

# COUNTY OF SCHUYLER

Watkins Glen, New York

## EXECUTIVE SUMMARY

December 31, 2018



# COUNTY OF SCHUYLER

## SUMMARY OF 2018 AUDIT REPORT AND FINDINGS

### Financial Statements

Independent Auditors' Report on Basic Financial Statements

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*

### Single Audit (Uniform Guidance) Report

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance

Communication with Those Charged with Governance at the Conclusion of the Audit

Management Comment Letter

### Description of Report and Findings

**Unmodified opinion** on the County of Schuyler's (the County) basic financial statements for the year ended December 31, 2018.

Report on the County's compliance with laws and regulations that may have a direct and material effect on the basic financial statements, and on the County's internal control structure policies and procedures based on the auditors' understanding of the internal control structure and assessment of control risk obtained as part of the audit of the basic financial statements. This report identified **no material weaknesses or significant deficiencies in internal control** over financial reporting at the financial statement level and **no material instances of noncompliance**.

Report on 1) the County's internal control structure policies and procedures used in administering federal award programs; and 2) compliance requirements with respect to its federal award programs. This report identified **no instances of noncompliance or material internal control weaknesses** regarding compliance in accordance with Uniform Guidance.

There are numerous federal award programs; expenditures amounted to \$7,613,802.

A letter that specifically addresses certain required communications to the Legislature in accordance with professional standards - there were **no comments of concern** related to:

- Qualitative Aspects of Accounting Practices
- Difficulties Encountered in Performing the Audit
- Corrected and Uncorrected Misstatements
- Disagreements with Management
- Management Representations
- Management Consultations with Other Independent Accountants
- Other Audit Findings or Issues
- Other Matters

A separate management comment letter dated May 28, 2019 has been issued that discusses certain accounting issues.

# COUNTY OF SCHUYLER

## COMPARATIVE BALANCE SHEET GENERAL FUND DECEMBER 31,

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Unrestricted Cash	\$ 7,004,381	\$ 4,874,214	\$ 3,900,916	\$ 1,723,089	\$ 995,859
Restricted Cash	757,448	644,954	600,088	545,385	1,186,307
Taxes Receivable, Net	2,663,031	2,569,266	2,935,911	2,880,241	2,238,880
Due from Other Funds	229,869	956,236	825,278	804,037	844,056
Due from State and Federal Governments	3,834,732	3,747,576	3,134,074	3,993,125	3,560,561
Due from Other Governments	23,098	13,151	9,813	36,660	35,104
Other Receivables, Net	309,541	2,129,615	2,264,473	1,912,449	265,509
Prepaid Expenses	442,345	518,665	496,717	492,402	516,624
Inventories	6,421	6,457	9,589	6,931	6,659
<b>Total Assets</b>	<b><u>\$ 15,270,866</u></b>	<b><u>\$ 15,460,134</u></b>	<b><u>\$ 14,176,859</u></b>	<b><u>\$ 12,394,319</u></b>	<b><u>\$ 9,649,559</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 1,059,475	\$ 2,132,593	\$ 2,063,869	\$ 2,231,331	\$ 1,017,975
Accrued Liabilities	282,498	223,780	190,119	163,799	504
Due to Other Funds	229,435	300,049	318,748	320,883	1,152,490
Due to Other Governments	1,917,261	2,142,606	2,547,202	2,276,391	1,860,471
Unearned Revenue/Other Liabilities	1,315,387	948,424	921,949	858,997	1,033,449
<b>Deferred Inflows of Resources</b>					
Unavailable Tax Revenues	906,587	733,798	598,599	902,910	902,910
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b><u>5,710,643</u></b>	<b><u>6,481,250</u></b>	<b><u>6,640,486</u></b>	<b><u>6,754,311</u></b>	<b><u>5,967,799</u></b>
<b>Fund Balances</b>					
Nonspendable	448,766	525,122	506,306	499,333	523,283
Restricted	757,448	630,187	521,860	467,133	475,652
Committed	1,239,466	1,458,478	1,216,914	1,050,821	802,177
Assigned	32,505	17,585	497,051	514,931	516,859
Unassigned	7,082,038	6,347,512	4,794,242	3,107,790	1,363,789
<b>Total Fund Balance</b>	<b><u>9,560,223</u></b>	<b><u>8,978,884</u></b>	<b><u>7,536,373</u></b>	<b><u>5,640,008</u></b>	<b><u>3,681,760</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b><u>\$ 15,270,866</u></b>	<b><u>\$ 15,460,134</u></b>	<b><u>\$ 14,176,859</u></b>	<b><u>\$ 12,394,319</u></b>	<b><u>\$ 9,649,559</u></b>

*Data Presented is Extracted from the County's Independent Audit Reports for Purposes of Additional Analysis and is Not to be Used for Any Other Purpose.*

Presented by: Inero & Co. CPAs, LLP

# COUNTY OF SCHUYLER

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE FOR THE YEARS ENDED DECEMBER 31,

REVENUES	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Real Property Taxes	\$ 11,017,560	\$ 11,028,203	\$ 11,445,979	\$ 11,055,936	\$ 10,994,593
<b>PERCENT (DECREASE) INCREASE IN PROPERTY TAX</b>	(0.1)%	(3.6)%	3.5%	0.6%	2.1%
Real Property Tax Items	745,252	793,667	780,632	1,020,138	604,057
Nonproperty Tax Items	12,302,848	11,472,020	11,036,403	10,939,341	10,716,918
Departmental Income	5,818,077	5,165,552	5,288,471	5,243,261	4,785,942
Intergovernmental Charges	379,166	346,293	334,472	300,318	324,265
Use of Money and Property	593,212	569,260	664,010	641,985	611,310
Fines and Forfeitures	50,385	33,252	31,991	38,439	70,814
Sale of Property and Compensation for Loss	29,964	10,574	20,890	27,327	280,826
Miscellaneous Local Sources	242,172	198,131	221,293	88,543	60,152
State Sources	6,257,629	7,233,720	6,799,436	7,409,588	6,429,331
Federal Sources	4,037,608	4,020,127	4,161,793	4,311,621	3,736,640
<b>Total Revenues</b>	<b>41,473,873</b>	<b>40,870,799</b>	<b>40,785,370</b>	<b>41,076,497</b>	<b>38,614,848</b>
<b>PERCENT INCREASE (DECREASE) IN REVENUE</b>	<b>1.5%</b>	<b>0.2%</b>	<b>(0.7)%</b>	<b>6.4%</b>	<b>1.1%</b>
<b>EXPENDITURES</b>					
General Governmental Support	7,697,379	7,308,865	6,963,477	6,948,525	6,807,083
Education	1,754,703	1,613,949	1,658,664	1,706,758	1,703,595
Public Safety	4,019,715	4,511,791	4,051,396	5,721,993	4,642,491
Public Health	3,539,614	3,536,135	4,111,183	3,677,833	3,396,246
Transportation	568,189	539,822	314,681	501,581	276,043
Economic Assistance and Opportunity	12,827,999	12,300,344	12,271,857	11,954,015	12,236,695
Culture and Recreation	174,143	166,233	168,325	152,118	155,175
Home and Community Services	689,799	557,874	589,819	637,855	584,327
Employee Benefits	5,809,059	5,598,413	5,256,486	5,342,544	5,326,809
Debt Service (Principal and Interest)	239,679	242,381	260,477	173,321	157,656
<b>Total Expenditures</b>	<b>37,320,279</b>	<b>36,375,807</b>	<b>35,646,365</b>	<b>36,816,543</b>	<b>35,286,120</b>
<b>PERCENT INCREASE (DECREASE) IN EXPENDITURES</b>	<b>2.6%</b>	<b>2.0%</b>	<b>(3.2)%</b>	<b>4.3%</b>	<b>(0.7)%</b>
<b>Other Uses</b>					
Interfund Transfers	3,572,255	3,052,481	3,242,640	2,301,706	2,010,000
<b>Total Expenditures and Other Uses</b>	<b>40,892,534</b>	<b>39,428,288</b>	<b>38,889,005</b>	<b>39,118,249</b>	<b>37,296,120</b>
Excess of Revenue	581,339	1,442,511	1,896,365	1,958,248	1,318,728
Fund Balance, Beginning of Year	8,978,884	7,536,373	5,640,008	3,681,760	2,363,032
<b>Fund Balance, End of Year</b>	<b>\$ 9,560,223</b>	<b>\$ 8,978,884</b>	<b>\$ 7,536,373</b>	<b>\$ 5,640,008</b>	<b>\$ 3,681,760</b>

*Data Presented is Extracted from the County's Independent Audit Reports for Purposes of Additional Analysis and is Not to be Used for Any Other Purpose.*

Presented by: Inero & Co. CPAs, LLP

# ***COUNTY OF SCHUYLER***

## **EXECUTIVE SUMMARY OF 2018 AUDIT**

### **AUDIT FOCUS - REPORTING OBJECTIVES**

#### 1) Basic Financial Statements

- \*Management's Discussion and Analysis
- \*Government-wide Financial Statements
  - \*Statement of Net Position
  - \*Statement of Activities
- \*Governmental Fund Financial Statements
- \*Notes to Financial Statements
- \*Supplemental Financial Information

Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting

#### 2) Single Audit (Uniform Guidance) Requirements for Federal Awards

- \*Schedule of Federal Award Expenditures
- \*Compliance with Applicable Requirements
- \*Internal Control Over Compliance

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance

### **AUDIT APPROACH**

- \*Preliminary Planning
- \*Consideration of Internal Control Over Financial Reporting
- \*Tests of Controls
- \*Tests of Compliance with Laws and Regulations
- \*Substantive Testing of Financial Information (Includes Analytical Review)
- \*Single Audit Tests of Compliance with Applicable Requirements
- \*Consideration of Internal Control Over Compliance Requirements

### **UNDERSTANDING THE COUNTY'S OPERATIONS**

- \*Services Provided
- \*Assessment of Accounting and Reporting System
- \*Nature of Activities
- \*Special Reporting Requirements
- \*Nature of Compliance Requirements
- \*Assessment of Management

### **FACTORS AFFECTING THE SCOPE OF THE AUDIT**

- \*Effectiveness of Overall Financial Controls
- \*Qualifications of Key Personnel
- \*Appropriate Segregation of Duties
- \*Ability to Demonstrate Compliance with Laws and Regulations
- \*Effectiveness of Budget Process Administration
- \*Accuracy and Comprehensiveness of Internal Reporting
- \*Existence of Adequate Policies and Procedures
- \*Ability to Issue Timely and Accurate Financial Reports

# COUNTY OF SCHUYLER

Watkins Glen, New York

## FINANCIAL REPORT

December 31, 2018



# COUNTY OF SCHUYLER

## TABLE OF CONTENTS

Independent Auditors' Report .....	1-3
Required Supplementary Information:	
Management's Discussion and Analysis .....	4-4k
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position .....	5-6
Statement of Activities .....	7
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds .....	8
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position ....	9
Statement of Revenues, Expenditures, and Changes in Fund Balances -	
Governmental Funds .....	10
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and	
Changes in Fund Balances to the Statement of Activities.....	11
Statement of Net Position - Proprietary Fund .....	12
Statement of Revenues, Expenses, and Changes in Net Position	
- Proprietary Fund .....	13
Statement of Cash Flows - Proprietary Fund .....	14
Statement of Fiduciary Net Position - Fiduciary Fund .....	15
Notes to Financial Statements .....	16-55
<hr/>	
Required Supplementary Information:	
Budgetary Comparison Schedule (Non-GAAP) - General Fund .....	56
Budgetary Comparison Schedule (Non-GAAP) - County Road Fund .....	57
Schedule of Changes in the County's Total OPEB Liability and Related Ratios .....	58-58a
Schedule of County's Contributions - NYSLRS Pension Plan .....	59-59a
Schedule of the County's Proportionate Share of the Net Pension Liability .....	60
Notes to Required Supplementary Information .....	61-63
Supplementary Information:	
Combining Balance Sheet - Non-Major Governmental Funds .....	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	
- Non-Major Governmental Funds .....	65
Reports Required under Government Auditing Standards:	
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 <i>Government Auditing Standards</i> .....	66-67

# ***COUNTY OF SCHUYLER***

## **TABLE OF CONTENTS**

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance .....	68-69
Schedule of Expenditures of Federal Awards .....	70-71
Notes to Schedule of Expenditures of Federal Awards .....	72
Schedule of Findings and Questioned Costs .....	73

## INDEPENDENT AUDITORS' REPORT

To the Chairperson and  
Members of the Legislature  
County of Schuyler  
Watkins Glen, 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 Schuyler, New York (the County) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 County'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 County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, 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 Schuyler, New York, 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." Furthermore, the County restated capital assets as a result of a correction of an error. As discussed in Note 18 to the financial statements, net position as of December 31, 2017 was restated to reflect this change in accounting principle and correction of an error. 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 Schedules, the 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, and the related notes to required supplementary information on pages 4-4k and 56-63 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 financial statements as a whole. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 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 May 28, 2019 on our consideration of the County of Schuyler's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Schuyler's internal control over financial reporting and compliance.

Respectfully Submitted,

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

Inero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
May 28, 2019

# ***COUNTY OF SCHUYLER***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018**

Our discussion and analysis of the financial performance of the County of Schuyler (the County) 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.

### **FINANCIAL HIGHLIGHTS**

#### **GOVERNMENT-WIDE**

- 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 \$14,549,822. GASB Statement No. 75 requires the County record its total OPEB liability, as well as deferred outflows of resources and deferred inflows of resources related to the OPEB plan. See Note 7 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 \$3,645,176 net (deficit). Of this amount, \$34,457,396 is an unrestricted net (deficit), largely attributable to the recognition of the GASB Statement No. 75 OPEB of \$34,362,091.
- The County's overall net (deficit) decreased by 15.4% during 2018.
- The County's outstanding debt decreased by 2.4%, primarily as a result of debt repayments.
- Capital assets increased by 5.7%, based on capital outlay exceeding depreciation expense.

