	8,283,942
Deferred Inflows of Resources	(2,114,878)	(6,039,909)	(8,154,787)
County Total Effect on Net Position	**$ (2,447,657)**	**$ 224,323**	**$ (2,223,334)**
TCSWCD - ERS:			
Net Pension Liability	$ (241,947)	$ 132,758	$ (109,189)
Deferred Outflows of Resources	225,754	94,460	320,214
Deferred Inflows of Resources	(95,090)	(320,995)	(416,085)
TCSWCD Total Effect on Net Position	**$ (111,283)**	**$ (93,777)**	**$ (205,060)**

Note 7 **Other Postemployment Benefits**

During the year ended December 31, 2018 the County implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ended December 31, 2018. This statement replaces the requirements of Statement 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 Multi-Employer Plans, for OPEB."

General Information About the OPEB Plan

Plan Description - Tioga County provides medical and prescription drug benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee's total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during postemployment. Nevertheless, both types of benefits constitute compensation for employee services.

Benefits Provided - 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 offers the benefit, with related premiums funded partially by participating retirees. Each retiree also pays a portion of any premium covering his or her spouse.

Employees Covered by Benefit Terms - At December 31, 2018, the following employees were covered by the benefit terms:

Retired and Surviving Spouses	225
Terminated Vested Employees	-
Active Employees	356
Total	**581**

Total OPEB Liability

The County's total OPEB liability of $101,621,657 was measured as of January 1, 2018 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- The long-term bond rate is based on the Bond Buyer Weekly 20-Bond GO Index as of the measurement date (or the nearest business day thereto).

Note 7 Other Postemployment Benefits - Continued

Actuarial Assumptions and Other Inputs - Continued

- The salary scale reflects the rate at which payroll amounts are expected to increase over time for purposes of attributing liabilities under the Entry Age Normal, Level Percent of Pay actuarial cost method.

- Mortality rates were based on the RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2017.

- Termination and retirement rates are based on the experience under the New York State and Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, "Development of Recommended Actuarial Assumptions for New York State."

- Healthcare Cost Trend Rates were based on the baseline projection of the SOA Long-Run Medical Cost Trend Model (v2018-c). These rates were adjusted for inflation, projected GDP growth, extra trend , and health share of GDP resistance point.

- The actuarial assumptions used in the January 1, 2018 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

- Changes of assumptions and other inputs reflect a change in the discount rate from 3.78% percent in 2017 to 3.44% in 2018.

Municipal Bond Index Rate	3.44%
Single Discount Rate	3.44%
Initial Healthcare Cost Trend Rate	7.50%
Ultimate Healthcare Cost Trend Rate	4.03%
Salary Scale	3.50%
Rate of Inflation	2.20%
Election Percentage	100.00%
Marital Assumption	70.00%

Note 7 **Other Postemployment Benefits - Continued**

Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at December 31, 2017	$	92,253,959
Changes for the Year		
Service Cost		3,245,186
Interest Cost		3,558,782
Changes of Benefit Terms		-
Differences Between Expected and Actual Experience		-
Changes in Assumptions or Other Inputs		5,266,671
Benefit Payments		(2,702,941)
		9,367,698
Balance at December 31, 2018	**$**	**101,621,657**

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 - percentage-point lower (2.44%) or 1-percentage-point higher (4.44%) than the current discount rate:

	1% Decrease (2.44%)		Discount Rate (3.44%)		1% Increase (4.44%)	
Total OPEB Liability	$	119,695,256	$	101,621,657	$	87,192,560

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease (6.50% to 3.03%)		Discount Rate (7.50% to 4.03%)		1% Increase (8.50% to 5.03%)	
Total OPEB Liability	$	84,647,430	$	101,621,657	$	123,677,886

Note 7 **Other Postemployment Benefits - Continued**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended December 31, 2018, the County recognized OPEB expense of $7,592,392.

