

# COUNTY OF TOMPKINS

Ithaca, New York

## FINANCIAL STATEMENTS

December 31, 2016



# ***COUNTY OF TOMPKINS***

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# ***COUNTY OF TOMPKINS***

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## **INDEPENDENT AUDITOR'S REPORT**

County Legislature  
County of Tompkins  
Ithaca, 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 Tompkins, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County of Tompkins' basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Tompkins Cortland Community College, which represents 6.4% and 16.7% respectively, of the assets and net position of the primary government. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Tompkins Cortland Community College, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, 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 Tompkins, as of December 31, 2016, 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, 2016, the County adopted Government Accounting Standards Board Statement No. 77, "Tax Abatement Disclosures." 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 Funding Progress, the Schedule of County Contributions, and the Schedule of the County's Proportionate Share of the Net Pension Liability, on pages 4-4m and 66-75 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 of Tompkins' basic financial statements. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, on our consideration of the County of Tompkins' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Tompkins' internal control over financial reporting and compliance.

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  
June 30, 2017

***COUNTY OF TOMPKINS***  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

Our discussion and analysis of the County of Tompkins' financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2016. Please read this information in conjunction with the County's financial statements, which begin on page 5.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$151,570,538 (net position). Of this amount, \$14,205,418 (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's overall net position decreased \$(2,413,702), or (1.6)%, while unrestricted net position decreased by \$(6,154,721), or (30.2)%, largely as a result of a decrease in the equity interest in joint ventures and changes in the County's share of pension obligations and other postemployment benefits liabilities.
- During the year, the County had revenues of \$180,150,745, as compared to \$188,639,136 in 2015, a decrease of \$8,488,391. Expenses of \$182,564,447 increased by \$4,734,437, from \$177,830,010 in 2015.
- The County invested \$17.5 million in capital assets during the year.
- The General Fund recorded an increase of \$2,508,234 in 2016 and ended the year with a fund balance of \$40,835,282. Of this fund balance, \$35,024,437 was unassigned.
- The County's short-term and long-term obligations at year end totaled \$167,485,025, an increase of \$25,644,612 from 2015. This increase is primarily attributable to increases in OPEB payable of over \$6.8 million, Bond Anticipation Notes payable of \$3 million, and the proportionate share of net pension liability of \$19.5 million, offset with decreases in serial bonds and installment purchase debt of \$1.7 million and \$1.2 million, respectively.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 5-6a) provide information about the County as a whole and present a longer-term view of the County's finances. Governmental Fund financial statements start on page 7. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the County's operations in 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 Funding Progress related to the County's other postemployment benefits, a Schedule of County's Contributions, and a Schedule of the County's Proportionate Share of Net Pension Liability.

***COUNTY OF TOMPKINS***  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**Reporting the County as a Whole**

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

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.

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, Economic Assistance, Transportation, and General Administration. Property and sales taxes, and state and federal grants finance most of these activities.

**Component Units:** The County includes four separate legal entities in its report - Tompkins County Public Library, Tompkins County Industrial Development Agency, Tompkins County Soil and Water Conservation District, and Tompkins Tobacco Asset Securitization Corporation (TTASC). TTASC is reported as a blended component unit with the County's Governmental Activities, complete financial statements can be obtained from the Tompkins County Director of Finance, 125 East Court Street, Ithaca, New York 14850. The other three 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 Tompkins County Public Library, Tompkins County Industrial Development Agency, Tompkins County Soil and Water Conservation District can be obtained from their administrative offices. See Note 1 to the basic financial statements.



**COUNTY OF TOMPKINS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Joint Ventures:** The County reports its interest in the equity of two joint ventures - Tompkins Consolidated Area Transit (TCAT), which was formed under a consolidation agreement between the City of Ithaca, Tompkins County, and Cornell University, to provide public transportation in Tompkins County and surrounding areas, and Tompkins Cortland Community College, a joint venture between Tompkins and Cortland Counties. Complete financial statements for these entities can be obtained from their administrative offices. See Note 1 to the basic financial statements.

### **Reporting the County's Most Significant Funds**

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

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

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

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

**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 and Statement of Changes in Fiduciary Net Position. 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.

***COUNTY OF TOMPKINS***  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**THE COUNTY AS A WHOLE**

The County's net position for the fiscal year ended December 31, 2016 decreased \$(2,413,702), from \$153,984,240 to \$151,570,538. In contrast, net position increased by \$10,809,126 during 2015.

The largest portion of the County's net position of \$129,098,762, or 85.2%, 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 of \$8,266,358, or 5.5%, represents resources subject to external restrictions on how they may be used and are reported as restricted.

The remaining category of total net position, unrestricted net position of \$14,205,418 may be used to meet the government's ongoing obligations and services to creditors and citizens. Of these net resources, the County has appropriated \$1,095,928 for 2017 expenses and designated an additional \$41,746,670 for specific purposes.

**COUNTY OF TOMPKINS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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

*Figure 1 - Net Position*

	<i>Governmental Activities</i>		<i>Percent Change</i>
	<i>2015</i>	<i>2016</i>	<i>2015-2016</i>
<i>Current assets - County</i>	\$ 82,983,246	\$ 89,911,385	8.35%
<i>Current assets - TTASC</i>	1,189,137	718,115	(39.61)%
<i>Capital assets, net</i>	186,832,628	192,319,230	2.94%
<i>Other noncurrent assets - County</i>	35,300,136	30,934,320	(12.37)%
<i>Other noncurrent assets - TTASC</i>	649,779	649,779	0.00%
<b><i>Total Assets</i></b>	<b>306,954,926</b>	<b>314,532,829</b>	<b>2.47%</b>
<i>Deferred charges on defeased debt</i>	663,873	542,112	(18.34)%
<i>Pensions</i>	5,826,207	25,797,727	(342.79)%
<b><i>Total Deferred Outflows of Resources</i></b>	<b>6,490,080</b>	<b>26,339,839</b>	<b>305.85%</b>
<i>Current liabilities - County</i>	27,990,101	31,341,987	11.98%
<i>Current liabilities - TTASC</i>	1,337,902	1,074,262	(19.71)%
<i>Noncurrent liabilities - County</i>	118,318,118	142,078,449	20.08%
<i>Noncurrent liabilities - TTASC</i>	11,278,709	11,286,616	0.07%
<b><i>Total Liabilities</i></b>	<b>158,924,830</b>	<b>185,781,314</b>	<b>16.90%</b>
<i>Pensions</i>	535,936	3,520,816	556.95%
<b><i>Total Deferred Inflows of Resources</i></b>	<b>535,936</b>	<b>3,520,816</b>	<b>556.95%</b>
<i>Net investment in capital assets</i>	124,990,838	129,098,762	3.29%
<i>Restricted</i>	8,633,263	8,266,358	(4.25)%
<i>Unrestricted</i>	20,360,139	14,205,418	(30.23)%
<b><i>Total Net Position</i></b>	<b>\$ 153,984,240</b>	<b>\$ 151,570,538</b>	<b>(1.57)%</b>

Current assets of the County increased \$6,457,117 primarily as result of an increases in cash balances at year end of \$6,877,473, and \$668,814 in amounts due from State and Federal governments, offset by decreases in accounts receivables of \$(681,106) and \$(467,500) from the County and TASC, respectively. Capital assets, net increased \$5,486,602 largely as a result of capital additions of \$17,524,420 exceeding depreciation expense of \$(11,133,106). Other noncurrent assets decreased \$(4,365,816) due to decreases in the equity interests of joint ventures of \$(2,386,919) and restricted cash of \$(1,559,770).