#### **GOVERNMENTAL FUNDS**

- Revenues exceeded expenditures in the Governmental Funds by \$796,300, bringing fund balances to \$11,670,412 at December 31, 2018.
- The General Fund recorded an increase of \$581,339 in 2018, and ended the year with total fund balance of \$9,560,223. Of this fund balance, \$2,478,185 was reserved or allocated for future expenditures, and \$7,082,038 was unassigned.

# COUNTY OF SCHUYLER

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

### 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 through 7) 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 8. 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 greater detail than the Government-wide 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 Major Fund budgets 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 - NYSLRS Pension Plan, 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 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 changes in it. 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 nonfinancial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

# COUNTY OF SCHUYLER

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

In the Statement of Net Position and the Statement of Activities, the County reports:

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

**Component Units:** The County includes four separate legal entities in its report - the Schuyler County Industrial Development Agency, the Soil and Water Conservation District, the Schuyler County Human Services Development Corporation (HSDC) and the Schuyler Tobacco Asset Securitization Corporation (STASC). STASC is reported as a blended component unit with the County's Governmental Activities. HSDC is reported as an Internal Service Fund and blended with the County's Governmental Activities. The other two component units are reported discretely. Although legally separate, these component units are important because the County is financially accountable for them. Complete financial statements for the Industrial Development Agency can be obtained from their administrative office at 910 South Decatur Street, Watkins Glen, New York 14891. Financial statements for STASC and HSDC can be obtained from Schuyler County, 105 9<sup>th</sup> Street, Watkins Glen, New York 14891. Soil and Water Conservation District financial information may be obtained from Schuyler County Soil and Water Conservation District, PO Box 326, Montour Falls, New York, 14865.

### Reporting the County's Most Significant Funds

#### Governmental Fund Financial Statements

Analysis of the County's Major Funds begins on page 8. 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 reports its activities in Governmental Funds.

**Governmental Funds:** With the exception of Internal Service Funds, 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 financial 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 Governmental Fund financial statements.

# ***COUNTY OF SCHUYLER***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018**

**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 other programs and activities directly benefitting the County.

**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 15. 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 the fiscal year ended December 31, 2018 decreased from \$4,306,359 to \$3,645,176.

A large portion of the County's net position, \$29,367,183 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. 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 its 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, \$1,445,037 represents resources subject to external restrictions on how they may be used and is reported as restricted. These net resources consist of unspent funds restricted for public safety, community development, and debt service.

The remaining category of total net position, unrestricted net (deficit) may generally 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.

# *COUNTY OF SCHUYLER*

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

*Figure 1 - Net Position*

	Governmental Activities		Dollar Change
	2017	2018	2017 - 2018
Current Assets	\$ 17,190,859	\$ <b>17,487,173</b>	\$ 296,314
Capital Assets, Net	34,226,319	<b>36,172,767</b>	1,946,448
Other Noncurrent Assets	413,000	<b>413,000</b>	-
<b>Total Assets</b>	<b>51,830,178</b>	<b>54,072,940</b>	<b>2,242,762</b>
Pensions	3,771,675	<b>5,354,534</b>	1,582,859
<b>Total Deferred Outflows of Resources</b>	<b>3,771,675</b>	<b>5,354,534</b>	<b>1,582,859</b>
Current Liabilities	6,678,156	<b>6,495,594</b>	(182,562)
Noncurrent Liabilities	52,098,270	<b>47,245,409</b>	(4,852,861)
<b>Total Liabilities</b>	<b>58,776,426</b>	<b>53,741,003</b>	<b>(5,035,423)</b>
Pensions	1,131,786	<b>5,535,679</b>	4,403,893
Other Postemployment Benefits	-	<b>3,795,968</b>	3,795,968
<b>Total Deferred Inflows of Resources</b>	<b>1,131,786</b>	<b>9,331,647</b>	<b>8,199,861</b>
Net Investment in Capital Assets	26,990,978	<b>29,367,183</b>	2,376,205
Restricted	1,333,842	<b>1,445,037</b>	111,195
Unrestricted	(32,631,179)	<b>(34,457,396)</b>	(1,826,217)
<b>Total Net Position</b>	<b>\$ (4,306,359)</b>	<b>\$ (3,645,176)</b>	<b>\$ 661,183</b>

Total assets increased 4.3%. This change largely stems from an increase in capital assets, net, as capital outlay exceeded depreciation expense.

Deferred outflows of resources and deferred inflows of resources increased based on actuarially determined amounts provided by NYSLRS for pensions. Further, the implementation of GASB Statement No. 75 resulted in a large increase in deferred inflows of resources related to other postemployment benefits.

Total liabilities decreased 8.57%. This change stems from a decrease in the County's proportionate share in the NYSLRS retirement plan of \$2.7M.

Total net (deficit) decreased by 15.4% as a result of excess revenue over expense.

# COUNTY OF SCHUYLER

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

*Figure 2 - Changes in Net Position*

	Governmental Activities		Dollar Change
	2017	2018	2017 - 2018
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 6,602,000	\$ 7,384,445	\$ 782,445
Operating Grants and Contributions	11,288,892	10,318,503	(970,389)
Capital Grants and Contributions	1,408,615	3,483,240	2,074,625
General Revenues:			
Property Taxes and Tax Items	11,670,905	11,706,809	35,904
Sales and Other Taxes	11,415,053	12,236,307	821,254
Tobacco Settlement Payments	188,201	272,117	83,916
Use of Money and Property	20,115	34,542	14,427
Other	268,516	336,561	68,045
<b>Total Revenues</b>	<b>\$ 42,862,297</b>	<b>\$ 45,772,524</b>	<b>\$ 2,910,227</b>
<b>PROGRAM EXPENSES</b>			
General Governmental Support	\$ 9,873,976	\$ 10,225,425	\$ 351,449
Education	1,613,949	1,754,703	140,754
Public Safety	6,604,596	6,644,446	39,850
Public Health	5,139,653	4,956,461	(183,192)
Transportation	4,196,818	4,890,987	694,169
Economic Assistance and Opportunity	14,542,080	14,850,889	308,809
Culture and Recreation	367,228	308,158	(59,070)
Home and Community Services	607,340	848,948	241,608
Interest on Debt	653,915	631,324	(22,591)
<b>Total Expenses</b>	<b>\$ 43,599,555</b>	<b>\$ 45,111,341</b>	<b>\$ 1,511,786</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (737,258)</b>	<b>\$ 661,183</b>	<b>\$ 1,398,441</b>

Total revenues increased 6.79%. This change largely stems from an increase in capital grants due to reimbursable state and federal road and bridge projects. Additionally, the County experienced a large increase in sales tax.

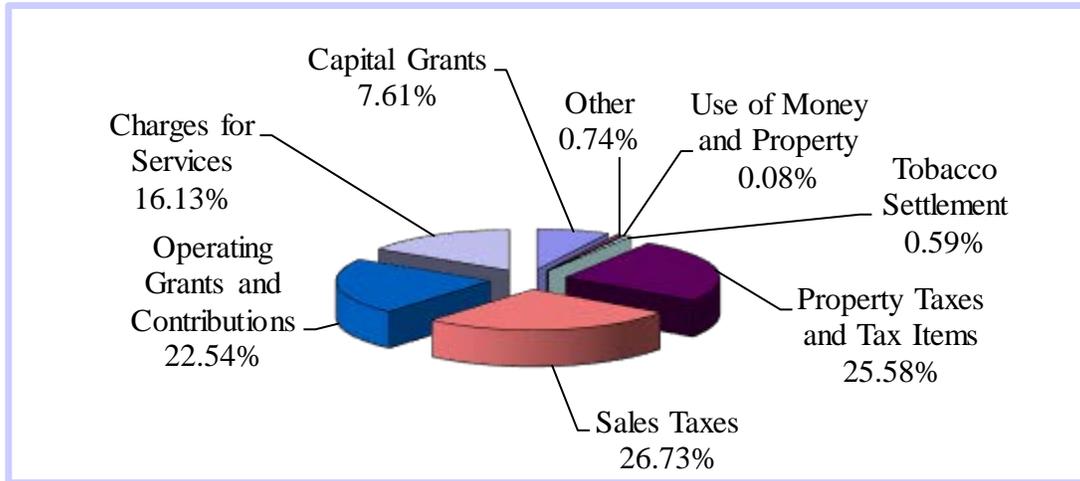
Total expenses increased 3.47%. This change stems from increases in general government and transportation functions. General government experienced increases in salary expense. Transportation experienced increases in diesel fuel expenses as well as an increase in billings from the ARC of Schuyler County.

# COUNTY OF SCHUYLER

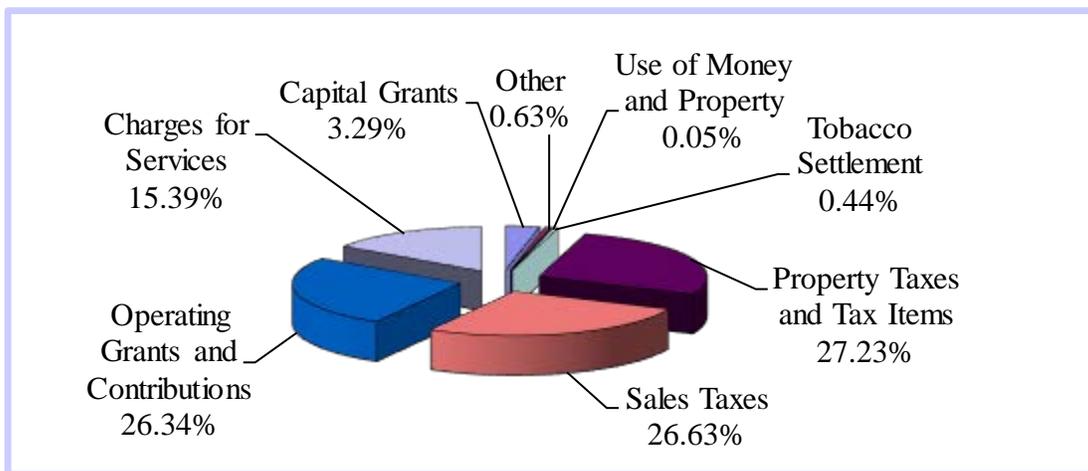
## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

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

*Figure 3 - Revenues by Source  
Governmental Activities  
2018*



*Figure 4 - Revenues by Source  
Governmental Activities  
2017*



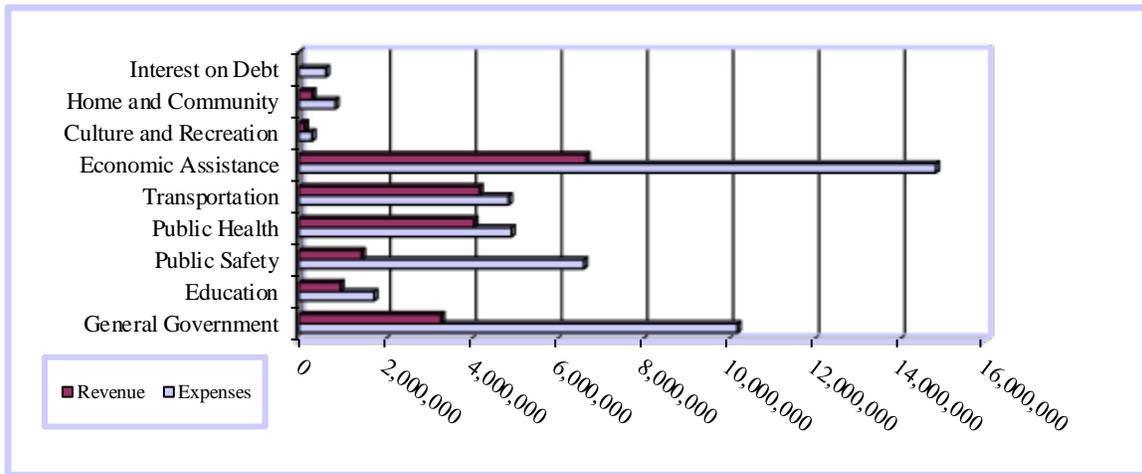
# COUNTY OF SCHUYLER

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

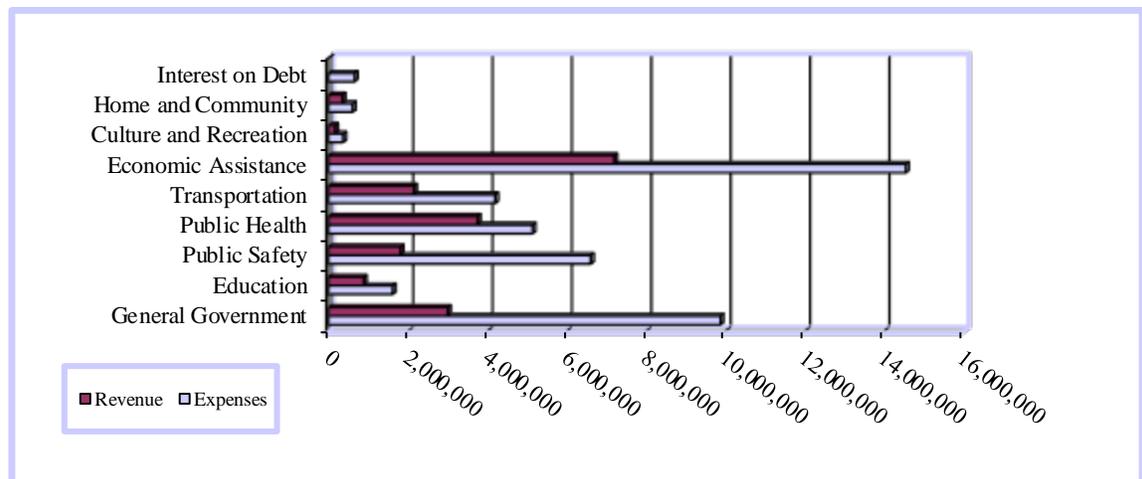
As shown in the Statement of Activities, the amount that our taxpayers ultimately financed through county property and other tax revenues was \$23,925,153, as some of the costs were paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Overall, the County's governmental program revenues were \$21,186,188.