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes in Assumptions or Other Inputs	$ 4,478,247
Contributions Subsequent to Measurement Date	2,799,306
Total	**$ 7,277,553**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	Amount
2019	$ 788,424
2020	788,424
2021	788,424
2022	788,424
2023 and Thereafter	1,324,551

Current Year Activity
The following is a summary of current year activity:

Governmental Activities	Beginning Balance	Change	Ending Balance
OPEB Liability	$ 92,253,959	$ 9,367,698	$ 101,621,657
Deferred Outflows of Resources	(2,702,941)	(4,574,612)	(7,277,553)
Total	**$ 89,551,018**	**$ 4,793,086**	**$ 94,344,104**

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, 2018 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, 2018 the County did not issue or redeem any short-term BANs.

Note 9 **Long-term Debt**

Constitutional Debt Limit

At December 31, 2018, the total outstanding indebtedness of the County aggregated to $28,936,714. Of this amount, $12,280,000 is subject to the statutory debt limit, and represents approximately 6.8% of the County's debt limit.

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.

Note 9 **Long-term Debt - Continued**

Changes in Indebtedness

The following is a summary of changes in indebtedness for the period ended December 31, 2018:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018	Amount Due Within One Year
Indebtedness					
Serial Bonds	$26,922,915	$	$ (1,580,000)	$ 25,342,915	$ 2,270,000
Add: Accreted Interest Payable	3,184,765	409,034		3,593,799	
Carrying Value of Bonds	30,107,680	409,034	(1,580,000)	28,936,714	2,270,000
Total	**$30,107,680**	**$ 409,034**	**$ (1,580,000)**	**$ 28,936,714**	**$ 2,270,000**

The following is a summary of serial bond indebtedness as of December 31, 2018:

Description	Date Issued	Original Amount	Interest Rate	Maturity Date	Balance Outstanding
Serial Bonds					
Issued by TTASC:					
Series 2005	08/2005	$ 21,713,420	4.25-5.00%	12/2041	$ 13,062,915
Add Current Year Additions to Accreted Interest on Capital Appreciation Bonds					3,593,799
Carrying Value of TTASC bonds					16,656,714
Issued by the County:					
Public Improvement - 2010	11/2010	9,000,000	3.36-9.07%	03/2030	6,495,000
Public Improvement - 2013	08/2013	9,995,000	1.50-2.75%	08/2023	5,785,000
Total					**$ 28,936,714**

The TTASC Series 2005 bonds are comprised of tax-exempt turbo bonds in the amount of $10,730,000 and $2,332,915 of tax exempt turbo capital appreciation bonds. As of December 31, 2018, total accreted interest of $3,593,799 has been accrued on the capital appreciation bonds, for a total carrying value of $16,656,714.

Note 9 **Long-term Debt - Continued**

Annual requirements to amortize the debt on outstanding bonds as of December 31, 2018 are as follows:

Governmental Funds

	County Serial Bonds				TTASC Bonds		
Year	**Principal**	**Interest**	**Interest Subsidy**	**Total**	**Principal**	**Interest**	**Total**
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	1,710,000	352,565	(118,683)	1,943,882	940,000	205,250	1,145,250
2024-2028	2,855,000	1,036,676	(397,492)	3,494,184	7,262,613	2,301,145	9,563,758
2029-2033	1,340,000	100,446	(43,700)	1,396,746	897,853	5,132,069	6,029,922
2034-2038					613,632	5,785,791	6,399,423
2039-2041					118,817	1,468,323	1,587,140
Totals	**$ 12,280,000**	**$ 3,460,705**	**$ (1,137,704)**	**$ 14,603,001**	**$ 13,062,915**	**$ 16,143,578**	**$ 29,206,493**

Interest expense on bonds for the year ending December 31, 2018 is as follows:

	County	**TTASC**	**Total**
Interest Paid	$ 618,356	$ 535,295	$ 1,153,651
Less Interest Accrued in Prior Year	(182,192)		(182,192)
Add Interest Accrued in Current Year	168,277		168,277
Less Prior Year Accreted Interest		(3,184,765)	(3,184,765)
Add Current Year Accreted Interest		3,593,799	3,593,799
Total	**$ 604,441**	**$ 944,329**	**$ 1,548,770**

Discretely Presented Component Unit - Tioga County Industrial Development Agency

The Tioga County 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**
2019	$ 38,892
2020	39,280
2021	39,673
2022	40,069
2023	40,469
Thereafter	440,132
Total	**$ 638,515**

Interest expense was $6,770 for the year ended December 31, 2018.