Deferred outflows and deferred inflows of resources increased \$19,849,759 and \$2,984,880, respectively, based on actuarially determined changes related to the County's proportionate share of the New York State and Local Retirement System pension plan.

**COUNTY OF TOMPKINS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

Current liabilities increased \$3,088,246 largely as a result of increases in BAN's payable of \$3,015,000. The County's noncurrent liabilities increased by \$23,768,238 primarily as a result of the recognition of additional other postemployment benefits payable of \$6,795,438, an increase in long-term pension obligations of \$19,500,437, offset by a decrease of \$(2,333,619) in the long-term portion of debt and other noncurrent obligations.

The County's total revenues decreased by (4.5)%, while the total cost of all programs and services increased by 2.7%. Our analysis in Figure 2 separately considers the operations of Governmental Activities.

**Figure 2 - Changes in Net Position**

	<i>Governmental Activities</i>		<i>Percent Change</i>
	<i>2015</i>	<i>2016</i>	<i>2015 - 2016</i>
<b>REVENUES</b>			
<i>Program Revenues:</i>			
<i>Charges for services</i>	\$ 18,278,059	\$ 19,251,666	5.33%
<i>Operating grants</i>	45,900,684	46,747,090	1.84%
<i>Capital grants</i>	15,443,684	13,034,232	(15.60)%
<i>General Revenues:</i>			
<i>Property taxes and tax items</i>	45,026,029	45,511,873	1.08%
<i>Sales and other taxes</i>	53,965,783	53,640,142	(0.60)%
<i>Tobacco settlement - County</i>	985,050	701,300	(28.81)%
<i>Tobacco settlement - TTASC</i>	984,664	698,287	(29.08)%
<i>Unrestricted grants</i>	608,749	576,721	(5.26)%
<i>Use of money and property</i>	1,874,581	2,307,941	23.12%
<i>Change in equity interest in joint ventures</i>	4,601,634	(2,386,919)	(151.87)%
<i>Other</i>	970,219	68,412	(92.95)%
<b>Total Revenues</b>	<b>188,639,136</b>	<b>180,150,745</b>	<b>(4.50)%</b>
<b>PROGRAM EXPENSES</b>			
<i>General government</i>	31,271,170	33,436,284	6.92%
<i>Education</i>	9,215,359	8,725,878	(5.31)%
<i>Public safety</i>	21,898,942	24,642,491	12.53%
<i>Public health</i>	20,011,658	20,369,001	1.79%
<i>Transportation</i>	25,063,600	23,269,990	(7.16)%
<i>Economic assistance and opportunity</i>	55,269,068	55,296,836	0.05%
<i>Culture and recreation</i>	5,498,478	5,769,042	4.92%
<i>Home and community services</i>	7,495,828	8,760,552	16.87%
<i>Interest on debt</i>	2,105,907	2,294,373	8.95%
<b>Total Expenses</b>	<b>177,830,010</b>	<b>182,564,447</b>	<b>2.66%</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 10,809,126</b>	<b>\$ (2,413,702)</b>	<b>(122.33)%</b>

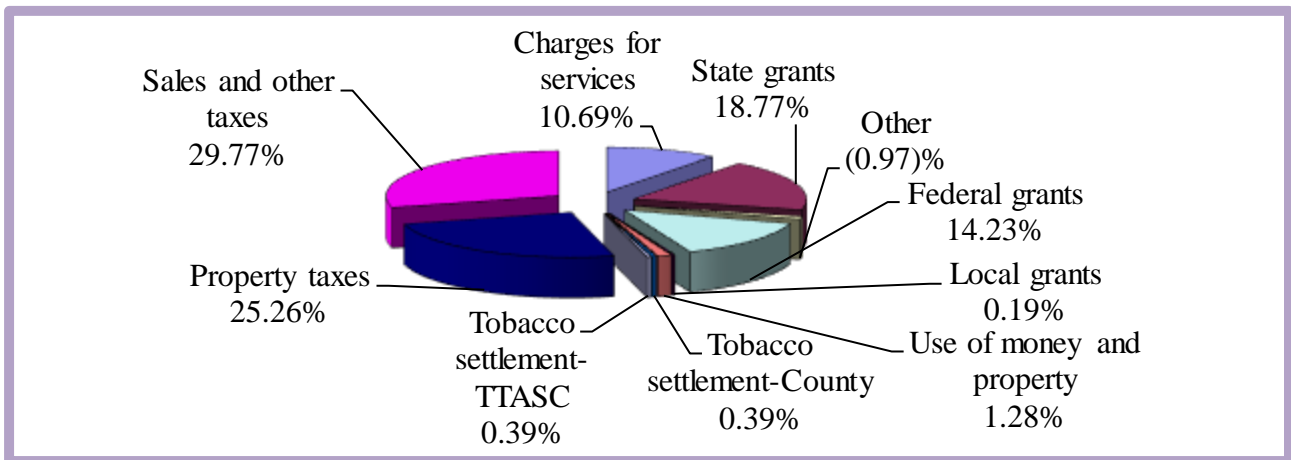
**COUNTY OF TOMPKINS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

The decrease in revenue of \$(8,488,391) was primarily due to a decrease in the equity interest in joint ventures over the prior year of \$(6,988,553), and decreased transportation grant revenue of \$(1,671,127).

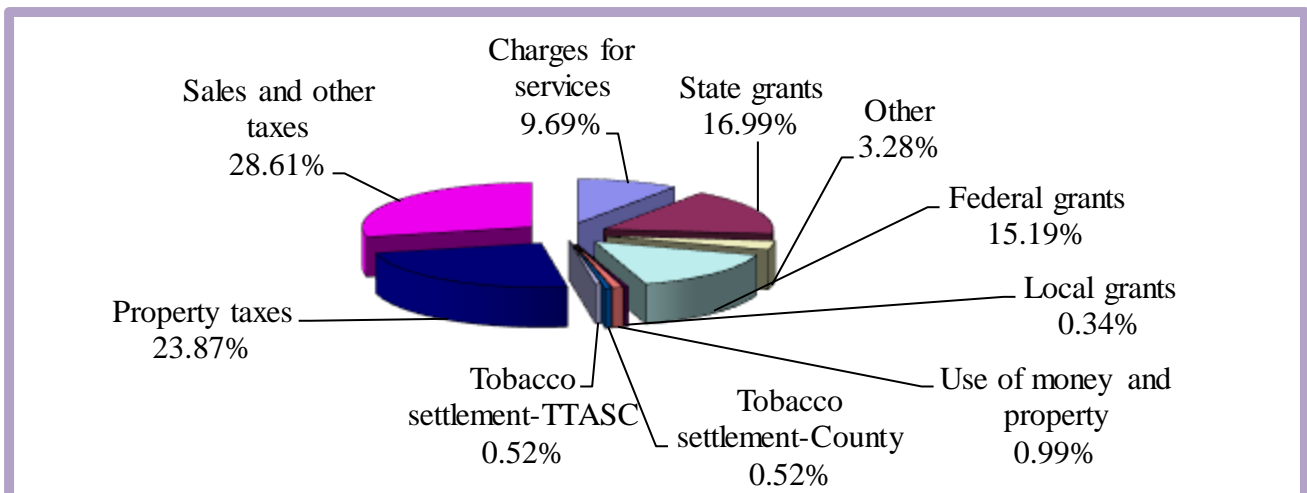
Expenses increased by \$4,734,437, or 2.7%, mostly as a result of current year increases in GASB Statement No. 68 pension expense of \$4,580,093.