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 financial burden that was 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**



# *COUNTY OF SCHUYLER*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018**

### **THE COUNTY'S FUNDS**

As the County completed the year, its Governmental Funds, as presented in the balance sheet on page 8 reported combined fund balances greater than the prior year's total fund balance. Of this amount, \$448,766 is nonspendable, \$1,032,037 is restricted for future expenditures, \$1,239,466 is committed for future expenditures and \$1,868,105 is assigned, leaving \$7,082,038 in unassigned fund balance. Figure 7 shows the changes in fund balance for the County's Governmental Funds.

*Figure 7  
Governmental Funds  
Fund Balances*

	2017	2018	Dollar Change 2017 - 2018
Major Funds:			
General Fund	\$ 8,978,884	\$ 9,560,223	\$ 581,339
Special Revenue Fund:			
County Road Fund	1,058,351	1,177,339	118,988
STASC Debt Service Fund	606,417	634,021	27,604
Non-major Funds:			
Special Revenue Funds:			
Special Grant Fund	17,192	2,425	(14,767)
Road Machinery Fund	213,268	234,638	21,370
Capital Projects Fund	-	61,766	61,766
<b>Totals</b>	<b>\$ 10,874,112</b>	<b>\$ 11,670,412</b>	<b>\$ 796,300</b>

### **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 grants for which the majority of funding came from federal and state sources.

Actual charges to appropriations (expenditures) were below final budgeted amounts. The most significant positive variances occurred in the County's general government, public safety, public health, economic assistance and opportunity, and employee benefits functions. These significant variances are due to cross period grants included in the budget for which no expenditures have been made as well as increased efforts to curtail spending in the current year. Resources available for appropriation were under the final budgeted amount primarily due to departmental income not received as well as revenue related to the aforementioned cross period grants.

# COUNTY OF SCHUYLER

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

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

	Original Budget	Final Budget	Actual w/ Encumbrances	Variance Fav.(Unfav.)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Real Property Taxes and Tax Items	\$ 11,963,713	\$ 11,963,713	\$ 11,762,812	\$ (200,901)
Nonproperty Tax Items	12,230,416	12,230,416	12,302,848	72,432
Departmental Income and Intergovernmental Charges	6,133,900	6,600,298	6,197,243	(403,055)
Use of Money and Property	572,256	572,256	593,212	20,956
State Sources	6,602,818	7,555,427	6,257,629	(1,297,798)
Federal Sources	4,163,758	4,665,968	4,037,608	(628,360)
Other Revenues and Financing Sources	260,889	264,646	322,521	57,875
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 41,927,750</b>	<b>\$ 43,852,724</b>	<b>\$ 41,473,873</b>	<b>\$ (2,378,851)</b>
<b>Appropriated Reserves and Fund Balance</b>	<b>\$ -</b>	<b>\$ 196,287</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
General Governmental Support	\$ 8,210,886	\$ 8,286,889	\$ 7,718,630	\$ 568,259
Education	1,800,000	1,799,999	1,754,703	45,296
Public Safety	3,960,043	4,768,763	4,020,969	747,794
Public Health	3,726,304	4,425,925	3,539,614	886,311
Transportation	441,000	568,189	568,189	
Economic Assistance and Opportunity	13,275,043	13,352,531	12,837,999	514,532
Culture and Recreation	174,354	238,683	174,143	64,540
Home and Community Services	629,326	698,620	689,799	8,821
Employee Benefits	6,566,000	6,097,478	5,809,059	288,419
Debt Service	105,000	239,679	239,679	
Other Financing Uses	3,039,794	3,572,255	3,572,255	
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 41,927,750</b>	<b>\$ 44,049,011</b>	<b>\$ 40,925,039</b>	<b>\$ 3,123,972</b>
<b>Excess of Revenues and Other Financing Sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 548,834</b>	<b>\$ 745,121</b>

# COUNTY OF SCHUYLER

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of December 31, 2018, the County had capital assets of \$80,867,238, net of accumulated depreciation of \$44,694,471. This amount represents an investment in a broad range of capital assets, including buildings, machinery and equipment, roads and bridges.

*Figure 9  
Capital Assets, Net of Depreciation*

	Governmental Activities		Dollar Change
	2017, Restated	2018	2017 - 2018
Land	\$ 428,839	\$ 428,839	\$ -
Construction-in-Progress	379,548	558,366	178,818
Buildings and Improvements	8,957,592	8,466,692	(490,900)
Land Improvements	2,243,641	2,171,021	(72,620)
Machinery and Equipment	6,400,495	6,144,297	(256,198)
Infrastructure	15,816,204	18,403,552	2,587,348
<b>Totals</b>	<b>\$ 34,226,319</b>	<b>\$ 36,172,767</b>	<b>\$ 1,946,448</b>

This year's additions consisted of:

Jail Renovation Project	\$ 493,296
Other Construction in Progress	34,686
County Bridge Projects	2,352,192
County Road Projects	1,152,095
Machinery and Equipment	673,803
Total Additions	4,706,072
Less: Depreciation	(2,579,565)
HSDC Depreciation	(130,277)
Net Book Value of Disposed Assets	(49,782)
<b>Total Net Change</b>	<b>\$ 1,946,448</b>

#### Debt Administration

Of the total outstanding debt, \$2,632,471 was subject to the constitutional debt limit and represented 2.73% of the County's statutory debt limit.

Tobacco settlement pass-through bonds are debt of STASC, under which the County's future tobacco settlement proceeds were securitized. The County is not responsible for this debt in the event the STASC were to default in repayment of the bonds. The HSDC bonds are debt of the Human Services Development Corporation. The County is not responsible in the event the HSDC were to default in repayment of the bonds. *Figure 10* shows the changes in outstanding debt.

# COUNTY OF SCHUYLER

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

*Figure 10  
Outstanding Debt at Years Ended*

	Governmental Activities		Dollar Change
	2017	2018	2017 - 2018
Bonds	\$ 10,073,588	\$ 9,631,850	\$ (441,738)
Tobacco Settlement Pass-through Bonds			
Accreted Interest	1,915,707	2,136,510	220,803
Capital Lease	308,745	242,471	(66,274)
<b>Totals</b>	<b>\$ 12,298,040</b>	<b>\$ 12,010,831</b>	<b>\$ (287,209)</b>

The County's Moody's bond rating is currently A, which did not change from the prior year. More detailed information about the County's debt is presented in Note 10 to the basic financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Schuyler County continues to experience an improving financial and liquidity position subsequent to implementation of additional accounting and management protocols and efficiency initiatives. It is expected this will continue in 2019 as the full effect of departmental consolidations and shared services is realized, coupled with a local economy that has the potential for above average expansion. The County will continue to make adjustments in spending as necessary should revenue sources be diminished and will seek to fund mandated increases in expenditures without proportionately increasing property taxes. Uncertainty with respect to federal budget and policy changes, and the potential negative financial impact associated with same drive a continued conservative approach to budgeting and spending by the County. County administration has successfully reduced the local tax burden by securing state and federal funding opportunities through grants and maximization of cost sharing. Should those funding sources be reduced, corresponding reductions in expenditures will also occur.

Effective January 1, 2016 the County enacted a change in sales tax distribution, capping the amount of revenue shared with local municipalities, reserving a greater portion for County purposes. New York State pension contributions are leveling off and are expected to remain stable in 2019 and beyond. This, coupled with continued conservative fiscal management should result in future tax levies that not only stay within the New York State tax cap legislative mandate but result in tax reductions to our property tax payers.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the County's citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact the County Treasurer, Schuyler County, 105 9th Street, Watkins Glen, New York 14891.

# COUNTY OF SCHUYLER

## STATEMENT OF NET POSITION DECEMBER 31, 2018

	Primary Government	Component Units	
	Governmental Activities	Soil and Water Conservation District	Industrial Development Agency
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents - Unrestricted	\$ 8,628,347	\$ 554,596	\$ 806,901
Cash and Cash Equivalents - Restricted	1,032,037	1,176,488	
Temporary Investments	49,067	31,463	
Taxes Receivable, Net	2,663,031		
Other Receivables	584,332	124,182	1,706
Loans Receivable, Current Portion			23,252
Due from State and Federal Governments	4,058,495	96,049	
Due from Other Governments	23,098		
Prepaid Expenses	442,345	6,988	
Inventories	6,421		
<b>Total Current Assets</b>	<b>17,487,173</b>	<b>1,989,766</b>	<b>831,859</b>
<b>Noncurrent Assets</b>			
Cash and Cash Equivalents - Restricted	413,000		
Temporary Investments			361,179
Loans Receivable, Long-term Portion			84,551
Land and Construction-in-progress	987,205	37,000	
Depreciable Capital Assets, Net	35,185,562	723,609	
<b>Total Noncurrent Assets</b>	<b>36,585,767</b>	<b>760,609</b>	<b>445,730</b>
<b>Total Assets</b>	<b>54,072,940</b>	<b>2,750,375</b>	<b>1,277,589</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	5,354,534	84,380	
<b>Total Deferred Outflows of Resources</b>	<b>5,354,534</b>	<b>84,380</b>	<b>-</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	1,350,060		1,705
Accrued Liabilities	339,338	4,249	
Interest Payable	75,655		
Due to Other Governments	1,917,261		
Unearned Revenue	1,280,425	620,754	
Long-term Obligations Due Within One Year:			
Leases Payable	123,883		
Bonds Payable	1,327,632		
Compensated Absences	81,340		
<b>Total Current Liabilities</b>	<b>6,495,594</b>	<b>625,003</b>	<b>1,705</b>

*See Notes to Financial Statements*

# COUNTY OF SCHUYLER

## STATEMENT OF NET POSITION DECEMBER 31, 2018

	<u>Primary Government</u>	<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Soil and Water Conservation District</u>	<u>Industrial Development Agency</u>
Total Current Liabilities Brought Forward	\$ 6,495,594	\$ 625,003	\$ 1,705
<b>Noncurrent Liabilities</b>			
Long-term Obligations Due After One Year:			
Accreted Interest Payable	2,136,510		
Leases Payable	118,588		
Bonds Payable	8,304,218		
Other Postemployment Benefits Payable	34,362,091		
Compensated Absences	732,061	14,204	
Net Pension Liability - Proportionate Share	1,591,941	25,559	
<b>Total Noncurrent Liabilities</b>	47,245,409	39,763	-
<b>Total Liabilities</b>	53,741,003	664,766	1,705
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	5,535,679	93,394	
Other Postemployment Benefits	3,795,968		
<b>Total Deferred Inflows of Resources</b>	9,331,647	93,394	-
<b>NET POSITION</b>			
Net Investment in Capital Assets	29,367,183	760,609	
Restricted	1,445,037	1,176,488	107,803
Unrestricted (Deficit)	(34,457,396)	139,498	1,168,081
<b>Total Net (Deficit) Position</b>	<b>\$ (3,645,176)</b>	<b>\$ 2,076,595</b>	<b>\$ 1,275,884</b>

*See Notes to Financial Statements*

# COUNTY OF SCHUYLER

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component	
					Governmental	Units	
				Governmental	Soil and Water	Industrial	
				Activities	Conservation	Development	
					District	Agency	
<b>Primary Government</b>							
Governmental Activities:							
General Governmental Support	\$ 10,225,425	\$ 3,017,194	\$ 300,555	\$	\$ (6,907,676)	\$	\$
Education	1,754,703	544,549	423,661		(786,493)		
Public Safety	6,644,446	757,192	705,259		(5,181,995)		
Public Health	4,956,461	2,228,793	1,856,071		(871,597)		
Transportation	4,890,987	282,428	444,666	3,483,240	(680,653)		
Economic Assistance and Opportunity	14,850,889	341,537	6,354,856		(8,154,496)		
Culture and Recreation	308,158	62,888	71,936		(173,334)		
Home and Community Services	848,948	149,864	161,499		(537,585)		
Interest on Debt	631,324				(631,324)		
<b>Total Governmental Activities</b>	<b>\$ 45,111,341</b>	<b>\$ 7,384,445</b>	<b>\$ 10,318,503</b>	<b>\$ 3,483,240</b>	(23,925,153)		
<b>Component Units</b>							
Soil and Water Conservation District	\$ 1,635,531	\$ 194,235	\$ 1,691,882	\$		250,586	
Industrial Development Agency	99,352	41,818					(57,534)
<b>Total Component Units</b>	<b>\$ 1,734,883</b>	<b>\$ 236,053</b>	<b>\$ 1,691,882</b>	<b>\$ -</b>	-	250,586	(57,534)
Net (Expense) and Changes in Net Position Brought Forward					(23,925,153)	250,586	(57,534)
<b>GENERAL REVENUES</b>							
Real Property Taxes					11,079,973		
Real Property Tax Items					626,836		
Nonproperty Tax Items					12,236,307		
Tobacco Settlement Payments					272,117		
Use of Money and Property					34,542	1,927	8,011
Miscellaneous Local Sources					242,805	(8,412)	120
Sale of Property and Compensation for Loss					93,756	3,292	
<b>Total General Revenues</b>					<b>24,586,336</b>	<b>(3,193)</b>	<b>8,131</b>
Change in Net Position					661,183	247,393	(49,403)
Net (Deficit) Position - Beginning					(4,306,359)	1,829,202	1,325,287
<b>Net (Deficit) Position - Ending</b>					<b>\$ (3,645,176)</b>	<b>\$ 2,076,595</b>	<b>\$ 1,275,884</b>