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, 2018:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018	Amount Due Within One Year
Other Long-Term Liabilities					
Compensated Absences	$ 985,365	$ 224,040	$	$ 1,209,405	$ 1,209,405
Self-insurance Liabilities	5,750,000			5,750,000	840,000
Total	**$ 6,735,365**	**$ 224,040**	**$ -**	**$ 6,959,405**	**$ 2,049,405**

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

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. There were no interfund receivables/payables at December 31, 2018. Interfund transfers at December 31, 2018 were as follows:

	Transfers In	Transfers Out
General Fund	$ 8,873	$ 3,890,560
Capital Fund	650,000	8,873
Non-Major Funds	2,867,801	-
Internal Service Fund	372,759	-
Totals	**$ 3,899,433**	**$ 3,899,433**

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, 2018 totaled $86,817.

- 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, 2018 was $7,097.

- The County Legislature permits collection of fees for hotel/motel usage. Unexpended hotel/motel usage revenue restricted in the General Fund at December 31, 2018 was $108,001.

- The County Legislature permits collection of fees from illegal handicapped parking. Unexpended handicapped parking revenue restricted in the General Fund at December 31, 2018 was $911.

- 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, 2018 was $203,754.

- The County created various reserves in the Capital Fund. They consist of the following balances:

Software Reserve	$	143,427
Hardware Reserve		21,760
Public Land, Structure, and Equipment		1,916,329
Financial Management System		158,701
Total	**$**	**2,240,217**

Note 12 **Fund Balances - Continued**

Fund Balance Detail

At December 31, 2018, fund balance in the governmental funds was comprised of the following:

	General Fund	Capital Fund	Non-Major Funds
Nonspendable			
Prepaid Expenses	$ 761,569	$	$ 2,301
Total Nonspendable Fund Balance	**$ 761,569**	**$ -**	**$ 2,301**
Restricted			
Miscellaneous Reserves (See Previous Page)	$ 406,580	$ 2,240,217	$
Unspent Debt Proceeds		692,018	
Home and Community Services			939,349
TTASC Liquidity Reserve			776,056
Total Restricted Fund Balance	**$ 406,580**	**$ 2,932,235**	**$ 1,715,405**
Assigned			
Appropriated for Next Year's Budget	$ 2,989,832	$ 1,938,026	$
Encumbered for:			
General Support	85,615	71,600	
Education	325,230		
Public Safety	163,159	40,328	
Public Health	128,597	72,739	
Transportation	84,716	156,722	52,127
Economic Assistance and Opportunity	164,176		
Culture and Recreation	14,665		
Home and Community Services	2,500		102,013
Assigned for:			
Public Safety	16,300		
Transportation			674,739
Home and Community Services			104,072
Debt Payment			83,089
Capital Projects		4,675,012	
Total Assigned Fund Balance	**$ 3,974,790**	**$ 6,954,427**	**$ 1,016,040**
Total Unassigned Fund Balance	**$ 18,604,606**	**$ -**	**$ -**
Total Fund Balances	**$ 23,747,545**	**$ 9,886,662**	**$ 2,733,746**

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	$ 5,054,220
Less Unspent Debt Proceeds	(692,018)
Restricted Net Position in the Government-wide Financial Statements	**$ 4,362,202**

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 $(1,667,075) at December 31, 2018, as the County has not fully funded incurred but not reported claims.

Note 13 **Risk Management - Continued**

The estimated accrued claims of $5,750,000 reported in the Internal Service Fund at December 31, 2018 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, 2018 including discounted long-life workers' compensation awards within the Workers' Compensation Fund. Changes in the fund's liabilities for the year ended December 31, 2018 were:

	Beginning of Year	Changes in Estimates	Claim Payments	End of Year
Workers' Compensation - 2018	$ 5,750,000	$ -	$ -	$ 5,750,000
Workers' Compensation - 2017	$ 5,750,000	$ -	$ -	$ 5,750,000

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 2018, the County provided $309,234 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, 2027, 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.