Figures 3 and 4 show in percentages the sources of revenue for 2016 and 2015.

**Figure 3 - Revenue by Source  
 Governmental Activities - 2016**



**Figure 4 - Revenue by Source  
 Governmental Activities - 2015**



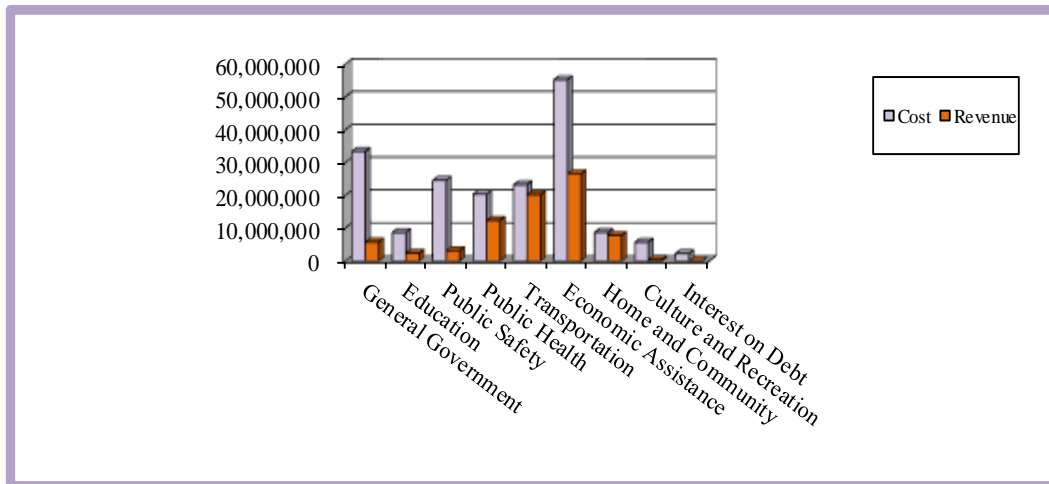
**COUNTY OF TOMPKINS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

The cost of all Governmental Activities this year was \$182,564,447. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County property and other tax revenues was \$103,531,459, because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Overall, the County's governmental program revenues were \$79,032,988. The County paid for the remaining "public benefit" portion of Governmental Activities with \$101,117,757 in taxes and with other revenues, such as interest and general entitlements.

A comparison of program expenses, outlined in Figure 2, highlights the following: general government program activities reflected an increase, education program activities decreased and public safety program expenses increased. Public health expenses increased and transportation expenses decreased compared to 2015. Overall, program expenses of the County's Governmental Activities increased \$4,734,437, which is less than 3% over the prior year.

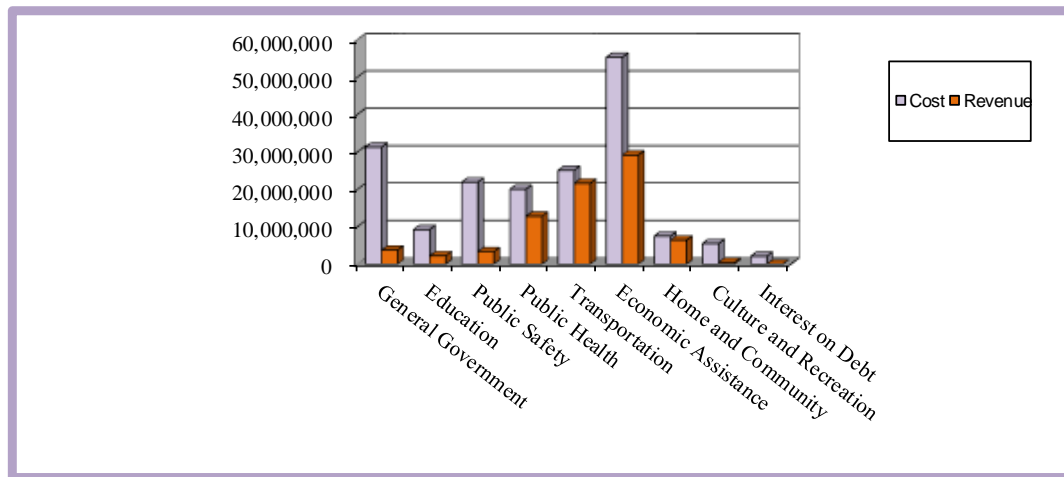
The total cost versus revenue generated by activities for the County's largest programs is presented below. The difference between the cost and revenue shows the relative financial burden placed on the County's taxpayers by each of these functions.

**Figure 5 - Net Program Cost  
 Governmental Activities  
 2016**



**COUNTY OF TOMPKINS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Figure 6 - Net Program Cost  
 Governmental Activities  
 2015**



**THE COUNTY'S FUNDS**

At December 31, 2016, the County's Governmental Funds, as presented in the balance sheets on pages 7-7a, reported a combined fund balance of \$63,799,188, which is an increase of 1.2% from the prior year. Of this amount, \$1,751,172 was non-spendable, \$10,527,776 was restricted, \$3,951,185 was committed, and \$12,544,618 was assigned, leaving \$35,024,437 in unassigned fund balance. Figure 7 shows the changes in fund balance for the County's Governmental Funds.

**Figure 7 - Governmental Funds  
 Fund Balance at Years Ended**

	2015	2016	Dollar Change
<b>Major Funds:</b>			
General Fund	\$ 38,327,048	\$ 40,835,282	\$ 2,508,234
County Road Fund	2,851,818	2,328,057	(523,761)
Transportation (Airport) Fund	(160,614)	35,945	196,559
Solid Waste Fund	1,248,724	2,325,338	1,076,614
Special Grant Fund	1,515,260	1,597,346	82,086
Capital Projects Funds - Transportation	4,823,093	3,428,226	(1,394,867)
Debt Service Fund	1,842,182	2,118,919	276,737
<b>Non-Major Funds:</b>			
Road Machinery Fund	1,606,370	1,208,889	(397,481)
Capital Funds	9,176,906	8,553,292	(623,614)
TTASC Debt Service Fund	1,838,916	1,367,894	(471,022)
<b>Totals</b>	<b>\$ 63,069,703</b>	<b>\$ 63,799,188</b>	<b>\$ 729,485</b>

**COUNTY OF TOMPKINS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

Fund balance of the County's major funds increased by 4.4% primarily due to increases in fund balances of the General Fund and the Solid Waste Fund, offset by the Capital Projects Fund - Transportation decrease. The increase in General Fund is related to favorable budget variances of \$5,569,974. The increase in Solid Waste is due to charges for services and state aid exceeding expenditures.

**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 do not increase the overall budget. Throughout the year, it was necessary to transfer approximately \$904,985 from the contingent fund in order to offset over-runs in mandated programs. 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 where the majority of the funding came from federal and state sources.