See Notes to Financial Statements

# COUNTY OF SCHUYLER

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund County Road Fund	STASC Debt Service Fund	Non-Major Funds	
<b>ASSETS</b>					
Cash and Cash Equivalents - Unrestricted	\$ 7,004,381	\$ 1,126,030	\$ 62,790	\$ 412,216	\$ 8,605,417
Cash and Cash Equivalents - Restricted	757,448		272,164	2,425	1,032,037
Temporary Investments - Unrestricted			49,067		49,067
Taxes Receivable, Net	2,663,031				2,663,031
Due from Other Funds	229,869	227,407		2,028	459,304
Due from State and Federal Governments	3,834,732	223,763			4,058,495
Due from Other Governments	23,098				23,098
Other Receivables	309,541	1,405	250,000	23,226	584,172
Prepaid Expenses	442,345				442,345
Inventories	6,421				6,421
<b>Total Assets</b>	<b>\$ 15,270,866</b>	<b>\$ 1,578,605</b>	<b>\$ 634,021</b>	<b>\$ 439,895</b>	<b>\$ 17,923,387</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 1,059,475	\$ 197,149	\$	\$ 93,436	\$ 1,350,060
Accrued Liabilities	282,498	17,585		4,293	304,376
Due to Other Funds	229,435	186,532		43,337	459,304
Due to Other Governments	1,917,261				1,917,261
Unearned Revenue	1,280,425				1,280,425
Other Liabilities	34,962				34,962
<b>Total Liabilities</b>	<b>4,804,056</b>	<b>401,266</b>	<b>-</b>	<b>141,066</b>	<b>5,346,388</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Tax Revenue	906,587				906,587
<b>Fund Balances</b>					
Nonspendable	448,766				448,766
Restricted	757,448		272,164	2,425	1,032,037
Committed	1,239,466				1,239,466
Assigned	32,505	1,177,339	361,857	296,404	1,868,105
Unassigned	7,082,038				7,082,038
<b>Total Fund Balances</b>	<b>9,560,223</b>	<b>1,177,339</b>	<b>634,021</b>	<b>298,829</b>	<b>11,670,412</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 15,270,866</b>	<b>\$ 1,578,605</b>	<b>\$ 634,021</b>	<b>\$ 439,895</b>	<b>\$ 17,923,387</b>

See Notes to Financial Statements

# COUNTY OF SCHUYLER

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

**Total Governmental Fund Balances** **\$ 11,670,412**

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

Capital assets of the Governmental Activities, net of accumulated depreciation are not financial resources and, therefore, are not reported in the funds. 32,609,191

The County's proportion of the collective net pension liability is not reported in the funds. (1,591,941)

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.

Accrued Interest Payable	\$ (41,822)	
Accreted Interest Payable	<u>(2,136,510)</u>	(2,178,332)

Deferred outflows of resources represent 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.

Unavailable Tax Revenue	\$ 906,587	
ERS Deferred Inflows of Resources - Pensions	(5,535,679)	
ERS Deferred Outflows of Resources - Pensions	5,354,534	
Deferred Inflows of Resources - OPEB	<u>(3,795,968)</u>	(3,070,526)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (1,850,000)	
Leases Payable	(242,471)	
Tobacco Settlement Pass-through Bonds	(3,608,737)	
Other Postemployment Benefits Payable	(34,362,091)	
Compensated Absences	<u>(813,401)</u>	(40,876,700)

The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Position. (207,280)

**Net (Deficit) of Governmental Activities** **\$ (3,645,176)**

*See Notes to Financial Statements*

# COUNTY OF SCHUYLER

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

	Major Funds			Non-Major Funds	Total Governmental Funds
	General Fund	Special Revenue Fund County Road Fund	STASC Debt Service Fund		
<b>REVENUES</b>					
Real Property Taxes	\$ 11,017,560	\$	\$	\$	\$ 11,017,560
Real Property Tax Items	745,252				745,252
Nonproperty Tax Items	12,302,848				12,302,848
Departmental Income	5,818,077	34,603			5,852,680
Intergovernmental Charges	379,166			248,946	628,112
Use of Money and Property	593,212	2,550	6,689	204	602,655
Fines and Forfeitures	50,385	675			51,060
Sale of Property and Compensation for Loss	29,964	4,439		15,733	50,136
Miscellaneous Local Sources	242,172		272,117		514,289
State Sources	6,257,629	1,575,841			7,833,470
Federal Sources	4,037,608	1,907,399			5,945,007
<b>Total Revenues</b>	<b>41,473,873</b>	<b>3,525,507</b>	<b>278,806</b>	<b>264,883</b>	<b>45,543,069</b>
<b>EXPENDITURES</b>					
General Governmental Support	7,697,379		56,445		7,753,824
Education	1,754,703				1,754,703
Public Safety	4,019,715				4,019,715
Public Health	3,539,614				3,539,614
Transportation	568,189	4,837,844		1,096,321	6,502,354
Economic Assistance and Opportunity	12,827,999				12,827,999
Culture and Recreation	174,143				174,143
Home and Community Services	689,799			14,767	704,566
Employee Benefits	5,809,059	467,881		102,155	6,379,095
Debt Service - Principal and Interest	239,679	128,338	194,757		562,774
Capital Outlay				583,836	583,836
<b>Total Expenditures</b>	<b>37,320,279</b>	<b>5,434,063</b>	<b>251,202</b>	<b>1,797,079</b>	<b>44,802,623</b>
Excess of Revenues (Expenditures)	4,153,594	(1,908,556)	27,604	(1,532,196)	740,446
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers In		2,207,544		1,544,711	3,752,255
Interfund Transfers (Out)	(3,572,255)	(180,000)			(3,752,255)
Proceeds of Obligations				55,854	55,854
<b>Total Other Financing (Uses) Sources</b>	<b>(3,572,255)</b>	<b>2,027,544</b>	<b>-</b>	<b>1,600,565</b>	<b>55,854</b>
<b>Excess of Revenues (Expenditures) and Other Financing Sources (Uses)</b>	<b>581,339</b>	<b>118,988</b>	<b>27,604</b>	<b>68,369</b>	<b>796,300</b>
Fund Balances, Beginning	8,978,884	1,058,351	606,417	230,460	10,874,112
<b>Fund Balances, Ending</b>	<b>\$ 9,560,223</b>	<b>\$ 1,177,339</b>	<b>\$ 634,021</b>	<b>\$ 298,829</b>	<b>\$ 11,670,412</b>

See Notes to Financial Statements

# COUNTY OF SCHUYLER

## 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** **\$ 796,300**

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 capital outlay exceeded the net book value of disposed assets and depreciation expense in the current period.

Capital Outlay	\$ 4,706,072	
Net Book Value of Disposed Assets	(49,782)	
Depreciation Expense	<u>(2,579,565)</u>	2,076,725

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in Unavailable Taxes		172,789
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Proceeds of long-term debt are recognized as revenue in Governmental Funds, but increases 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. Amortization of bond discounts increases expenses in the Statement of Activities.

Proceeds of Long-term Obligations	\$ (55,854)	
Bond, BAN and Capital Lease Repayments	362,128	
Amortization of Bond Discounts	<u>(6,745)</u>	299,529

Net revenue of the Internal Service Fund component unit is reported with Governmental Activities.		79,905
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Changes in the County's proportionate share of net pension and other postemployment benefits 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 and other postemployment benefits do not effect current financial resources and are, also, not reported in the Governmental Funds.

Pensions	\$ (33,709)	
Other Postemployment Benefits	<u>(2,371,392)</u>	(2,405,101)

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 the Governmental Funds. These expenses include changes in compensated absences and interest payable.

Compensated Absences	\$ (141,363)	
Change in Accrued Interest Payable	3,202	
Change in Accreted Interest Payable	<u>(220,803)</u>	<u>(358,964)</u>

**Change in Net Position of Governmental Activities** **\$ 661,183**

*See Notes to Financial Statements*

# COUNTY OF SCHUYLER

## STATEMENT OF NET POSITION PROPRIETARY FUND DECEMBER 31, 2018

	<b>Internal Service Fund Component Unit HSDC Fund</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents - Unrestricted	\$ 22,930
Accounts Receivable	160
<b>Total Current Assets</b>	<u>23,090</u>
<b>Noncurrent Assets</b>	
Capital Assets:	
Nondepreciable Capital Assets	40,639
Depreciable Capital Assets, Net of Accumulated Depreciation	3,522,937
<b>Total Capital Assets, Net</b>	<u>3,563,576</u>
Cash - Restricted	413,000
<b>Total Noncurrent Assets</b>	<u>3,976,576</u>
<b>Total Assets</b>	<u>3,999,666</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Interest Payable	33,833
Current Portion of Noncurrent Liabilities:	
Bonds Payable	205,000
Unamortized Bond Premium	8,483
<b>Total Current Liabilities</b>	<u>247,316</u>
<b>Noncurrent Liabilities</b>	
Bonds Payable	3,855,000
Unamortized Bond Premium	104,630
<b>Total Noncurrent Liabilities</b>	<u>3,959,630</u>
<b>Total Liabilities</b>	<u>4,206,946</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets (Deficit)	(609,537)
Restricted	413,000
Unrestricted (Deficit)	(10,743)
<b>Total Net Position (Deficit)</b>	<u>\$ (207,280)</u>

*See Notes to Financial Statements*

# COUNTY OF SCHUYLER

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	<b>Internal Service Fund Component Unit HSDC Fund</b>
<b>Operating Revenues</b>	
Rent	\$ 418,217
In-kind Contribution	2,952
<b>Total Operating Revenues</b>	<u>421,169</u>
<b>Operating Expenses</b>	
Contractual Expenses	10,207
In-kind Administrative Expense	2,952
Depreciation Expense	130,277
<b>Total Operating Expenses</b>	<u>143,436</u>
<b>Operating Income</b>	<u>277,733</u>
<b>Nonoperating Income (Expense)</b>	
Interest and Dividends	21
Amortization of Bond Premium	8,483
Interest (Expense)	(206,332)
<b>Total Nonoperating Income (Expense)</b>	<u>(197,828)</u>
<b>Total Net Income - Revenues over (Expenses)</b>	79,905
Net (Deficit), January 1,	<u>(287,185)</u>
<b>Net (Deficit), December 31,</b>	<u><u>\$ (207,280)</u></u>

See Notes to Financial Statements

# COUNTY OF SCHUYLER

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

	<b>Internal Service Fund Component Unit HSDC Fund</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Providing Services	\$ 418,594
Cash Payments - Contractual Expenses	(10,207)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>408,387</u>
<b>Cash Flows from Noncapital Financing Activities</b>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Cash Payments - Bond Principal	(200,000)
Cash Payments - Interest Expense	(207,999)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(407,999)</u>
<b>Cash Flows from Investing Activities</b>	
Interest and dividend income received	21
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>21</u>
Net Increase in Cash and Cash Equivalents	409
Cash and Cash Equivalents, January 1,	435,521
<b>Cash and Cash Equivalents, December 31,</b>	<b><u>\$ 435,930</u></b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income	\$ 277,733
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
(Increase) in Accounts Receivable	(160)
Decrease in Due from Schuylers County	537
Depreciation Expense	130,277
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ 408,387</u></b>
<b>Supplemental Disclosures</b>	
<b>Noncash Operating Activities</b>	
In-kind Contributions	\$ 2,952
In-kind Administrative Expenses	2,952

*See Notes to Financial Statements*

# *COUNTY OF SCHUYLER*

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND DECEMBER 31, 2018

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents - Unrestricted	\$ 812,370
<b>Total Assets</b>	<b><u>\$ 812,370</u></b>
<b>LIABILITIES</b>	
Agency Liabilities	\$ 812,370
<b>Total Liabilities</b>	<b><u>\$ 812,370</u></b>

*See Notes to Financial Statements*

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

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

The financial statements of the County of Schuyler (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 incorporated in 1854, is governed by County Law and other laws of the State of New York and various local laws and ordinances. The County Legislature, which is the legislative body responsible for the overall operation of the County, consists of eight legislators. The Chairman of the Legislature serves as Chief Executive Officer of the County and the Treasurer serves as Chief Fiscal Officer.

The County provides the following basic services: public safety (including district attorney, assigned counsel, sheriff, probation, and jail), education (partial tuition to community colleges and tuition and transportation of handicapped children), public health, mental health, social services, highway maintenance, culture, and recreation programs.

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, "The Financial Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," and GASB Statement No. 85, "Omnibus 2017," including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the County's reporting entity.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

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

#### **Included in the Reporting Entity**

Based on the foregoing criteria and the significant factors presented below, the following organizations are included in the reporting entity.

#### **The Schuyler County Industrial Development Agency**

The Schuyler County Industrial Development Agency (the Agency) was created in 1971 by the Schuyler County Legislature under the provisions of Chapter 535 of the 1971 Laws of New York State for the purpose of encouraging economic growth in Schuyler County. The Agency is exempt from federal, state and local income taxes. The Agency, although established by the Schuyler County Legislature, is a separate entity and operates independently of the County. A separate audit report dated March 13, 2019 has been issued for the Agency for the year ended December 31, 2018. The Agency is considered a component unit of the County and is discretely presented. Complete financial statements for the Schuyler County Industrial Development Agency may be obtained by writing their administrative office at 910 South Decatur Street, Watkins Glen, New York 14891.

Section 870 of General Municipal Law indicates that the bonds or notes and other obligations of the Agency are not the debt of the County, and the payment of such is payable out of the funds of the Agency.

#### **The Schuyler County Soil and Water Conservation District**

The Schuyler County Soil and Water Conservation District (the District) was established in October, 1940, in accordance with the Soil and Water Conservation District's Law, to provide for the conservation of soil and water resources. Members of the District's Board of Directors are appointed by the County Board of Supervisors and 10% of the District's General Fund revenue is provided via County appropriation. The District is considered a component unit of the County and is discretely presented. Complete financial information for the Schuyler County Soil and Water Conservation District may be obtained by writing their administrative office at P.O. Box 326, Montour Falls, New York 14865.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

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

#### **The Schuyler Tobacco Asset Securitization Corporation**

The Schuyler Tobacco Asset Securitization Corporation (STASC) is a local development corporation organized pursuant to Section 1411 of the Not-for-Profit Corporation Law of the State of New York. STASC is one of 17 New York County TASC's created in 2000 for the purpose of purchasing the tobacco settlement rights from each respective county with the net proceeds of bonds issued to the New York Counties Tobacco Trust I (NYCTT). The trust in-turn issued \$227,130,000 aggregate principal amounts of Tobacco Settlement Pass-Through Bonds - Series 2000, dated December 7, 2000. The Trust bonds represent a direct, pass-through interest in the corresponding TASC bonds. All payments of the TASC bonds will be made directly by the Trust with the future proceeds of the Tobacco Settlement Revenues (TSRs).