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, 2018, the Internal Service Fund had a deficit unrestricted net position of $(1,667,075). 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, 2018, the Government-wide Statement of Net Position had an unrestricted deficit net position of $(81,892,134). 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 **Restatement**

The County's December 31, 2017 net position has been restated as follows:

	Governmental Activities
Net Position Beginning of Year	**$ 7,885,177**
GASB Statement No. 75 Implementation	
Change in Beginning OPEB Plan Liability	(29,298,681)
Change in Beginning Deferred Outlows OPEB	2,702,941
Net Position (Deficit) Beginning of Year, as Restated	**$ (18,710,563)**

Note 18 **Tax Abatements**

For the year ended December 31, 2018, 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, 2018 is as follows:

Tax Abatement Program	Amount of Taxes Abated
Economic Development	$ 526,960
Total	**$ 526,960**

COUNTY OF TIOGA

BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable-(Unfavorable)
REVENUES					
Real Property Taxes	$ 22,440,136	$ 22,440,136	$ 22,574,837	$	$ 134,701
Real Property Tax Items	2,638,743	2,638,743	2,616,684		(22,059)
Nonproperty Tax Items	19,639,000	20,120,243	23,755,956		3,635,713
Departmental Income	5,818,798	5,832,945	5,301,098		(531,847)
Intergovernmental Charges	251,000	265,193	141,364		(123,829)
Use of Money and Property	69,000	69,000	226,050		157,050
Licenses and Permits	45,000	45,000	38,220		(6,780)
Fines and Forfeitures	139,377	139,377	113,812		(25,565)
Sale of Property and Compensation for Loss	25,000	25,000	25,000		-
Miscellaneous Local Sources	125,005	130,924	291,574		160,650
State Sources	9,288,452	10,508,763	10,025,685		(483,078)
Federal Sources	6,927,025	8,092,429	6,658,254		(1,434,175)
Total Revenues	67,406,536	70,307,753	71,768,534	-	1,460,781
EXPENDITURES					
General Governmental Support	11,824,368	12,197,282	11,742,245	85,615	369,422
Education	5,249,455	5,642,985	5,311,304	325,230	6,451
Public Safety	8,417,488	9,372,338	8,989,556	163,159	219,623
Public Health	5,571,020	5,807,556	5,197,218	128,597	481,741
Transportation		860,881	268,374	84,716	507,791
Economic Assistance and Opportunity	19,966,569	20,231,163	19,569,591	164,176	497,396
Culture and Recreation	370,389	408,208	379,094	14,665	14,449
Home and Community Services	758,247	771,201	767,917	2,500	784
Employee Benefits	12,669,998	12,751,165	12,395,335		355,830
Debt Service (Principal and Interest)	2,113,503	2,113,503	2,113,356		147
Total Expenditures	66,941,037	70,156,282	66,733,990	968,658	2,453,634
Excess of Revenues (Expenditures)	465,499	151,471	5,034,544	(968,658)	3,914,415
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In			8,873		8,873
Interfund Transfers (Out)	(2,783,120)	(3,902,879)	(3,890,560)		12,319
Total Other Financing Sources (Uses)	(2,783,120)	(3,902,879)	(3,881,687)	-	21,192
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	(2,317,621)	(3,751,408)	1,152,857	**$ (968,658)**	**$ 3,935,607**
Appropriated Fund Balance	2,317,621	3,751,408			
Net Decrease	**$ -**	**$ -**	1,152,857		
Fund Balance, Beginning			22,594,688		
Fund Balance, Ending			**$ 23,747,545**		

See Notes to Required Supplementary Information

COUNTY OF TIOGA

SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

	2018	2017	2016
Total OPEB Liability			
Service Cost	**$ 3,245,186**	$ *	$ *
Interest Cost	**3,558,782**	*	*
Changes of Benefit Terms	**-**	*	*
Differences Between Expected and Actual Experience	**-**	*	*
Changes in Assumptions or Other Inputs Benefit Payments	**5,266,671**	*	*
Benefit Payments	**(2,702,941)**	*	*
	9,367,698	*	*
Total OPEB Liabilty - Beginning	**92,253,959**	*	*
Total OPEB Liabilty - Ending	**$101,621,657**	$ 92,253,959	$ *
Covered Employee Payroll	**$ 17,520,047**	$ *	$ *
Total OPEB Liability as a Percentage of Covered Payroll	**580%**	*	*

*Information is unavailable and will be present as it becomes available.