**Figure 8 - Budgetary Comparison Schedule - General Fund**  
**December 31, 2016**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual w/Encumbrances</i>	<i>Variance Fav.(Unfav.)</i>
<b>REVENUES</b>				
<i>Real property taxes and tax items</i>	\$ 48,991,375	\$ 48,991,375	\$ 45,409,313	\$ (3,582,062)
<i>Nonproperty tax items</i>	51,064,209	51,192,375	53,640,142	2,447,767
<i>Departmental income</i>	8,980,402	9,147,902	8,544,229	(603,673)
<i>Fines and forfeitures</i>	264,725	283,519	224,994	(58,525)
<i>Use of money and property</i>	468,271	468,271	596,500	128,229
<i>Miscellaneous local sources</i>	2,052,289	2,176,988	659,298	(1,517,690)
<i>Sale of property and compensation for loss</i>	661,500	671,881	864,174	192,293
<i>State sources</i>	25,342,504	26,312,143	28,254,405	1,942,262
<i>Federal sources</i>	18,695,911	19,106,182	16,872,118	(2,234,064)
<i>Other</i>	491,633	705,130	1,493,284	788,154
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 157,012,819</b>	<b>\$ 159,055,766</b>	<b>\$ 156,558,457</b>	<b>\$ (2,497,309)</b>
<b>Appropriated Fund Balances</b>	<b>\$ 918,236</b>	<b>\$ 3,876,233</b>		
<b>EXPENDITURES</b>				
<i>General government</i>	\$ 30,311,434	\$ 30,276,082	\$ 29,081,304	\$ 1,194,778
<i>Education</i>	9,391,968	9,391,968	8,674,341	717,627
<i>Public safety</i>	17,094,872	19,854,949	19,356,856	498,093
<i>Public health</i>	18,837,430	19,320,328	17,842,416	1,477,912
<i>Transportation</i>	9,509,462	9,694,944	9,261,811	433,133
<i>Economic assistance and opportunity</i>	52,725,200	53,646,375	51,306,022	2,340,353
<i>Culture and recreation</i>	5,349,687	5,402,958	5,361,270	41,688
<i>Home and community services</i>	1,595,323	2,393,228	1,908,681	484,547
<i>Employee benefits</i>	1,973,415	1,592,810	679,783	913,027
<i>Other financing uses</i>	11,142,264	11,358,357	11,392,232	(33,875)
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 157,931,055</b>	<b>\$ 162,931,999</b>	<b>\$ 154,050,223</b>	<b>\$ 8,067,283</b>
<b>Excess of (Expenditures) and Other Financing (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,508,234</b>	<b>\$ 5,569,974</b>



**COUNTY OF TOMPKINS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of December 31, 2016, the County had \$192,319,230, net of accumulated depreciation of \$(171,796,125), invested in a broad range of capital assets, including buildings, machinery and equipment, roads and bridges. This amount represents a net increase (including additions, disposals and depreciation) of \$5,486,602 from the prior year.

*Figure 9 - Capital Assets, Net of Depreciation*

	<i>Governmental Activities</i>		<i>Percent Change</i>
	<i>2015</i>	<i>2016</i>	<i>2015 - 2016</i>
<i>Land</i>	\$ 7,518,613	\$ 7,518,613	0.00%
<i>Construction in progress</i>	17,835,072	16,694,795	(6.39%)
<i>Buildings and improvements</i>	43,454,388	44,093,196	1.47%
<i>Equipment</i>	9,434,787	9,932,700	5.28%
<i>Infrastructure</i>	108,589,768	114,079,926	5.06%
<b><i>Totals</i></b>	<b>\$ 186,832,628</b>	<b>\$ 192,319,230</b>	<b>2.94%</b>

Land and construction in progress	\$ 10,187,887
Buildings and building improvements	3,923,669
Machinery and equipment	2,144,188
Infrastructure	1,268,676
Total Additions	17,524,420
Less net book value of disposals	(904,712)
Less depreciation expense	(11,133,106)
<b>Change in Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 5,486,602</b>

**Debt Administration**

The County's total debt obligations and other long-term liabilities increased in 2016 by \$25,644,612, as shown in Figure 10. Of the total indebtedness of the County, \$53,915,000 was subject to the constitutional debt limit and represented approximately 11.62% of the County's statutory debt limit. Tobacco settlement pass-through bonds are debt of the Tompkins Tobacco Asset Securitization Corporation (TTASC), under which 50% of the County's future tobacco settlement proceeds were securitized. The County is not responsible for this debt in the event the TTASC were to default on repayment of the bonds.

**COUNTY OF TOMPKINS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

*Figure 10 - Outstanding Debt at Years Ended*

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2015</i>	<i>2016</i>	<i>2015 - 2016</i>
<i>Serial bonds</i>	\$ 50,575,223	\$ 48,804,556	\$ (1,770,667)
<i>Bond Anticipation Notes payable</i>	4,590,000	7,605,000	3,015,000
<i>Compensated absences</i>	3,922,113	3,691,447	(230,666)
<i>Installment purchase debt</i>	2,513,923	1,277,521	(1,236,402)
<i>Workers' compensation claims</i>	1,055,991	883,196	(172,795)
<i>Other postemployment benefits liability</i>	61,525,787	68,321,225	6,795,438
<i>Net pension liability - proportionate share</i>	5,040,765	24,541,202	19,500,437
<i>Tobacco settlement pass-through bonds</i>	12,616,611	12,360,878	(255,733)
<b><i>Totals</i></b>	<b>\$ 141,840,413</b>	<b>\$ 167,485,025</b>	<b>\$ 25,644,612</b>

The County continues to maintain excellent financial credit as reflected by a Moody's bond rating of Aa1 on its 2015 and 2016 Bonds. More detailed information about the County's long-term liabilities is presented in Note 10 to the basic financial statements.

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

Tompkins County is benefiting from a growing tax base, particularly within the City of Ithaca, and is continuing to see monthly employment numbers that are at, or near, record levels. The County's unemployment rate as of this writing is 3.8% compared to the state's unemployment rate of 4.4%, ranking us the sixth lowest in New York State. Importantly, the economy of the central city is robust, with significant taxable development occurring in Ithaca's central business district. Downtown has recently seen the opening of a new, \$32 million, 160-room Marriott Hotel that anchors the recently refurbished downtown Ithaca Commons, as well as several new upscale residential developments including the 7-story Lofts at Six Mile Creek. A new \$30 million headquarters of Tompkins Trust is well-underway and expected to open in Spring 2018. Several major projects are expected to start construction this year including the 12-story, \$43 million Herald's Square residential and commercial development; a new \$20 million, 150-room Hilton Canopy Hotel; the 8-story, 193-unit City Centre residential development; and a 50-unit residential development on the site of a former County Library.

In the years following the 2008-09 Recession, the County has stabilized its finances and has been able to sustain critical services with modest increases in the local property tax rate. The County has kept its workforce 7.1% smaller than its peak in fiscal year 2009 and negotiated restrained wage growth with nearly all of its labor unions. Like all counties in New York State, Tompkins has been affected by the rising cost of State-mandated programs. However, the budgeted local dollar cost of State-mandated human service programs has declined from \$22.6 million in 2013 to \$21.3 million in 2017 as human services caseloads declined following a surge in dependence on public services during the Recession, State funding remained stable, and Medicaid savings associated with the introduction of the Affordable Care Act were shared by the State with the counties. Similarly, pension rates that soared immediately after the 2008-09 Recession peaked at 20.9% in 2013 and then declined every year thereafter to the current rate of 15.3%.

***COUNTY OF TOMPKINS***  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

The 2017 County Budget was subject to a Tax Levy Limitation Law that restricts the growth of the property tax levy to 2.22%. The adopted 2.93% tax levy increase is above the projected 2.22% State-imposed property tax cap. The \$173 million adopted budget, which included \$85 million in local dollar spending, increases the County tax levy by 1.2% and decreases the countywide average tax rate by approximately 1.6% from \$6.73 to \$6.62 per thousand, and the tax bill for the owner of a median-value \$175,000 county home rose by \$15.64.

The 2017 total tax levy of \$44.9 million (after applying sales tax credits as an offset to the County levy in several towns, and after adding in election chargebacks) reflects an increase of \$1.56 million, or 3.6%, over the 2016 total tax levy of \$43.3 million. Property valuations and tax collections remain stable. Taxable values saw robust growth, rising from \$6,936,747,730 to \$7,251,365,783, or 4.5%.