STASC, along with 23 other TASCs, created a trust known as the New York Counties Tobacco Trust V (NYCTTV) in order to issue \$199,375,348 aggregate principal amount of Tobacco Settlement Pass-Through Bonds (Series 2005 NYCTT Bonds). Series 2005 NYCTT Bonds, issued on November 29, 2005, represent a direct, pass-through interest in corresponding TASC bonds held by the trust and are subordinate to the prior bonds issued. The Series 2005 TASC bonds are subject to the rights of holders of the prior bonds, payable solely from, and secured solely by, the Collections and the funds and accounts pledged by the respective TASC Indenture. The Collections of the STASC will be comprised of the TSRs remaining after payment of the prior bonds and investment earnings on funds and accounts established under the STASC's Indenture. The STASC Series 2005 TASC Bonds are also payable from certain amounts released from Liquidity Reserve Accounts upon retirement of the prior bonds and amounts released from Trapping Accounts.

STASC is controlled by a group of four directors who are appointed by the Chair of the Schuyler County Legislature. At this time, two directors are members of the County Legislature, one of whom is a member of the management team of the County and one who has no affiliation with the County. STASC is deemed to be a component unit of the County and is presented in the annual financial statements of the County as a blended component unit, reported as a Major Debt Service Fund. A separate audit report dated February 21, 2019 has been issued for the STASC for the year ended December 31, 2018. Complete financial statements for Schuyler Tobacco Asset Securitization Corporation may be obtained from Schuyler County, 105 9<sup>th</sup> Street, Watkins Glen, New York 14891.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

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

#### **The Schuyler County Human Services Development Corporation**

The Schuyler County Human Services Development Corporation (HSDC) was created in 2006 by the Schuyler County Legislature under the provisions of Section 1411 of the Not-For-Profit Corporation Law of the State of New York for the purpose of encouraging economic growth in Schuyler County. HSDC is exempt from federal, state, and local income taxes. HSDC, although established by the Schuyler County Board of Legislators, is a separate entity and operates independently of the County. HSDC is considered a component unit of the County and is presented in the annual financial statements of the County as an internal service fund. A separate audit report dated February 12, 2019 has been issued for the HSDC for the year ended December 31, 2018. Complete financial statements for Human Services Development Corporation may be obtained from Schuyler County, 105 9<sup>th</sup> Street, Watkins Glen, New York 14891.

#### **Excluded from the Reporting Entity**

The Counties of Steuben, Chemung, and Schuyler are participants in the joint Southern Tier Central Regional Planning and Development Board. The municipal agreement provides that each county's share of the cost shall be prorated as agreed upon by the member counties. In 2018 the County's share aggregated \$35,000. As none of the member counties have sole control over the Board's operation, the activity of the Board is excluded from the reporting entity of all member counties. Complete financial statements for the Southern Tier Central Regional Planning and Development Board may be obtained by writing their administrative office at 8 Denison Parkway East, Suite 310, Corning, New York 14830.

#### **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, public health, transportation, highways and streets, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities. The County currently has no funds classified as Business-type 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.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

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

#### **Government-wide Financial Statements - Continued**

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 column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables, and deferred outflows of resources as well as long-term debt, obligations, and deferred inflows of resources. The County's net position is reported in three parts: net investment 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, 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 program or capital requirements of a particular program. 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. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

#### **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 comprise 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.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

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

#### **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.
- **Special Revenue Fund**
  - County Road Fund - Accounts for expenditures for highway purposes authorized by §114 of the Highway Law.
- **Debt Service Fund**
  - STASC Debt Service Fund - Accounts for accumulation of resources from tobacco settlement payments and payment of principal and interest on the tobacco settlement pass-through bonds.

#### **Non-Major Funds**

- **Capital Fund** - Accounts for financial resources to be used for the acquisition, construction, or renovation of major capital assets.
- **Special Revenue Funds**
  - Road Machinery Fund - Accounts for the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment pursuant to §133 of the Highway Law.
  - Special Grant Fund - Accounts for activities under the Housing and Community Development Act of 1974.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

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

#### **Proprietary Fund**

- **Internal Service Fund**

- HSDC Internal Service Fund - Accounts for accumulation of rent and interest revenue and payment of principal and interest on Human Services Development Corporation bonds.

#### **Fiduciary Funds**

- Agency Funds - Account for money received and held by the County in the capacity of trustee, custodian, or agent. The Agency Funds are custodial in nature and do not involve measurement of results of 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 the 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, deferred outflows of resources and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

### ***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 that are deemed collectible within one year 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.

#### **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 balanced 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.

Property taxes are levied each December 31, on the assessed value of all real property located within the County and become a lien on January 1. Taxes are payable during January without penalty. Beginning in February a 1% penalty is added. Property tax payments may be made in installments, which carry a 1% fee, payable on January 30, and on or before July 1. The initial responsibility of collecting County property taxes rests with the towns located within the County. The tax rolls are delivered to the Treasurer on or before the 15th of April at which time a 5% fee plus 12% per annum from February 1, to date of payment are added. The towns retain the full amount of their related town levy and remit the balance of collected taxes to the County. Responsibility for collection of delinquent taxes is then transferred to the County.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### *Note 1* Summary of Significant Accounting Policies – Continued

#### **Property Taxes - Continued**

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.

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

Corning City school taxes are turned over to the County for enforcement on April 15, and are enforced as a separate tax until the time of tax sale at which time they become part of the County's lien. The balance of uncollected city school taxes is remitted by December 31.

#### **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)	\$ 1,380,059,787
Tax Limit @ 1.5%	20,700,897
Less :	
Tax Levy	10,907,184
Less Exclusions	-
Tax Levy Subject to Tax Limit	<u>10,907,184</u>
<b>Tax Margin</b>	<b><u>\$ 9,793,713</u></b>

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

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

#### **Receivables**

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. Other receivables represent amounts owed to the County for billed services, health insurance, and medical loans. No provision has been made for uncollectible accounts for amounts reported as Other Receivables, as it is believed such amounts would be immaterial.

#### **Vacation, Sick Leave and Compensatory Absences**

Pursuant to contractual agreements, County employees are entitled to accrue a maximum of 250 days of sick leave and 50 days of vacation leave. An individual who leaves County employment is entitled to be paid for unused vacation leave credits.

Estimated vacation accumulated by Governmental Fund type employees has been recorded in the Government-wide financial statements.

Payment of vacation recorded in the Government-wide financial statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes sufficient resources will be made available when such payment becomes due.

#### **Cash and Cash Equivalents**

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

#### **Investments**

Investments are valued at fair value.

#### **Inventory**

Inventory is recorded at cost on a first-in, first-out basis.

#### **Capital Assets**

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.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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

#### **Capital Assets - Continued**

Governmental capital assets purchased or acquired with minimum value of \$1,000 for equipment; \$5,000 for land, buildings and building improvements; and \$10,000 for infrastructure and having a useful life of greater than one year are capitalized. The estimated useful lives for governmental capital assets are as follows:

Real Property (Buildings)	50 years
Machinery and Equipment	10 years
Infrastructure	10 years
Vehicles	5 years
Police Vehicles	3 years
Computers	5 years

#### **Other Postemployment Benefits**

In addition to providing pension benefits as described in Note 6, the County provides other postemployment benefits for health insurance coverage and survivor benefits for retired employees and their survivors. The benefits provided are in accordance with County ordinances, collective bargaining agreements, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and New York State General Municipal Law (GML Section 207(a)). The criterion to determine eligibility includes: years of service, employee age, and disability due to line of duty.

The County follows 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 that statement. See Note 7 for additional information.

#### **Sales Tax**

Pursuant to local law, the County levies a 4% tax in accordance with the Tax Law, Section 1210. The County retains 80% of such taxes for County purposes and distributes the remainder to the towns and villages in the County.

#### **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.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

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

#### **Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows related to pensions in the Statement of Net Position. The types of deferred outflows related to pensions and other postemployment benefits 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 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 of resources related to unavailable revenues in the Balance Sheet. The County reports deferred inflows related to pensions and other postemployment benefits in the Statement of Net Position. These are further described in Notes 6 and 7.

#### **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.

#### **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 are 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 and Proprietary 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.

#### **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 the Proprietary Fund's principal ongoing operations. The principal operating revenues of the Proprietary Funds are charged to customers for sales and services. Operating expenses for Proprietary 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.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

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

#### **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### **Equity Classifications - Government-wide Financial Statements**

Equity is classified as net assets 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 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 - All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

#### **Equity Classifications - Governmental Fund Financial Statements**

The County follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Terminology and classification of fund balance reflect spending constraints on resources, rather than availability for appropriation, which provides users more consistent and understandable information about a fund's net resources.

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 endowment 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.
- 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.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

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

#### **Equity Classifications - Governmental Fund Financial Statements - Continued**

- 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.

Currently, the County does not have a policy stating the highest level of authority able to assign fund balance. The Legislature, by resolution, approves fund balance appropriations for next year's budget. Expenditures which affect more than one fund balance type are applied against fund balance in the following order: non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, then unassigned fund balance, respectively.

#### **Legally Adopted Reserves**

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. With the exception of the encumbrance reserve, reserve funds are established through Legislative action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. Reserves currently in use by the County include the following:

- Other Reserves - Accounts for funds restricted for miscellaneous projects, as authorized by County Resolution.
- Mandatory Reserve for Debt Service - Used to establish a reserve for the purpose of retiring outstanding obligations upon the sale of County property or capital improvements financed by obligations which remain outstanding at the time of sale (GMC§ 6-1). The funding of the reserve is from the proceeds of the sale of County property or capital improvements. This reserve is accounted for in the HSDC Fund and STASC Debt Service Fund.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

### ***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 ending December 31, 2018. This Statement replaces the requirements of Statements No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions,” as amended, and No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.”
- GASB has issued Statement No. 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**

- 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. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- 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. This statement improves the information disclosed in the notes to the governmental financial statements related to debt, including direct borrowings and direct placements.
- GASB has issued Statement No. 89, “Accounting for Interest Cost Incurred Before the End of a Construction Period,” effective for the year ending December 31, 2020.

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

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

### ***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 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 \$10,906,184 are either insured or collateralized with securities held by the pledging financial institution in the County's name.

Total financial institution (bank) balances of the HSDC and STASC at December 31, 2018, per the bank, were \$435,930 and \$386,771, respectively, and were fully collateralized.

Total bank balances of SCIDA, including long-term certificates of deposit, totaled \$1,168,080 at December 31, 2018 and were entirely insured or collateralized with securities held by SCIDA's agent in the Agency's name.

The Soil and Water Conservation District's aggregate bank balances totaled \$1,777,454 at December 31, 2018, and were entirely insured or collateralized with securities held by the pledging financial institution in the District's name.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### *Note 2* **Cash and Investments - Continued**

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

<u>Purpose</u>	<u>Amount</u>
Public Safety Funds	\$ 698,924
Lamoka-Waneta Lakes District Funds	58,524
Community Development Fund	2,425
STASC Debt Service Fund	272,164
HSDC Funds	413,000
<b>Total</b>	<b><u><u>\$ 1,445,037</u></u></b>

### *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 2019 are recognized as revenues in 2018.

Net receivables estimated to be collectible subsequent to the first 60 days of 2019 are reflected as deferred revenue. At December 31, 2019, the County recognized \$906,587 of unavailable tax revenue.

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

Returned School Taxes Receivable	\$ 1,497,763
Taxes Receivable - Overdue	1,200,255
Other	15,708
Allowance for Uncollectible Taxes	<u>(50,695)</u>
<b>Total</b>	<b><u><u>\$ 2,663,031</u></u></b>

Uncollected school 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 in the amount of \$1,497,763 is reflected as part of a liability, due to other governments, in the accompanying basic financial statements.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

**Note 4 State and Federal Aid Receivables**

State and Federal aid receivables at December 31, 2018 consisted of the following, which are stated at net realizable value. The County has deemed the amounts to be fully collectible.