See Notes to Required Supplementary Information

2015		2014		2013		2012		2011		2010		2009	
$	*	$	*	$	*	$	*	$	*	$	*	$	*
	*		*		*		*		*		*		*
	*		*		*		*		*		*		*
	*		*		*		*		*		*		*
	*		*		*		*		*		*		*
	*		*		*		*		*		*		*
	*		*		*		*		*		*		*
	*		*		*		*		*		*		*
$	*	$	*	$	*	$	*	$	*	$	*	$	*
$	*	$	*	$	*	$	*	$	*	$	*	$	*
	*		*		*		*		*		*		*

COUNTY OF TIOGA

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

	2018	2017	2016
County			
Contractually Required Contribution	**$ 2,670,717**	$ 3,161,458	$ 2,528,606
Contributions in Relation to the Contractually Required Contribution	**(2,670,717)**	(3,161,458)	(2,528,606)
Contribution Deficiency (Excess)	**-**	-	-
County's Covered Payroll	**17,019,702**	16,317,085	15,510,547
Contributions as a Percentage of Covered Payroll	**15.69%**	19.38%	16.30%
Soil and Water Conservation District			
Contractually Required Contribution	**$ 118,939**	$ 91,378	$ 69,896
Contributions in Relation to the Contractually Required Contribution	**(118,939)**	(91,378)	(69,896)
Contribution Deficiency (Excess)	**-**	-	-
District's Covered Payroll	**759,000**	680,000	502,000
Contributions as a Percentage of Covered Payroll	**15.67%**	13.44%	13.92%

** Information Currently Unavailable will be Presented as it is Made Available in Future Years*

See Notes to Required Supplementary Information

2015	2014	2013	2012	2011	2010	2009
$ 2,962,866	$ 3,421,461	$ 3,082,607	$ 2,711,827	$ 1,997,539	$ *	$ *
(2,962,866)	(3,421,461)	(3,082,607)	(2,711,827)	(1,997,539)	*	*
-	-	-	-	-	*	*
16,105,106	16,981,046	17,191,830	17,136,696	17,060,889	*	*
18.40%	20.15%	17.93%	15.82%	11.71%	*	*
$ 76,553	$ 30,261	$ *	$ *	$ *	$ *	$ *
(76,553)	(30,261)	*	*	*	*	*
-	-	*	*	*	*	*
391,000	*	*	*	*	*	*
19.58%	*	*	*	*	*	*

COUNTY OF TIOGA

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

	2018	**2017**	**2016**	**2015**
County				
Proportion of the Net Pension Liability	**0.0728901%**	0.0705442%	0.0736024%	0.0763016%
Proportionate Share of the Net Pension Liability	**$ 2,352,489**	$ 6,628,490	$ 11,813,394	$ 2,577,656
Covered Payroll During the Measurement Period	**17,017,384**	16,083,652	15,319,512	16,366,971
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	**13.82%**	41.21%	77.11%	15.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**98.2%**	94.7%	90.7%	97.9%
Soil and Water Conservation District				
Proportion of the Net Pension Liability	**0.0033831%**	0.0025749%	0.0021080%	0.0017993%
Proportionate Share of the Net Pension Liability	**109,189**	241,947	338,335	60,786
Covered Payroll During the Measurement Period	**759,000**	680,000	502,000	391,000
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	**14.39%**	35.58%	67.40%	15.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**98.2%**	94.7%	90.7%	97.9%

See Notes to Required Supplementary Information

COUNTY OF TIOGA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

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 2018, 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.

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, 2018.

Note 3 **Schedule of Changes in the County's Total OPEB Liability and Related Ratios**

Changes of assumptions and other inputs reflect the effect of changes in the discount rate each period. The following are the discount rates in each period.

2018 - 3.44%
2017 - 3.78%

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 four years of information. This schedule will present ten years of information as it becomes available from the pension plan.