The 2017 budget reflects modest reliance on General Fund Balance to support operations of \$1,095,928. This judicious use of reserves ensures the County's Unassigned Fund Balance will be kept safely above the County's Unassigned Fund Balance target of 10% of General Fund revenue. Sales tax receipts are estimated to decrease by 1.8% or \$628,000 from 2016 (budget to budget).

The 2017-budgeted salary base is \$41.8 million, as compared to 2016's actual salary base of \$41.2 million. The 2017 budget included funds for restrained 2017 wage growth. A few new positions were added to the County roster in the 2017 budget; total number of full-time employees went up by 12.8. After four years of sharp increases, the County's pension contribution rate decreased from 20.9% of payroll in 2013 to 20.1% in 2014 to 18.2% in 2015 to 15.5% in 2016, and is projected to decrease to 15.3% in 2017. The retirement cost in dollars shows an increase of \$358,000 in 2017 (budget to budget), due to the larger salary base.

As of this date, labor agreements are in place for nearly all County employees. The contract with the Correctional Officers union (43 members) expired at the end of 2014 and a tentative settlement has been reached covering the 2015-17 period. Negotiations on successor agreements are ongoing. The County, as a matter of fiscal policy, reserves funds for anticipated settlements. The adopted 2017 budget provided resources for future contracts consistent with settlements of other employee units.

Health insurance costs are projected to increase from \$9.7 million (2016 actual) to \$10.3 million (2017 budget), an increase of 6.75%.

The County continues to anticipate and fiscally plan for those areas outside of its control which could have a material effect on future tax levies. The most significant areas considered outside its control are mid-year funding cutbacks from state and federal government and/or unanticipated increases in mandated programs. The 2017 budget provides a Contingency Account of \$1,107,000 for such circumstances.

***COUNTY OF TOMPKINS***  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

The County will continue to invest in infrastructure replacements. As a matter of policy, the County increases its property tax levy by 0.5% annually, and dedicates the proceeds of that increase to infrastructure investment (including debt service support.) In 2017, the County committed \$5.9 million from its tax levy to its capital program—an increase of \$233,000 over the year before. A Capital Improvement Plan that provides both a programmatic and fiscal blueprint to address essential facilities and infrastructure needs while also providing guidance on the management of debt is in place. The County anticipates completing permanent financing on several projects during 2017, including \$5,455,000 in new bonds. It will also be necessary in 2017 to issue Bond Anticipation Notes to finance the cash flow needs of certain projects that are on a cost reimbursement basis. These Bond Anticipation Notes will be retired upon receipt of project cost reimbursements.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our 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 Richard C. Snyder, Director of Finance, Tompkins County, 125 East Court Street, Ithaca, New York 14850.

# COUNTY OF TOMPKINS

## STATEMENT OF NET POSITION DECEMBER 31, 2016

	Primary	Component Units		
	Government Governmental Activities	Tompkins County Public Library	Industrial Development Agency	Soil and Water Conservation District
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 55,214,546	\$ 2,003,232	\$ 576,384	\$ 381,712
Restricted cash	6,537,478			834,966
Restricted cash - TTASC	114,585			
Taxes receivable, net	5,436,552			
Accounts receivable, net	3,162,791	24,489	36,146	
Accounts receivable - TTASC, net	600,000			
Loans receivable - Current portion	221,951			
Due from State and Federal governments	16,798,560			96,610
Due from other governments	639,865	429		
Securities and mortgages	152,000			
Prepaid expenses	1,751,172	263,375		6,218
<b>Total Current Assets</b>	<b>90,629,500</b>	<b>2,291,525</b>	<b>612,530</b>	<b>1,319,506</b>
<b>Noncurrent Assets</b>				
Restricted cash and cash equivalents	3,757,849	151,431		
Restricted investments - TTASC	649,779			
Investments		1,701,552		
Accounts receivable in more than one year		103,218		
Loans receivable - Long-term portion	951,658			
Securities and mortgages	1,015,080			
Equity interest in joint ventures	25,209,733			
Capital assets - Land and construction in progress	24,213,408			
Capital assets - Depreciable, net of accumulated depreciation	168,105,822	921,210		95,064
<b>Total Noncurrent Assets</b>	<b>223,903,329</b>	<b>2,877,411</b>	<b>-</b>	<b>95,064</b>
<b>Total Assets</b>	<b>314,532,829</b>	<b>5,168,936</b>	<b>612,530</b>	<b>1,414,570</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions	25,797,727	1,210,320		170,631
Deferred charges on defeased debt	542,112			
<b>Total Deferred Outflows of Resources</b>	<b>26,339,839</b>	<b>1,210,320</b>	<b>-</b>	<b>170,631</b>

*See Independent Auditor's Report and Notes to Financial Statements*

# COUNTY OF TOMPKINS

## STATEMENT OF NET POSITION DECEMBER 31, 2016

	Primary	Component Units		
	Government Governmental Activities	Tompkins County Public Library	Industrial Development Agency	Soil and Water Conservation District
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	8,501,587	201,631		118,139
Accrued liabilities	1,541,416	102,823		5,222
Bond Anticipation Notes payable	7,605,000			
Interest payable	440,300			
Due to other governments	4,604,248			380,300
Refundable advances	2,993,867			834,966
Other	214,871			
Long-term obligations due within one year - County	5,440,698			
Long-term obligations due within one year - TTASC	1,074,262			
<b>Total Current Liabilities</b>	<b>32,416,249</b>	<b>304,454</b>	-	<b>1,338,627</b>
<b>Noncurrent Liabilities</b>				
Long-term obligations due after one year	117,537,247	4,633,313		
Long-term obligations due after one year - TTASC	11,286,616			
Net pension liability - proportionate share	24,541,202	1,168,629		175,403
<b>Total Noncurrent Liabilities</b>	<b>153,365,065</b>	<b>5,801,942</b>	-	<b>175,403</b>
<b>Total Liabilities</b>	<b>185,781,314</b>	<b>6,106,396</b>	-	<b>1,514,030</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	3,520,816	167,657		59,253
<b>Total Deferred Inflows of Resources</b>	<b>3,520,816</b>	<b>167,657</b>	-	<b>59,253</b>
<b>NET POSITION</b>				
Net investment in capital assets	129,098,762	921,210		95,064
<b>Restricted for</b>				
Community development	2,770,074			
Debt	4,650,363			
Public safety	202,950			
Economic assistance and opportunity	393,174			
Home and community services	199,774			
Capital projects	50,023			
Library - Expendable		502,497		
Library - Nonexpendable		674,243		
<b>Total Restricted Net Position</b>	<b>8,266,358</b>	<b>1,176,740</b>	-	-
<b>Unrestricted</b>	<b>14,205,418</b>	<b>(1,992,747)</b>	<b>612,530</b>	<b>(83,146)</b>
<b>Total Net Position</b>	<b>\$ 151,570,538</b>	<b>\$ 105,203</b>	<b>\$ 612,530</b>	<b>\$ 11,918</b>