Description	Amount
Social Services	\$ 1,849,594
Sales Tax	664,401
Highway Reimbursement	223,763
SSHSP	201,615
STOA	112,284
Other	1,006,838
<b>Total</b>	<b>\$ 4,058,495</b>

**Note 5 Capital Assets**

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

	Restated Balance at 12/31/2017	Additions	Disposals/ Reclassifications	Balance at 12/31/2018
<b>Governmental Activities</b>				
Land	\$ 388,200	\$	\$	\$ 388,200
Construction in Progress	379,548	527,982	(349,164)	558,366
Total Non-depreciable Capital Assets	767,748	527,982	(349,164)	946,566
Buildings	13,771,952			13,771,952
Machinery and Equipment	15,517,629	673,803	(888,819)	15,302,613
Land Improvements	3,418,083			3,418,083
Infrastructure	38,548,275	3,504,287	349,164	42,401,726
Total Depreciable Capital Assets	71,255,939	4,178,090	(539,655)	74,894,374
Total Historical Cost	72,023,687	4,706,072	(888,819)	75,840,940
Less Accumulated Depreciation:				
Buildings	(8,365,699)	(371,328)		(8,737,027)
Machinery and Equipment	(9,117,134)	(880,219)	839,037	(9,158,316)
Land Improvements	(1,276,317)	(61,915)		(1,338,232)
Infrastructure	(22,732,071)	(1,266,103)		(23,998,174)
Total Accumulated Depreciation	(41,491,221)	(2,579,565)	839,037	(43,231,749)
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 30,532,466</b>	<b>\$ 2,126,507</b>	<b>\$ (49,782)</b>	<b>\$ 32,609,191</b>

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

**Note 5 Capital Assets - Continued**

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General Governmental Support	\$ 454,166
Public Safety	400,957
Public Health	75,024
Transportation	1,550,691
Economic Assistance and Opportunity	35,867
Culture and Recreation	62,500
Home and Community Services	360
	360
<b>Total</b>	<b>\$ 2,579,565</b>

	<b>Balance at 12/31/2017</b>	<b>Additions</b>	<b>Disposals/ Reclassifications</b>	<b>Balance at 12/31/2018</b>
<b>HSDC Fund</b>				
Land	\$ 40,639	\$	\$	\$ 40,639
Total Non-depreciable Capital Assets	40,639	-	-	40,639
Buildings	4,775,596			4,775,596
Land Improvements	210,063			210,063
Total Depreciable Capital Assets	4,985,659	-	-	4,985,659
Total Historical Cost	5,026,298	-	-	5,026,298
Less Accumulated Depreciation:				
Buildings	(1,224,257)	(119,572)		(1,343,829)
Land Improvements	(108,188)	(10,705)		(118,893)
Total Accumulated Depreciation	(1,332,445)	(130,277)	-	(1,462,722)
<b>HSDC Fund</b>				
<b>Capital Assets, Net</b>	<b>\$ 3,693,853</b>	<b>\$ (130,277)</b>	<b>\$ -</b>	<b>\$ 3,563,576</b>

Depreciation expense for the year ended December 31, 2018 for HSDC totaled \$130,277 and was charged to economic assistance and opportunity in the Statement of Activities.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

### ***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 (ERS). 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 County also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

##### **Summary of Significant Accounting Policies**

The Systems' financial statements from which the Systems' fiduciary respective 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 Systems' annual reports.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

**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 under the program, and were as follows:

	<b>2018</b>	<b>2017</b>	<b>2016</b>
ERS	\$ 1,739,864	\$ 1,653,496	\$ 1,920,310

**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.

	<b>ERS</b>
Actuarial Valuation Date	April 1, 2017
Net Pension Liability	\$ 3,227,444,946
County's Proportionate Share of the Plan's Total Net Pension Liability	1,591,941
County's Share of the Net Pension Liability	0.0493251%

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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

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

For the year ended December 31, 2018, the County recognized pension expense of \$1,752,811 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:

	<u>ERS</u>
<b>Deferred Outflows of Resources</b>	
Differences Between Expected and Actual Experience	\$ 567,794
Changes of Assumptions	1,055,589
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	2,312,169
Changes in Proportion and Differences Between the County's Contributions and Proportionate Share of Contributions	134,852
County's Contributions Subsequent to the Measurement Date	<u>1,284,130</u>
<b>Total</b>	<b><u><u>\$ 5,354,534</u></u></b>
<b>Deferred Inflows of Resources</b>	
Differences Between Expected and Actual Experience	\$ (469,204)
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	(4,563,989)
Changes in Proportion and Differences Between the County's Contributions and Proportionate Share of Contributions	<u>(502,486)</u>
<b>Total</b>	<b><u><u>\$ (5,535,679)</u></u></b>

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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

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

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:

<u>Year Ended</u>	<u>ERS</u>
2019	\$ 169,022
2020	148,055
2021	(1,227,597)
2022	(554,755)
2023	
Thereafter	

#### **Actuarial Assumptions**

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

Measurement Date	<u>ERS</u> March 31, 2018
Actuarial Valuation Date	April 1, 2017
Interest 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 experience with adjustments for mortality improvements based on Society of Actuaries' Scale 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.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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

#### Actuarial Assumptions - Continued

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 the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	<u>ERS</u> 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 that contributions from plan members will be made at the current contribution rates and 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.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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

**Discount Rate - Continued**

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 (6.0%) or 1-percentage point higher (8.0%) than the current rate:

<b>ERS</b>	<b>1% Decrease (6.0%)</b>	<b>Current Assumption (7.0%)</b>	<b>1% Increase (8.0%)</b>
County's Proportionate Share of the Net pension liability	\$ 12,045,058	\$ 1,591,941	\$ (7,250,977)

**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:

	<b>Dollars in Thousands</b>	
	<b>ERS</b>	
Measurement Date	March 31, 2018	
Employers' Total Pension Liability	\$	183,400,590
Plan Net Position		(180,173,145)
<b>Employers' Net Pension Liability</b>	<b>\$</b>	<b>3,227,445</b>
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 31<sup>st</sup>. 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-.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

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

**Current Year Activity**

The following is a summary of current year activity:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
ERS:			
Net Pension Liability	\$ (4,379,266)	\$ 2,787,325	\$ (1,591,941)
Deferred Outflows of Resources	3,771,675	1,582,859	5,354,534
Deferred Inflows of Resources	(1,131,786)	(4,403,893)	(5,535,679)
<b>Total Effect on Net Position</b>	<b>\$ (1,739,377)</b>	<b>\$ (33,709)</b>	<b>\$ (1,773,086)</b>

**Note 7 Postemployment Benefits Other Than Pensions (OPEB)**

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 ending 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** - The County provides postemployment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The City's plan is a single-employer postemployment benefit plan (the Plan). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

**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 50% by participating retirees. The retiree also pays 65% of the premium covering the retiree's spouse.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### Note 7 Postemployment Benefits Other Than Pensions (OPEB) - Continued

#### General Information About the OPEB Plan - Continued

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

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	112
Inactive Employees Entitled to	
but Not Yet Receiving Benefit Payments	-
Active Employees	<u>217</u>
Total	<u><u>329</u></u>

#### Total OPEB Liability

The County's total OPEB liability of \$34,362,091 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2017.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Single Discount Rate	3.7%
Salary Scale	2.5%
Rate of Inflation	2.3%

The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date (or the nearest business day thereto).

The salary scale was based on the County's review of historical experience as well as future expectations.

Mortality rates were based on RHP-2014 headcount weighted mortality tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2018 mortality improvement scale on a fully generational basis.

Turnover rates are based on experience under the New York State Employees' Retirement System (ERS).

Healthcare Cost Trend Rates were based on a review of published national trend survey data in relation to the retiree health plan offerings and updated long-term rates based on the Society of Actuaries Long Term Healthcare Cost Trends Model v2018\_c (the Getzen model).

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

**Note 7 Postemployment Benefits Other Than Pensions (OPEB) - Continued**

**Total OPEB Liability - Continued**

CPI inflation rates were based on future increases in limits corresponding to the excise tax of the Affordable Care Act on high cost employer-sponsored health plans.

The actuarial assumptions used in the January 1, 2017 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at December 31, 2017</b>	<u>\$ 35,786,667</u>
<b>Changes for the Year</b>	
Service Cost	2,215,722
Interest Cost	1,247,038
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	(4,232,286)
Benefit Payments	(655,050)
Net Change	<u>(1,424,576)</u>
<b>Balance at December 31, 2018</b>	<u><u>\$ 34,362,091</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.3% percent in 2017 to 3.71% in 2018.

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 (2.71%) or 1-percentage-point higher (4.71%) than the current discount rate:

	<b>1% Decrease (2.71%)</b>	<b>Discount Rate (3.71%)</b>	<b>1% Increase (4.71%)</b>
Total OPEB Liability	\$ 41,059,601	\$ 34,362,091	\$ 29,081,032

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

**Note 7 Postemployment Benefits Other Than Pensions (OPEB) - Continued**

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

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:

	<b>1% Decrease (4.8% to 9.5%)</b>	<b>Healthcare Cost Trend Rate (5.8% to 10.5%)</b>	<b>1% Increase (6.8% to 11.5%)</b>
Total OPEB Liability	\$ 27,857,860	\$ 34,362,091	\$ 43,351,270

For the year ended December 31, 2018, the County recognized OPEB expense of \$3,026,442.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in Assumptions or Other Inputs	\$ -	\$ 3,795,968
Contributions Subsequent to Measurement Date	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 3,795,968</b>

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

<b>Fiscal Year Ending December 31,</b>	<b>Amount</b>
2019	\$ (436,318)
2020	(436,318)
2021	(436,318)
2022	(436,318)
2023	(436,318)
Thereafter	(1,614,378)

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### *Note 7* Postemployment Benefits Other Than Pensions (OPEB) - Continued

#### Current Year Activity

The following is a summary of current year activity:

	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
OPEB Liability	\$ 35,786,667	\$ (1,424,576)	\$ 34,362,091
Deferred Outflows of Resources	-		-
Deferred Inflows of Resources	-	3,795,968	3,795,968
<b>Total</b>	<b><u>\$ 35,786,667</u></b>	<b><u>\$ 2,371,392</u></b>	<b><u>\$ 38,158,059</u></b>

### *Note 8* Constitutional Debt Limit

At December 31, 2018, the total outstanding indebtedness of the County aggregated \$2,632,471. Of this amount, \$2,632,471 was subject to constitutional limitations on indebtedness and represented 2.73% of the County's statutory debt limit.

### *Note 9* 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.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

### ***Note 10* Noncurrent Liabilities**

#### **Serial Bonds**

The County borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Statement of Net Position.

#### **Bond Anticipation Notes**

Bond Anticipation Notes (BAN)s are reflected as current or long-term liabilities depending on the refinancing status. For Governmental Funds, if all legal steps have been taken to refinance the BANs, the intent is supported by an ability to consummate refinancing the short-term note on a long-term basis in the operating statement of the recipient fund. Such notes are recorded as liabilities in the Government-wide financial statements.

State law requires BANs issued for capital purposes be converted to long-term obligations or paid off within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided stipulated annual reductions of principal are made.

The County did not issue or redeem and BANs during the year ended December 31, 2018.

In addition to the above debt, the County had the following noncurrent liabilities:

- **Compensated Absences** - Represents the unfunded value of the liability for accumulated vacation. This liability is liquidated from the General, County Road and Road Machinery Funds.
- **Capital Leases** - Represents principal balance of equipment leases. This liability is liquidated from the General Fund.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### Note 10 Noncurrent Liabilities - Continued

#### Summary of Debt

The following is a summary of serial bonds and capital leases payable:

Description	Original Date of Issue	Original Amount	Interest Rate	Date of Final Maturity	Balance December 31, 2018
Serial Bonds:					
Shared Services Construction	01/2010	\$ 1,500,000	3.50-5.00%	01/2034	\$ 1,180,000
Shared Services Construction	05/2016	1,405,000	1.50-2.00%	05/2028	1,210,000
STASC Pass-through Bonds:					
Tobacco Settlement Bonds (2000)	12/2000	3,280,000	5.25-6.30%	06/2023	1,630,000
Less: Unamortized Bond Discount					(35,507)
Carrying Value of Series 2000 Bonds					<u>1,594,493</u>
Tobacco Settlement Bonds (2005)	11/2005	1,573,852	6.00-7.85%	06/2037	1,497,013
Less: Unamortized Bond Discount					(22,769)
Add: Interest accretion					2,136,510
Carrying Value of Series 2005 Bonds					<u>3,610,754</u>
HSDC 2007 Tax-exempt Revenue Bonds	04/2007	5,725,000	3.50-5.00%	05/2032	4,060,000
Add: Unamortized Bond Premium					113,113
Carrying Value of HSDC Bonds					<u>4,173,113</u>
Capital Lease	10/2018	55,854	6.75%	10/2020	36,008
Capital Lease	07/2017	46,524	6.00%	07/2019	15,490
Capital Lease	05/2017	26,410	5.95%	05/2021	15,810
Capital Lease	05/2016	67,906	5.95%	05/2020	27,877
Capital Lease	04/2016	386,171	3.19%	05/2020	147,286
<b>Total</b>					<b><u>\$ 12,010,831</u></b>

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### Note 10 Noncurrent Liabilities - Continued

#### Change in Indebtedness

The following represents changes in the County's indebtedness during the year ended December 31, 2018:

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018	Amount Due Within One Year
Serial Bonds	\$ 2,545,000	\$	\$ (155,000)	\$ 2,390,000	\$ 155,000
STASC Bonds	3,212,013		(85,000)	3,127,013	965,894
Add: Accreted Interest Payable	1,915,707	220,803		2,136,510	
Less: Unamortized Bond Discount	(65,021)	6,745		(58,276)	(6,745)
HSDC Bonds	4,260,000		(200,000)	4,060,000	205,000
Add: Unamortized bond premium	121,596		(8,483)	113,113	8,483
Capital Lease	308,745	55,854	(122,128)	242,471	123,883
Compensated Absences	672,038	141,363		813,401	81,340
<b>Totals</b>	<b><u>\$ 12,970,078</u></b>	<b><u>\$ 424,765</u></b>	<b><u>\$ (570,611)</u></b>	<b><u>\$ 12,824,232</u></b>	<b><u>\$ 1,532,855</u></b>

Additions and deletions to compensated absences are shown net, as it is impractical to determine these amounts separately. The County paid \$90,889 in interest on bonds and capital leases during the year ended December 31, 2018. STASC paid \$109,757 in interest on bonds during the year. HSDC paid \$207,999 in interest on bonds during the year. Interest paid on the Serial Bonds varies from year to year, in accordance with the interest rates specified in the bond agreements.