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, 2017 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, 2017 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2017 actuarial valuation determines the employer rates for contributions payable in fiscal year 2018. 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
DECEMBER 31, 2018

	Special Revenue Funds			
	Special Grant Fund	Refuse and Garbage Fund	County Road Fund	Road Machinery Fund
ASSETS				
Cash and Cash Equivalents - Unrestricted	$	$ 181,479	$ 268,369	$ 485,945
Cash and Cash Equivalents - Restricted	921,124			
Other Receivables, Net				3,932
Due from State and Federal Governments	22,446	28,150		
Prepaid Expenses				
Total Assets	**$ 943,570**	**$ 209,629**	**$ 268,369**	**$ 489,877**
LIABILITIES				
Accounts Payable	$ 988	$ 2,304	$	$ 9,166
Accrued Liabilities	3,233	1,240	18,192	4,022
Total Liabilities	4,221	3,544	18,192	13,188
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
FUND BALANCES				
Nonspendable				
Restricted	939,349			
Assigned		206,085	250,177	476,689
Total Fund Balances	939,349	206,085	250,177	476,689
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 943,570**	**$ 209,629**	**$ 268,369**	**$ 489,877**

Debt Service Fund (TTASC)	Total Non-Major Governmental Funds
$ 83,089	$ 1,018,882
776,056	1,697,180
616,041	619,973
	50,596
2,301	2,301
$ 1,477,487	**$ 3,388,932**
$	$ 12,458
	26,687
-	39,145
616,041	616,041
2,301	2,301
776,056	1,715,405
83,089	1,016,040
861,446	2,733,746
$ 1,477,487	**$ 3,388,932**

COUNTY OF TIOGA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue Funds			
	Special Grant Fund	Refuse and Garbage Fund	County Road Fund	Road Machinery Fund
REVENUES				
Real Property Taxes	$	$ 1,209,205	$	$
Real Property Tax Items		79,736		
Departmental Income		23,114		
Use of Money and Property	2,015	84	664	733
Sale of Property and Compensation for Loss			9,756	18,278
Miscellaneous Local Sources				
State Sources	356,250	31,909	80,000	
Federal Sources	272,661		193,160	
Total Revenues	630,926	1,344,048	283,580	19,011
EXPENDITURES				
General Governmental Support				
Transportation			1,674,235	521,982
Economic Assistance and Opportunity	184,288			
Home and Community Services	356,250	1,354,699		
Employee Benefits	85,685	21,043	477,556	81,546
Debt Service (Principal and Interest)				
Total Expenditures	626,223	1,375,742	2,151,791	603,528
Excess of Revenues (Expenditures)	4,703	(31,694)	(1,868,211)	(584,517)
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In		100,000	2,107,001	660,800
Total Other Financing Sources (Uses)	-	100,000	2,107,001	660,800
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	4,703	68,306	238,790	76,283
Fund Balances, Beginning	934,646	137,779	11,387	400,406
Fund Balances, Ending	**$ 939,349**	**$ 206,085**	**$ 250,177**	**$ 476,689**

Debt Service Fund (TTASC)	Total Non-Major Governmental Funds
$	$ 1,209,205
	79,736
	23,114
17,481	20,977
	28,034
664,325	664,325
	468,159
	465,821
681,806	2,959,371
46,101	46,101
	2,196,217
	184,288
	1,710,949
	665,830
620,295	620,295
666,396	5,423,680
15,410	(2,464,309)
	2,867,801
-	2,867,801
15,410	403,492
846,036	2,330,254
$ 861,446	**$ 2,733,746**

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

The 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, 2018 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 5, 2019. 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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 5, 2019

INDEPENDENT AUDITORS' 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, 2018. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. *Code of Federal Regulations* 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, 2018.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 5, 2019