See Independent Auditor's Report and Notes to Financial Statements

# COUNTY OF TOMPKINS

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General governmental support	\$ 33,436,284	\$ 2,910,938	\$ 2,931,757	\$ _____
Education	8,725,878	_____	2,385,675	_____
Public safety	24,642,491	472,225	894,056	1,868,077
Health	20,369,001	4,458,850	7,947,950	572
Transportation	23,269,990	3,495,104	5,572,229	11,165,583
Economic assistance and opportunity	55,296,836	1,749,938	24,878,208	_____
Culture and recreation	5,769,042	214,387	250,733	_____
Home and community services	8,760,552	5,950,224	1,886,482	_____
Interest on debt-county	1,443,238	_____	_____	_____
Interest on debt-TASC	851,135	_____	_____	_____
<b>Total Governmental Activities</b>	<b>\$ 182,564,447</b>	<b>\$ 19,251,666</b>	<b>\$ 46,747,090</b>	<b>\$ 13,034,232</b>
<b>Component Units</b>				
Tompkins County Public Library	\$ 5,015,227	\$ 67,442	\$ 4,657,743	\$ _____
Industrial Development Agency	553,194	232,277	_____	_____
Soil and Water Conservation District	1,214,679	17,359	1,169,269	_____
<b>Total Component Units</b>	<b>\$ 6,783,100</b>	<b>\$ 317,078</b>	<b>\$ 5,827,012</b>	<b>\$ -</b>

Net (Expense) and Changes in Net Position

### GENERAL REVENUES

Taxes:

Property taxes, levied for general purposes

Property tax items

Sales and other taxes

Tobacco settlement payments - County

Tobacco settlement payments - TTASC

Grants and contributions not restricted to specific programs

Use of money and property

Miscellaneous

Sale of property and compensation for loss

Change in equity in joint ventures

### Total General Revenues

Change in Net Position

Net Position - Beginning of Year

**Net Position - End of Year**

*See Independent Auditor's Report and Notes to Financial Statements*

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

<b>Primary Government Total Governmental Activities</b>	<b>Component Units</b>		
	<b>Tompkins County Public Library</b>	<b>Industrial Development Agency</b>	<b>Soil and Water Conservation District</b>
\$ (27,593,589)	\$	\$	\$
(6,340,203)			
(21,408,133)			
(7,961,629)			
(3,037,074)			
(28,668,690)			
(5,303,922)			
(923,846)			
(1,443,238)			
(851,135)			
<u>(103,531,459)</u>	-	-	-
	(290,042)		
		(320,917)	
			(28,051)
-	(290,042)	(320,917)	(28,051)
<u>(103,531,459)</u>	<u>(290,042)</u>	<u>(320,917)</u>	<u>(28,051)</u>
43,246,885			
2,264,988			
53,640,142			
701,300			
698,287			
576,721			
2,307,941	988	502	488
671,061	18,907		6,095
(602,649)			
(2,386,919)			
<u>101,117,757</u>	<u>19,895</u>	<u>502</u>	<u>6,583</u>
<u>(2,413,702)</u>	<u>(270,147)</u>	<u>(320,415)</u>	<u>(21,468)</u>
<u>153,984,240</u>	<u>375,350</u>	<u>932,945</u>	<u>33,386</u>
<b>\$ <u>151,570,538</u></b>	<b>\$ <u>105,203</u></b>	<b>\$ <u>612,530</u></b>	<b>\$ <u>11,918</u></b>



# COUNTY OF TOMPKINS

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2016

	Major Funds		
	General Fund	Special Revenue Funds	
		County Road Fund	Transportation Fund
<b>ASSETS</b>			
Cash and cash equivalents - Unrestricted	\$ 31,193,403	\$ 2,535,509	\$ 17,475
- Restricted	2,173,140		
Temporary investments - Restricted			
Taxes receivable, net	5,436,552		
Due from other funds	1,288,131	42	166,331
Due from Fiduciary Funds	23,789		
Due from state and federal governments	13,976,301	60,347	22,770
Due from other governments	529,865		
Other receivables, net	2,316,133		517,761
Prepaid expenses	1,727,284	37	16,515
Securities and mortgages			
Loans receivable			
<b>Total Assets</b>	<b>\$ 58,664,598</b>	<b>\$ 2,595,935</b>	<b>\$ 740,852</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 6,194,219	\$ 154,635	\$ 98,192
Accrued liabilities	1,377,291	77,917	28,931
Due to other funds	200,570	35,326	576,621
Due to Fiduciary Funds	539,724		
Due to other governments	4,604,248		
Bond Anticipation Notes payable			
Other liabilities	214,871		
Refundable advances	2,992,704		1,163
<b>Total Liabilities</b>	<b>16,123,627</b>	<b>267,878</b>	<b>704,907</b>
<b>Deferred Inflows of Resources</b>			
Unavailable tax revenue	1,705,689		
Unavailable securities and mortgages			
Unavailable loans			
<b>Total Deferred Inflows of Resources</b>	<b>1,705,689</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>			
Nonspendable	1,727,284	37	16,515
Restricted	646,147		
Committed			
Assigned	3,437,414	2,328,020	19,430
Unassigned	35,024,437		
<b>Total Fund Balances</b>	<b>40,835,282</b>	<b>2,328,057</b>	<b>35,945</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 58,664,598</b>	<b>\$ 2,595,935</b>	<b>\$ 740,852</b>

See Independent Auditor's Report and Notes to Financial Statements

Major Funds				Total	Total
Special Revenue Funds		Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Governmental Funds
Solid Waste Fund	Special Grant Fund	Transportation Fund			
\$ 2,116,148	\$ 143,676	\$ 9,241,455	\$	\$ 6,460,502	\$ 51,708,168
199,774	1,339,247		1,981,059	4,716,692	10,409,912
				649,779	649,779
					5,436,552
137		222,646		129,222	1,806,509
					23,789
332,270	186,151	1,155,073		1,065,648	16,798,560
		110,000			639,865
93,766	71,067	670	137,860	601,745	3,739,002
2,925	881			3,530	1,751,172
			1,167,080		1,167,080
	1,173,609				1,173,609
<b>\$ 2,745,020</b>	<b>\$ 2,914,631</b>	<b>\$ 10,729,844</b>	<b>\$ 3,285,999</b>	<b>\$ 13,627,118</b>	<b>\$ 95,303,997</b>

\$ 379,167	\$ 98,248	\$ 398,166	\$	\$ 590,586	\$ 7,913,213
25,380	20,964			10,933	1,541,416
15,135	24,464	698,452		495,524	2,046,092
					539,724
					4,604,248
		6,205,000		1,400,000	7,605,000
					214,871
					2,993,867
419,682	143,676	7,301,618	-	2,497,043	27,458,431
					1,705,689
			1,167,080		1,167,080
	1,173,609				1,173,609
-	1,173,609	-	1,167,080	-	4,046,378
2,925	881			3,530	1,751,172
199,774	1,596,465		2,118,919	5,966,471	10,527,776
				3,951,185	3,951,185
2,122,639		3,428,226		1,208,889	12,544,618
					35,024,437
2,325,338	1,597,346	3,428,226	2,118,919	11,130,075	63,799,188
<b>\$ 2,745,020</b>	<b>\$ 2,914,631</b>	<b>\$ 10,729,844</b>	<b>\$ 3,285,999</b>	<b>\$ 13,627,118</b>	<b>\$ 95,303,997</b>