Interest Paid	\$ 408,645
Less Interest Accrued in Prior Year	(80,524)
Add Interest Accrued in Current Year	75,655
Less Prior Year Accreted Interest	(1,915,707)
Add Current Year Accreted Interest	2,136,510
Less Amortization of Bond Discount/(Premium)	<u>6,745</u>
<b>Total</b>	<b><u>\$ 631,324</u></b>

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### Note 10 Noncurrent Liabilities - Continued

#### Debt Service Requirements

The following tables summarize the County's future debt service requirements as of December 31, 2018:

Year	Governmental Funds							
	County Serial Bonds		HSDC Fund		STASC Bonds		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 155,000	\$ 74,713	\$ 205,000	\$ 197,875	\$ 965,894	\$ 376,634	\$ 1,325,894	\$ 649,222
2020	165,000	70,737	220,000	187,250	304,398	143,728	689,398	401,715
2021	170,000	66,576	230,000	176,000	315,130	137,839	715,130	380,415
2022	175,000	61,975	240,000	164,250	284,758	127,069	699,758	353,294
2023	180,000	56,925	250,000	152,000	351,521	302,051	781,521	510,976
2024-2028	1,005,000	201,200	1,460,000	553,000	472,160	1,444,783	2,937,160	2,198,983
2029-2033	440,000	78,213	1,455,000	149,625	285,760	1,742,562	2,180,760	1,970,400
2034-2037	100,000	2,500			147,392	1,310,417	247,392	1,312,917
<b>Totals</b>	<b>\$ 2,390,000</b>	<b>\$ 612,839</b>	<b>\$ 4,060,000</b>	<b>\$ 1,580,000</b>	<b>\$ 3,127,013</b>	<b>\$ 5,585,083</b>	<b>\$ 9,577,013</b>	<b>\$ 7,777,922</b>

Year	Capital Leases		
	Principal	Interest	Total
2019	\$ 123,882	\$ 10,722	\$ 134,604
2020	113,012	5,173	118,185
2021	5,577		5,577
<b>Totals</b>	<b>\$ 242,471</b>	<b>\$ 15,895</b>	<b>\$ 258,366</b>

#### Capital Leases - Installment Purchase Debt

The following presents additional information related to the County's installment purchase debt at December 31, 2018.

Installment Purchase Debt	Issued	Interest	Maturity	Amount
2016 Sheriff Vehicles Lease	05/31/2016	5.95%	05/31/2020	\$ 27,877
Telephone System	04/01/2016	3.19%	05/01/2020	147,286
2017 Sheriff Vehicles Lease	07/12/2017	6.00%	07/12/2019	15,490
2017 Sheriff Vehicles Lease	05/31/2017	5.95%	05/31/2021	15,810
2018 Sheriff Vehicles Lease	10/04/2018	6.75%	10/04/2020	36,008
<b>Total Installment Purchase Debt</b>				<b>\$ 242,471</b>

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### *Note 10* Noncurrent Liabilities - Continued

#### **Capital Leases - Installment Purchase Debt - Continued**

The cost and net book value of capital assets procured through capital leases amounts the following:

Cost	\$ 582,865
Accumulated Depreciation	<u>(279,961)</u>
<b>Net Book Value</b>	<b><u><u>\$ 302,904</u></u></b>

#### **STASC Bonds**

The County's future right, title, and interest in the Tobacco Settlement Revenues were financed through the issuance of bonds in the amount of \$3,280,000 and bearing interest rates ranging from 5.25% to 6.3% in December 2000. STASC elected the 25 year flexible amortization option.

STASC Series 2005 bonds are capital appreciation bonds, upon which the investment return on the initial principal amount is reinvested at a compounded rate until maturity. There are no scheduled principal and interest payments on the Series 2005 bonds other than on their respective maturity dates, at which time a single payment is made representing both the initial principal amount and the total investment return.

The Series 2005 bonds are subject to redemption prior to maturity through turbo redemption payments which are to be made from surplus collections on deposit, as provided in the Bond Indenture. The amounts and timing of the turbo redemption payments are based on projections of future tobacco settlement receipts less amounts needed to satisfy debt service on the Series 2000 bonds and to satisfy operating requirements. Failure to make such turbo redemption payments will not, however, constitute an event of default.

# *COUNTY OF SCHUYLER*

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

**Note 11 Interfund Receivables and Payables**

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources primarily to subsidize other funds. The Governmental Funds financial statements generally reflect such transactions as transfers. Interfund receivables and payables and interfund transfer revenues and expenditures at December 31, 2018 were as follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General Fund	\$ 229,869	\$ 229,435
County Road Fund	227,407	186,532
Non-Major Funds	2,028	43,337
<b>Totals</b>	<b>\$ 459,304</b>	<b>\$ 459,304</b>
	<b>Interfund Revenues</b>	<b>Interfund Expenditures</b>
General Fund	\$ -	\$ 3,572,255
County Road Fund	2,207,544	180,000
Non-Major Funds	1,544,711	-
<b>Totals</b>	<b>\$ 3,752,255</b>	<b>\$ 3,752,255</b>

**Note 12 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 financial statements.

**Note 13 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.

# ***COUNTY OF SCHUYLER***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018**

### ***Note 14* Other Disclosures**

#### **Schuyler County Community Services Board**

The Schuyler County Community Services Board was formed under Mental Hygiene Law, Section 41, to enable and encourage the County to develop preventive, rehabilitative, and treatment services for the mentally ill, the mentally retarded, and the developmentally disabled, and those suffering from the diseases of alcoholism and substance abuse in the community.

The Board was formed to be a policy-making body with regards to the services provided to the community. During 1996, the Board applied for and received funding to build a new building. Bonding was obtained through the Local Government Services Corporation (LGSC) and various other state grants were received to supplement the funding stream. Because the bonding was obtained through the LGSC, the LGSC will retain title to the building for the life of the bonds, and at maturity will be transferred to an entity selected by the County Legislature. During 2018, the title was transferred to the County.

### ***Note 15* Transactions with Component Units**

#### **Schuyler County Soil and Water Conservation District**

The County contributed \$145,000 for operating assistance and \$20,000 for stream stabilization services to the Soil and Water Conservation District during the year ended December 31, 2018.

#### **Schuyler County Human Services Development Corporation**

The HSDC leases office space to Schuyler County. During the year ended December 31, 2018, the County paid \$286,660 on their lease rental commitment. In addition, the Corporation's records are maintained by County employees at no charge to the Corporation for these services. In addition, the County maintains the records for the HSDC at no charge. In-kind contributions totaled \$2,952 for the year ended December 31, 2018.

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

**Note 16 Fund Balance Detail**

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

	<u>General Fund</u>	<u>County Road Fund</u>	<u>STASC Debt Service Fund</u>	<u>Non-Major Funds</u>
<b>Nonspendable</b>				
Prepaid Expenses	\$ 442,345	\$	\$	\$
Inventory	6,421			
<b>Total Nonspendable Fund Balance</b>	<b><u>\$ 448,766</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Restricted</b>				
E-911 Reserve	\$ 522,950	\$	\$	\$
Sheriff Seized Assets	36,434			
DA Seized Assets	74,608			
Stop-DWI Reserve	64,932			
Lamoka/Waneta Lakes Reserve	58,524			
Debt Service			272,164	
Community Development				2,425
<b>Total Restricted Fund Balance</b>	<b><u>\$ 757,448</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 272,164</u></b>	<b><u>\$ 2,425</u></b>
<b>Committed</b>				
Facilities and Grounds Capital Reserve	\$ 589,116	\$	\$	\$
Voice and Data Reserve	426,841			
Economic Development Reserve	223,509			
<b>Total Committed Fund Balance</b>	<b><u>\$ 1,239,466</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Assigned</b>				
Encumbered for:				
General Support	\$ 21,251	\$	\$	\$
Public Safety	1,254			
Economic Assistance and Opportunity	10,000			
TASC Debt Service			361,857	
Capital Projects				61,766
Transportation		1,177,339		234,638
<b>Total Assigned Fund Balance</b>	<b><u>\$ 32,505</u></b>	<b><u>\$ 1,177,339</u></b>	<b><u>\$ 361,857</u></b>	<b><u>\$ 296,404</u></b>
Unassigned	<b><u>\$ 7,082,038</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Total Fund Balances</b>	<b><u>\$ 9,560,223</u></b>	<b><u>\$ 1,177,339</u></b>	<b><u>\$ 634,021</u></b>	<b><u>\$ 298,829</u></b>

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

### Note 17 Tax Abatements

For the year ended December 31, 2018, the County was subject to tax abatements negotiated by the Schuyler County Industrial Development Agency (SCIDA), a discretely presented component unit, Town of Montour Falls, New York (the Town) and the Village of Montour Falls, New York (the Village).

Under SCIDA, 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 SCIDA can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which SCIDA 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:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Economic Development:	
Real Property Tax	\$ 356,518
<b>Total</b>	<b>\$ 356,518</b>

The Town and the Village entered into a property tax abatement agreement with a local business under Chapter 535 of the 1971 Laws of New York State for the purpose of encouraging economic growth. Under the Act, localities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Town or Village. Under this program, the Town and Village abated taxes by 95% to an apartment complex.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Economic Development:	
Real Property Tax	\$ 5,967
<b>Total</b>	<b>\$ 5,967</b>

# COUNTY OF SCHUYLER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

**Note 18 Restatement**

During the year, the County re-evaluated its capital assets and determined errors in total historical cost and accumulated depreciation. Additionally, the County adopted GASB Statement No. 75.

The County's December 31, 2017 net position has been restated to reflect the following:

<b>Net Position Beginning of Year</b>	<b>\$ 10,860,429</b>
<b>GASB Statement No. 75 Implementation</b>	
Change in Beginning OPEB Plan Liability	(14,549,822)
Capital Assets	<u>(616,966)</u>
<b>Net (Deficit) Beginning of Year, as Restated</b>	<b><u><u>\$ (4,306,359)</u></u></b>

**Note 19 Stewardship, Compliance and Accountability**

**Deficit Net Position**

At December 31, 2018, the Statement of Net Position had an unrestricted deficit net position of \$(34,457,396) for governmental activities. This is the result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability (see Note 7). This deficit is not expected to be eliminated during the normal course of operations.

**Note 20 Subsequent Event**

On January 2, 2019, the Board approved the issuance of Tax Anticipation Notes and/or Revenue Anticipation Notes not to exceed \$2,500,000.

# COUNTY OF SCHUYLER

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

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable- (Unfavorable)
<b>REVENUES</b>					
Real Property Taxes	\$ 11,169,320	\$ 11,169,320	\$ 11,017,560	\$	\$ (151,760)
Real Property Tax Items	794,393	794,393	745,252		(49,141)
Nonproperty Tax Items	12,230,416	12,230,416	12,302,848		72,432
Departmental Income	5,768,272	6,234,670	5,818,077		(416,593)
Intergovernmental Charges	365,628	365,628	379,166		13,538
Use of Money and Property	572,256	572,256	593,212		20,956
Fines and Forfeitures	59,039	59,039	50,385		(8,654)
Sale of Property and Compensation for Loss	40,400	40,400	29,964		(10,436)
Miscellaneous Local Sources	161,450	165,207	242,172		76,965
State Sources	6,602,818	7,555,427	6,257,629		(1,297,798)
Federal Sources	4,163,758	4,665,968	4,037,608		(628,360)
<b>Total Revenues</b>	<b>41,927,750</b>	<b>43,852,724</b>	<b>41,473,873</b>	-	<b>(2,378,851)</b>
<b>EXPENDITURES</b>					
General Governmental Support	8,210,886	8,286,889	7,697,379	21,251	568,259
Education	1,800,000	1,799,999	1,754,703		45,296
Public Safety	3,960,043	4,768,763	4,019,715	1,254	747,794
Public Health	3,726,304	4,425,925	3,539,614		886,311
Transportation	441,000	568,189	568,189		-
Economic Assistance and Opportunity	13,275,043	13,352,531	12,827,999	10,000	514,532
Culture and Recreation	174,354	238,683	174,143		64,540
Home and Community Services	629,326	698,620	689,799		8,821
Employee Benefits	6,566,000	6,097,478	5,809,059		288,419
Debt Service - Principal and Interest	105,000	239,679	239,679		-
<b>Total Expenditures</b>	<b>38,887,956</b>	<b>40,476,756</b>	<b>37,320,279</b>	<b>32,505</b>	<b>3,123,972</b>
Excess of Revenues	3,039,794	3,375,968	4,153,594	(32,505)	745,121
<b>OTHER FINANCING (USES)</b>					
Interfund Transfers (Out)	(3,039,794)	(3,572,255)	(3,572,255)		-
<b>Total Other Financing (Uses)</b>	<b>(3,039,794)</b>	<b>(3,572,255)</b>	<b>(3,572,255)</b>	-	-
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	-	(196,287)	581,339	<b>\$ (32,505)</b>	<b>\$ 745,121</b>
Appropriated Reserves		196,287			
<b>Net Increase (Decrease)</b>	<b>\$ -</b>	<b>\$ -</b>			
Fund Balance, Beginning			8,978,884		
<b>Fund Balance, Ending</b>			<b>\$ 9,560,223</b>		

See Notes to Required Supplementary Information

# COUNTY OF SCHUYLER

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

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable- (Unfavorable)
<b>REVENUES</b>					
Departmental Income	\$ 27,000	\$ 27,000	\$ 34,603	\$	\$ 7,603
Use of Money and Property	800	800	2,550		1,750
Fines and Forfeitures	500	500	675		175
Sale of Property and Compensation for Loss	4,000	4,000	4,439		439
State Sources	1,554,201	1,554,201	1,575,841		21,640
Federal Sources	2,369,500	2,369,500	1,907,399		(462,101)
<b>Total Revenues</b>	<b>3,956,001</b>	<b>3,956,001</b>	<b>3,525,507</b>	<b>-</b>	<b>(430,494)</b>
<b>EXPENDITURES</b>					
Transportation	5,445,384	5,443,806	4,837,844		605,962
Employee Benefits	468,600	468,600	467,881		719
Debt Service - Principal and Interest	126,760	128,338	128,338		-
<b>Total Expenditures</b>	<b>6,040,744</b>	<b>6,040,744</b>	<b>5,434,063</b>	<b>-</b>	<b>606,681</b>
Excess of (Expenditures)	(2,084,743)	(2,084,743)	(1,908,556)	-	176,187
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers In	2,264,743	2,264,743	2,207,544		(57,199)
Interfund Transfers (Out)	(180,000)	(180,000)	(180,000)		-
<b>Total Other Financing Sources (Uses)</b>	<b>2,084,743</b>	<b>2,084,743</b>	<b>2,027,544</b>	<b>-</b>	<b>(57,199)</b>
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	-	-	118,988	<b>\$ -</b>	<b>\$ 118,988</b>
<b>Net Increase (Decrease)</b>	<b>\$ -</b>	<b>\$ -</b>			
Fund Balance, Beginning			1,058,351		
<b>Fund Balance, Ending</b>			<b>\$ 1,177,339</b>		

*See Notes to Required Supplementary Information*

# *COUNTY OF SCHUYLER*

## **SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Service Cost	\$ 2,215,722	\$ *	\$ *
Interest Cost	1,247,038	*	*
Changes of Benefit Terms	-	*	*
Differences Between Expected and Actual Experience	-	*	*
Changes in Assumptions or Other Inputs	(4,232,286)	*	*
Benefit Payments	(655,050)	*	*
	(1,424,576)	*	*
Total OPEB Liability - Beginning	35,786,667	*	*
Total OPEB Liability - Ending	\$ 34,362,091	\$ 35,786,667	\$ *
Covered Employee Payroll	\$ 11,790,856	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	<b>291%</b>	*	*

*Changes of Assumptions.* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate in effect for this period is 3.71%

\* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed for each year going forward as it becomes available.