COUNTY OF TIOGA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal Catalog #	Pass-Through Grantor #	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture				
Passed Through NYS Office of Temporary and Disability Assistance:				
SNAP Cluster:				
State Administrative Grants for the Supplemental Nutrition Assistance Program	10.561	(1)	$	$ 678,522
Total SNAP Cluster				678,522
Total U.S. Department of Agriculture				678,522
U.S. Department of Housing and Urban Development				
Passed Through NYS Governor's Office for Small Cities:				
Community Development Block Grant/State's Program	14.228	(1)		180,072
Total U.S. Department of Housing and Urban Development				180,072
U.S. Department of Labor				
Passed Through NYS Department of Labor:				
Workforce Innovation and Opportunity Act Cluster:				
Workforce Innovation and Opportunity Act - Adult Program	17.258	(1)		97,781
Workforce Innovation and Opportunity Act - Youth Activities	17.259	(1)		79,555
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	(1)		90,307
Total Workforce Innovation and Opportunity Act Cluster				267,643
Total U.S. Department of Labor				267,643
U.S. Department of Transportation				
Passed Through NYS Department of Transportation:				
Federal Transit Cluster:				
Federal Transit Capital Investment Grants	20.500	(1)		238,776
Total Federal Transit Cluster				238,776
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	D035491		193,160
Highway Planning and Construction	20.205	D035471		23,743
Total Highway Planning and Construction Cluster				216,903
Hazardous Materials Emergency Preparedness Grant	20.703	(1)		6,845
Total U.S. Department of Transportation				462,524
U.S. Department of Education				
Passed Through NYS Department of Health:				
Special Education - Grants for Infants and Toddlers	84.181(A)	(1)		27,750
Total U.S. Department of Education				27,750
Subtotal Expenditures of Federal Awards				1,616,511

See Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TIOGA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal Catalog #	Pass-Through Grantor #	Passed Through to Subrecipients	Expenditures
Subtotal Expenditures of Federal Awards Carried Forward			$	$ 1,616,511
U.S. Department of Health and Human Services				
Passed Through Health Research, Inc.:				
Public Health Preparedness and Response to Bioterrorism	93.074	1623-10		54,128
Passed Through NYS Office of Temporary and Disability Assistance:				
TANF Cluster:				
Temporary Assistance for Needy Families (TANF)	93.558	(1)		3,582,254
Total TANF Cluster				3,582,254
Child Support Enforcement	93.563	(1)		320,061
Low-income Home Energy Assistance	93.568	(1)		3,115,121
Passed Through NYS Office of Children and Family Services:				
Child Care and Development Fund Cluster:				
Child Care and Development Block Grant	93.575	(1)		1,129,613
Total Child Care and Development Fund Cluster				1,129,613
Title IV-E Foster Care Program	93.658	(1)		472,778
Social Services Block Grant	93.667	(1)		190,208
Chafee Foster Care Independence Program	93.674	(1)		8,083
Adoption Assistance	93.659	(1)		236,589
Medicaid Cluster:				
Medical Assistance Program	93.778	(1)		393,694
Total Medicaid Cluster				393,694
Passed Through NYS Division of Alcohol and Substance Abuse:				
Block Grant for the Prevention and Treatment of Substance Abuse	93.959	(1)		142,095
Passed Through the NYS Department of Health:				
Maternal and Child Health Services Block Grant to the States	93.994	(1)		26,331
Immunization Cooperative Agreements	93.268	(1)		33,311
Total U.S. Department of Health and Human Services				9,704,266
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)		222,208
Emergency Management Performance Grant	97.042	(1)		44,627
Pre-Disaster Mitigation	97.047	(1)		59,026
Homeland Security Grant Program	97.067	(1)		55,883
Total U.S. Department of Homeland Security				381,744
Total Expenditures of Federal Awards			**$**	**$ 11,702,521**

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

See Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TIOGA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2018

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 minimis 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.

Note 6 **Low-Income Home Energy Assistance**

Differences between the amounts reflected in the Schedule of Expenditures of Federal Awards and the Department of Social Services' federal financial reports (RF-2 claims) are due to payments distributed by the State of New York directly to recipients totaling $2,998,289.

COUNTY OF TIOGA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued — Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ____ 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 auditors' report issued on compliance for major programs — Unmodified

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

Identification of major programs:

CFDA Numbers:	Name of Federal Program or Cluster:
10.561	SNAP Cluster
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant

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

Auditee qualified as low-risk auditee ____ yes __X__ no

Section II - Financial Statement Findings — **None**

Section III - Federal Award Findings — **None**