# **COUNTY OF TOMPKINS**

## **RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2016**

Total Governmental Fund Balances		\$ <u>63,799,188</u>
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		
Historical cost of capital assets	\$ 364,115,355	
Less accumulated depreciation	<u>(171,796,125)</u>	<u>192,319,230</u>
The County's proportion of the collective net pension (liability) is not reported in the funds.		
		<u>(24,541,202)</u>
Equity interest in joint ventures are not reported in the Governmental Fund financial statements because they do not represent current resources. These are the investments in the County's joint ventures:		
Tompkins Cortland Community College	\$ 20,277,010	
Tompkins Consolidated Area Transit	<u>4,932,723</u>	<u>25,209,733</u>
Certain revenues are deferred in Governmental Funds due to applying the "availability criterion" to receivables for the modified accrual basis of accounting. However, these deferred inflows of resources are considered revenues in the Statement of Activities due to applying the full accrual basis of accounting.		
		<u>4,046,378</u>
Internal Service Funds are used by management to charge the costs of certain activities, such as health and workers' compensation insurance. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Position.		
		<u>2,814,115</u>
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		<u>(440,300)</u>
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.		
ERS deferred inflows - pensions	\$ (3,520,816)	
ERS deferred outflows - pensions	25,797,727	
Deferred charges on defeased debt	<u>542,112</u>	<u>22,819,023</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. See Notes 10-11.		
Serial Bonds payable	\$ (48,804,556)	
TTASC tobacco settlement pass-through bonds	(12,360,878)	
Installment purchase debt	(1,277,521)	
Other postemployment benefits liability	(68,321,225)	
Compensated absences	<u>(3,691,447)</u>	<u>(134,455,627)</u>
<b>Net Position of Governmental Activities</b>		<b>\$ <u><u>151,570,538</u></u></b>

*See Independent Auditor's Report and Notes to Financial Statements*

# COUNTY OF TOMPKINS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Major Funds		
	General Fund	Special Revenue Funds	
	County Road Fund	Transportation Fund	
<b>REVENUES</b>			
Real property taxes	\$ 43,144,325	\$	\$
Real property tax items	2,264,988		
Nonproperty tax items	53,640,142		
Departmental income	8,544,229		1,609,943
Intergovernmental charges	791,621		107,370
Use of money and property	596,500	2,038	1,512,322
Licenses and permits	6,625	7,032	
Fines and forfeitures	224,994		
Sale of property and compensation for loss	864,174	9,359	31,897
Miscellaneous local sources	659,298	1,492	14,435
Interfund revenues	695,038		
State sources	28,254,405	2,491,924	
Federal sources	16,872,118	43,309	
<b>Total Revenues</b>	156,558,457	2,555,154	3,275,967
<b>EXPENDITURES</b>			
General governmental support	28,826,691		
Education	8,674,341		
Public safety	19,294,175	245,413	
Health	17,797,821		
Transportation	9,260,225	6,128,776	2,571,788
Economic assistance and opportunity	50,922,789		
Culture and recreation	5,360,044		
Home and community services	1,842,122		
Employee benefits	679,783	778,315	382,504
Debt service (principal and interest)			
Capital outlay			
<b>Total Expenditures</b>	142,657,991	7,152,504	2,954,292
Excess of Revenues (Expenditures)	13,900,466	(4,597,350)	321,675
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund transfers in		4,888,246	
Interfund transfers (out)	(11,392,232)	(814,657)	(125,116)
Proceeds of obligations			
Premium on obligations			
<b>Total Other Financing Sources (Uses)</b>	(11,392,232)	4,073,589	(125,116)
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	2,508,234	(523,761)	196,559
Fund Balances, Beginning of Year	38,327,048	2,851,818	(160,614)
<b>Fund Balances, End of Year</b>	\$ 40,835,282	\$ 2,328,057	\$ 35,945

See Independent Auditor's Report and Notes to Financial Statements

Major Funds				Total	Total
Special Revenue Funds		Capital Projects Fund	Debt Service	Non-Major	Governmental
Solid Waste Fund	Special Grant Fund	Transportation Fund	Fund	Funds	Funds
\$	\$	\$	\$	\$	\$ 43,144,325
					2,264,988
					53,640,142
4,988,296	327,202				15,469,670
			647,460		1,546,451
1,465	1,110	13,171	181,351	12,545	2,320,502
					13,657
					224,994
445,291				112,312	1,463,033
6,595	243,704	347,168	250,261	713,521	2,236,474
				1,499,548	2,194,586
714,189		752,673		1,606,809	33,820,000
	2,119,833	4,898,155		1,693,311	25,626,726
6,155,836	2,691,849	6,011,167	1,079,072	5,638,046	183,965,548
			1,200	60,323	28,888,214
					8,674,341
					19,539,588
					17,797,821
				1,880,907	19,841,696
	1,325,092				52,247,881
					5,360,044
4,544,739	1,406,563				7,793,424
329,068				129,557	2,299,227
			6,857,626	1,110,837	7,968,463
		9,420,691		5,919,538	15,340,229
4,873,807	2,731,655	9,420,691	6,858,826	9,101,162	185,750,928
1,282,029	(39,806)	(3,409,524)	(5,779,754)	(3,463,116)	(1,785,380)
	121,892	814,657	5,906,626	610,999	12,342,420
(205,415)					(12,537,420)
		1,200,000		1,360,000	2,560,000
			149,865		149,865
(205,415)	121,892	2,014,657	6,056,491	1,970,999	2,514,865
1,076,614	82,086	(1,394,867)	276,737	(1,492,117)	729,485
1,248,724	1,515,260	4,823,093	1,842,182	12,622,192	63,069,703
<b>\$ 2,325,338</b>	<b>\$ 1,597,346</b>	<b>\$ 3,428,226</b>	<b>\$ 2,118,919</b>	<b>\$ 11,130,075</b>	<b>\$ 63,799,188</b>

# ***COUNTY OF TOMPKINS***

## **RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016**

Net Change in Fund Balances - Total Governmental Funds \$ 729,485

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 depreciation expense and net book value of disposed assets.

Capital outlay	\$	17,524,420	
Net book value of disposed assets		(904,712)	
Depreciation expense		<u>(11,133,106)</u>	<u>5,486,602</u>

Equity interests in joint ventures are not reported in the Governmental Fund financial statements because they do not represent current resources. This is the change in the investments in the County's joint ventures.

(2,386,919)

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

(188,248)

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

3,321,402

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

Compensated absences	\$	230,666	
Other postemployment benefits liability		(6,795,438)	
Accrued interest payable		(26,951)	
Accreted interest on Series 2005 TTASC bonds		(505,316)	
Amortization of bond premiums, discounts, and deferred charges on defeased debt		<u>324,955</u>	<u>(6,772,084)</u>

Cash outflows from the issuance of loans to qualified recipients under revolving loan programs are recorded as expenditures, whereas loan repayments and payments on long-term receivables are recorded as revenue in the Governmental Fund financial statements. In the Government-wide financial statements, these transactions affect only cash and loans receivable and are not recorded in the Statement of Activities.

(173,540)

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

ERS (2,513,797)

Internal Service Funds are used by management to charge the costs of certain activities, such as workers compensation and insurance, to individual funds. Net gain of the Internal Service Fund is reported with Governmental Activities.