*See Notes to Required Supplementary Information*

<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
<u>\$ *</u>						
<u><u>\$ *</u></u>						
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*

# ***COUNTY OF SCHUYLER***

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually Required Contribution	<b>\$ 1,739,864</b>	\$ 1,653,496	\$ 1,920,310
Contributions in Relation to the Contractually Required Contribution	<b>(1,739,864)</b>	(1,653,496)	(1,920,310)
Contribution Deficiency (Excess)	-	-	-
County's Covered - Employee Payroll	<b>10,986,070</b>	10,305,437	9,787,386
Contributions as a Percentage of Covered - Employee Payroll	<b>15.8%</b>	16.0%	19.6%

*See Notes to Required Supplementary Information*

<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<u>\$ 1,921,917</u>	<u>\$ 1,880,372</u>	<u>\$ 1,918,030</u>	<u>\$ 1,123,331</u>	<u>\$ 1,228,568</u>	<u>\$ 791,787</u>	<u>\$ 838,337</u>
(1,921,917)	(1,880,372)	(1,918,030)	(1,123,331)	(1,228,568)	(791,787)	(838,337)
-	-	-	-	-	-	-
9,516,886	9,336,382	9,561,026	8,120,917	9,295,102	9,659,619	9,213,511
20.2%	20.1%	20.1%	13.8%	13.2%	8.2%	9.1%

# ***COUNTY OF SCHUYLER***

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

	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
County's Proportion of the Net Pension Liability	<b>0.0493251%</b>	0.0660670%	0.0473124%	0.0458941%
County's Proportionate Share of the Net Pension Liability	<b>\$ 1,591,941</b>	\$ 4,379,266	\$ 7,593,776	\$ 1,550,413
County's Covered-employee Payroll During the Measurement Period	<b>10,874,916</b>	10,115,611	9,677,978	9,463,189
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	<b>14.6%</b>	43.3%	78.5%	16.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<b>98.2%</b>	94.7%	90.7%	97.9%

*See Notes to Required Supplementary Information*

# ***COUNTY OF SCHUYLER***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2018**

### ***Note 1* Budgetary Data**

#### **Budget Policies**

Budget policies are as follows:

1. 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 following funds:
  - General Fund
  - County Road Fund
  - Road Machinery Fund
2. After public hearings are conducted to obtain taxpayer comments, no later than December 20, the governing board adopts the budget.
3. All modifications of the budget 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.
4. Appropriations are adopted at the functional level by department.
5. Budgetary controls are established for the Capital Projects Fund through resolutions authorizing individual projects, which remain in effect for the life of the project.
6. An annual legal budget is not adopted for the STASC, which is a debt service fund and Special Grant Fund, which is a Special Revenue Fund. Budgetary controls for the STASC and Special Grant Fund are established in accordance with the applicable debt service schedules and grant agreements.
7. Appropriations lapse at year end.

#### **Encumbrances**

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

# COUNTY OF SCHUYLER

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2018

### *Note 1* **Budgetary Data - 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 Schedules for the budgeted major Governmental Funds, General and County Road Funds, present comparisons of the legally adopted budget with actual data.

### *Note 2* **Reconciliation of the General Fund Budget Basis to GAAP**

No adjustment is necessary to convert excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis as there were no encumbrances added to the actual expenditures recorded in the budgetary comparison schedules.

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

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

2018 - 3.71%

2017 - 3.31%

### *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.

# ***COUNTY OF SCHUYLER***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2018**

### ***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.

##### **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	Five-year phase in deferred recognition of each year's net investment income/loss in excess of (or less than) 7.5% at a rate of 20% per year, until fully recognized after five years. For fiscal years ending prior to June 30, 2015, realized and unrealized appreciation in excess of (or less than) the assumed inflationary rate of 4.0% is subject to the five-year phase in.
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 SCHUYLER

## COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2018

	<b>Special Revenue Funds</b>			<b>Total Non-Major Governmental Funds</b>
	<b>Special Grant Fund</b>	<b>Road Machinery Fund</b>	<b>Capital Fund</b>	
<b>ASSETS</b>				
Assets:				
Cash and Cash Equivalents - Unrestricted	\$	\$ 320,485	\$ 91,731	\$ 412,216
Cash and Cash Equivalents - Restricted	2,425			2,425
Due from Other Funds		2	2,026	2,028
Other Receivables, Net		23,226		23,226
<b>Total Assets</b>	<b>\$ 2,425</b>	<b>\$ 343,713</b>	<b>\$ 93,757</b>	<b>\$ 439,895</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$	\$ 61,705	\$ 31,731	\$ 93,436
Accrued Liabilities		4,293		4,293
Due to Other Funds		43,077	260	43,337
<b>Total Liabilities</b>	-	109,075	31,991	141,066
<b>Fund Balances</b>				
Restricted	2,425			2,425
Assigned		234,638	61,766	296,404
<b>Total Fund Balances</b>	2,425	234,638	61,766	298,829
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,425</b>	<b>\$ 343,713</b>	<b>\$ 93,757</b>	<b>\$ 439,895</b>

# COUNTY OF SCHUYLER

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

	<u>Special Revenue Funds</u>			<u>Total Non-Major Governmental Funds</u>
	<u>Special Grant Fund</u>	<u>Road Machinery Fund</u>	<u>Capital Fund</u>	
<b>REVENUES</b>				
Intergovernmental Charges	\$	\$ 248,946	\$	\$ 248,946
Use of Money and Property		116	88	204
Sale of Property and Compensation for Loss		15,733		15,733
<b>Total Revenues</b>	-	264,795	88	264,883
<b>EXPENDITURES</b>				
Transportation		1,096,321		1,096,321
Home and Community Services	14,767			14,767
Employee Benefits		102,155		102,155
Capital Outlay			583,836	583,836
<b>Total Expenditures</b>	14,767	1,198,476	583,836	1,797,079
Excess of Revenues (Expenditures)	(14,767)	(933,681)	(583,748)	(1,532,196)
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers in		955,051	589,660	1,544,711
Proceeds of Obligations			55,854	55,854
<b>Total Other Financing Sources</b>	-	955,051	645,514	1,600,565
<b>Excess of Revenues (Expenditures) and Other Financing Sources (Uses)</b>	(14,767)	21,370	61,766	68,369
Fund Balances, Beginning	17,192	213,268	-	230,460
<b>Fund Balances, Ending</b>	<b>\$ 2,425</b>	<b>\$ 234,638</b>	<b>\$ 61,766</b>	<b>\$ 298,829</b>

**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***

County Legislature  
County of Schuyler  
Watkins Glen, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Schuyler, New York (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 28, 2019.

***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 County’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

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

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
May 28, 2019



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

County Legislature  
County of Schuyler  
Watkins Glen, New York

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

We have audited the County of Schuyler, New York'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,



Inero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
May 28, 2019

# COUNTY OF SCHUYLER

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

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal Catalog #	Pass- Grantor #	Passed Through to Subrecipients	Expenditures
<b>Department of Agriculture</b>				
Passed Through NYS Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	(1)	\$	\$ 408,438
Total SNAP Cluster			-	408,438
<b>Total Department of Agriculture</b>			-	408,438
<b>Department of Justice</b>				
Passed Through NYS Division of Criminal Justice Services:				
Violence Against Women Formula Grants	16.588	C652062		35,600
Edward Byrne Memorial Justice Assistance Grant Program	16.738	T637444		21,000
Passed Through NYS Crime Victims Board:				
Crime Victim Assistance	16.575	C100030		48,939
<b>Total Department of Justice</b>			-	105,539
<b>Department of Transportation</b>				
Passed Through NYS Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	D034656		1,039,474
Highway Planning and Construction	20.205	D035508		56,912
Highway Planning and Construction	20.205	D035224		766,242
Total Highway Planning and Construction Cluster			-	1,862,628
Passed Through Division of Criminal Justice Services:				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	T523693		2,001
<b>Total Department of Transportation</b>			-	1,864,629
<b>Environmental Protection Agency</b>				
Passed Through NYS Department of Health:				
State Indoor Radon Grants	66.032	C30725GG		18,388
<b>Total Environmental Protection Agency</b>			-	18,388
<b>Department of Education</b>				
Passed Through NYS Department of Health:				
Special Education - Grants for Infants and Families	84.181	C31661GG		16,549
<b>Total Department of Education</b>			-	16,549
<b>Department of Health and Human Services</b>				
Passed Through NYS Office for the Aging:				
Aging Cluster:				
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(1)		41,426
Title III, Part C - Nutrition Services	93.045	(1)		83,427
Nutrition Services Incentive	93.053	(1)		27,557
Total Aging Cluster			-	152,410
Subtotal			-	2,565,953

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

# COUNTY OF SCHUYLER

## 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 Carried Forward			\$ -	\$ 2,565,953
<b>Department of Health and Human Services (Continued)</b>				
Passed Through National Association of County and City Health Officials:				
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	(1)		4,839
National Family Caregiver Support	93.052	(1)		27,558
Medicare Enrollment Assistance Program	93.071	(1)		13,203
CMS Research, Demonstrations, and Evaluations	93.779	(1)		36,693
Passed Through NYS Department of Health:				
Immunization Cooperative Agreements	93.268	C028318		29,516
Drug Free Communities Support Program	93.276	C96R655		86,150
Maternal and Child Health Services Block Grant to the States:				
Maternal and Child Health Services Block Grant to the States	93.994	C030919		6,174
Maternal and Child Health Services Block Grant to the States	93.994	T32683GG		14,573
Total Maternal and Child Health Services Block Grant to the States			-	20,747
Medicaid Cluster:				
Medical Assistance Program	93.778	(1)		342,258
Total Medicaid Cluster			-	342,258
Passed Through Health Research, Inc.:				
Public Health Emergency Preparedness	93.069	001609-10		22,857
Public Health Emergency Preparedness	93.069	001609-11		21,825
Public Health Emergency Preparedness	93.069	T32477		9,312
Public Health Emergency Preparedness Total			-	53,994
Passed Through NYS Office of Temporary and Disability Assistance:				
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	(1)		1,255,808
Total TANF Cluster			-	1,255,808
Child Support Enforcement	93.563	(1)		277,573
Low-Income Home Energy Assistance	93.568	(1)		1,297,029
Passed Through NYS Office of Children and Family Services:				
CCDF Cluster:				
Child Care and Development Block Grant	93.575	(1)		593,805
Total CCDF Cluster			-	593,805
Foster Care - Title IV-E	93.658	(1)		430,119
Adoption Assistance	93.659	(1)		147,325
Social Services Block Grant	93.667	(1)		328,938
Chafee Foster Care Independent Living	93.674	(1)		686
<b>Total Department of Health and Human Services</b>			-	5,098,651
<b>Department of Homeland Security</b>				
Passed Through NYS Office of Homeland Security:				
Emergency Management Performance Grants	97.042	T973375		12,387
Homeland Security Grant Program:				
Homeland Security Grant Program	97.067	C150759		36,288
Homeland Security Grant Program	97.067	T973352		3,042
Homeland Security Grant Program	97.067	T973362		7,975
Homeland Security Grant Program	97.067	T973350		41,916
Total Homeland Security Grant Program			-	89,221
<b>Total Department of Homeland Security</b>			-	101,608
<b>Total Expenditures of Federal Awards</b>			\$ -	<b>\$ 7,613,802</b>

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

# ***COUNTY OF SCHUYLER***

## **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, an entity as defined in Note 1 to the County's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

***Note 2***     **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

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 these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the basic financial statements.

***Note 3***     **Indirect Costs**

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

***Note 4***     **Matching Costs**

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

***Note 5***     **Department of Social Services - Administrative Costs**

Differences between the amounts reflected in the Schedule of Expenditures of Federal Awards and the Department of Social Service's federal financial reports (RF-2 claims) are due to the allocation of administrative costs to the individual programs.

***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.

# COUNTY OF SCHUYLER

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS 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    Xno

Significant deficiency(ies) identified that  
are not considered to be material weakness(es)?

\_\_\_yes    Xnone reported

Noncompliance material to financial statements  
noted?

\_\_\_yes    Xno

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_yes    Xno

Significant deficiency(ies) identified that  
are not considered to be material weakness(es)?

\_\_\_yes    Xnone 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    Xno

Identification of major programs:

#### CFDA Numbers

#### Name of Federal Program or Cluster

20.205

Highway Planning and Construction Cluster

93.558

Temporary Assistance for Needy Families

93.658

Foster Care - Title IV-E

Dollar threshold used to distinguish between  
type A and type B programs

\$750,000

Auditee qualified as low-risk auditee

Xyes    \_\_\_no

Section II - **Financial Statement Findings** - None noted.

Section III - **Federal Award Findings and Questioned Costs** - None noted.