83,397

**Change in Net Position of Governmental Activities** **\$ (2,413,702)**

*See Independent Auditor's Report and Notes to Financial Statements*

# **COUNTY OF TOMPKINS**

## **STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2016**

	<b>Governmental Activities Internal Service Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,506,378
Due from other funds	239,583
<b>Total Assets</b>	<b>3,745,961</b>
<b>LIABILITIES</b>	
Accounts payable	48,650
Benefits and awards payable	883,196
<b>Total Liabilities</b>	<b>931,846</b>
<b>NET POSITION</b>	
<b>Total Net Position</b>	<b>\$ 2,814,115</b>

*See Independent Auditor's Report and Notes to Financial Statements*

# COUNTY OF TOMPKINS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>Governmental Activities Internal Service Funds</b>
<b>OPERATING REVENUES</b>	
Charges for services - Governmental Funds	\$ 669,583
Charges for services - External participants	29,811
Charges for services - Interfund transfer	195,000
Other operating revenues	80,828
<b>Total Operating Revenues</b>	<b>975,222</b>
<b>OPERATING EXPENSES</b>	
Administrative	205,836
Contractual	44,583
Benefits and awards	440,199
Claims and judgments	205,889
<b>Total Operating Expenses</b>	<b>896,507</b>
<b>Gain from Operations</b>	<b>78,715</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	4,682
<b>Total Nonoperating Revenues</b>	<b>4,682</b>
Change in Net Position	83,397
Total Net Position, Beginning of Year	2,730,718
<b>Total Net Position, End of Year</b>	<b>\$ 2,814,115</b>

*See Independent Auditor's Report and Notes to Financial Statements*



# COUNTY OF TOMPKINS

## STATEMENT OF CASH FLOWS PROPRIETARY FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
<b>Cash Flows from Operating Activities</b>	
Cash received from providing services	\$ 699,394
Cash received from insurance recoveries	80,828
Cash received from interfund transfer	28,323
Cash payments - Suppliers	(249,410)
Cash payments - Claims and benefits	(818,883)
<b>Net Cash (Used) by Operating Activities</b>	<u>(259,748)</u>
<b>Cash Flows from Non-capital Financing Activities</b>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	<u>-</u>
<b>Cash Flows from Investing Activities</b>	
Interest income received	4,682
<b>Net Cash Provided by Investing Activities</b>	<u>4,682</u>
Net Change in Cash and Cash Equivalents	<u>(255,066)</u>
Cash and Cash Equivalents, January 1,	<u>3,761,444</u>
<b>Cash and Cash Equivalents, December 31,</b>	<b>\$ <u><u>3,506,378</u></u></b>
<b>Reconciliation of Gain of Income from Operations to Net Cash Provided by Operating Activities</b>	
Gain from operations	78,715
(Increase) in interfund receivable	(166,677)
Increase in accounts payable	2,059
(Decrease) in accrued liabilities	(172,795)
(Decrease) in interfund payable	(1,050)
<b>Net Cash (Used) by Operating Activities</b>	<b>\$ <u><u>(259,748)</u></u></b>

*See Independent Auditor's Report and Notes to Financial Statements*

# COUNTY OF TOMPKINS

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2016

	<b>Private Purpose Trust Fund</b>	<b>Agency Fund</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents - Unrestricted	\$ 14,774	\$ 9,411,301
Accounts receivable	<u>                    </u>	<u>326,084</u>
Due from Governmental Funds	<u>                    </u>	<u>539,724</u>
<b>Total Assets</b>	<u>14,774</u>	<u>\$ 10,277,109</u>
<b>LIABILITIES</b>		
Agency liabilities	<u>                    </u>	\$ 10,253,320
Due to Governmental Funds	<u>                    </u>	<u>23,789</u>
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 10,277,109</u>
<b>NET POSITION</b>		
Held in trust for memorials	<u>14,774</u>	
<b>Total Net Position</b>	<u>\$ 14,774</u>	

*See Independent Auditor's Report and Notes to Financial Statements*

# ***COUNTY OF TOMPKINS***

## **STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Private Purpose Trust Fund</b>
<b>ADDITIONS</b>	
Investment earnings	\$ 11
<b>Total Additions</b>	<u>11</u>
<b>DEDUCTIONS</b>	
<b>Total Deductions</b>	<u>-</u>
Change in Net Position	<u>11</u>
Net Position - Beginning of Year	<u>14,763</u>
<b>Net Position - End of Year</b>	<b>\$ <u><u>14,774</u></u></b>

*See Independent Auditor's Report and Notes to Financial Statements*

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

The financial statements of the County of Tompkins (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 1817, is governed by its Charter, Administrative Code, the County Law, other general laws of the State of New York, and various local laws. The County Legislature is the legislative body responsible for overall operations; the County Administrator serves as Chief Executive Officer and Budget Officer, and the Finance Director serves as Chief Fiscal Officer.

The County provides the following basic services: General Governmental Support, Education, Public Safety, Health, Transportation, Economic Assistance and Opportunity, Culture and Recreation, Public Improvements, Planning and Zoning, and Home and Community Services.

All Governmental Activities and functions performed by 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 financial statements to be misleading or incomplete.

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus," including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following are included as component units:

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

#### **Blended Component Unit**

Tompkins Tobacco Asset Securitization Corporation - During 2000, in accordance with the laws of New York State and the securitization of 50% of its future tobacco settlement proceeds, the Tompkins Tobacco Asset Securitization Corporation (TTASC) was established. TTASC is one of 17 New York County TASC's in the New York Counties Tobacco Trust I, organized as not-for-profit local development corporations who purchased the rights to the tobacco settlement proceeds from each respective County. The TASC's, in turn, pledged and assigned all of their rights as security and as a source of payment to the New York Counties Tobacco Trust I, who issued in aggregate \$227,130,000 of Tobacco Settlement Pass Through Bonds. The proceeds from securitizing 50% of its future proceeds amounted to \$7,070,234 and were recognized in the 2000 financial statements of the County. During 2005, the TASC was able to restructure pledged revenues in order to raise additional revenues.

Participation in New York Counties' Tobacco Trust V resulted in \$3,659,502 of proceeds distributed to the County for capital improvements. TTASC is deemed to be a blended component unit of the County and is reported as a Debt Service Fund. Complete financial statements can be obtained from the Tompkins County Director of Finance located at 125 Court Street, Ithaca, New York 14850.

#### **Discretely Presented Component Units**

Tompkins County Public Library (the Library) - Established in 1968 by the Tompkins County Board of Supervisors and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The Tompkins County Legislature appoints trustees; raises taxes for library purposes; has title to real property used by the library; and issues all library indebtedness which is supported by the full faith and credit of the County of Tompkins. The library is a discretely presented component unit of the County. Complete financial statements can be obtained from their administrative office at 101 East Green Street, Ithaca, New York 14850.

Tompkins County Industrial Development Agency (TCIDA) - A Public Benefit Corporation created by State Legislation to promote the economic welfare, recreational opportunities, and prosperity of Tompkins County residents. Members of TCIDA are appointed by the County but the County exercises no oversight responsibility. TCIDA members have complete responsibility for management of the agency and accountability for fiscal matters. The County is not liable for TCIDA bonds or notes.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

#### **Discretely Presented Component Units - Continued**

Tompkins County Development Corporation (Corporation) - Similar to the Tompkins County Industrial Development Agency, the Corporation was formed for the purpose of encouraging economic growth in Tompkins County during 2010. Because New York State has legislated that industrial development agencies can no longer serve not for profit entities, the Corporation will serve that segment of the economy in Tompkins County. The Corporation is deemed to be a component unit of TCIDA.

TCIDA is a discretely presented component unit of the County. Complete financial statements can be obtained from the Tompkins County Industrial Development Agency, 401 East State Street, Suite 402B, Ithaca, New York 14850.

Tompkins County Soil and Water Conservation District (the District) - Established under provisions of Article 3, Section 30 of the General Municipal Law to provide for the conservation of soil and water resources. Members of the District's Board of Directors are appointed by the County Legislature and the County provides 77.5% of the District's General Fund operational revenue. The Soil and Water Conservation District is a discretely presented component unit of the County. Complete financial statements can be obtained from their administrative office at 170 Bostwick Road, Ithaca, New York 14850.

#### **Joint Ventures**

The following organizations are related to the County of Tompkins, and are included in the reporting entity as equity interest in joint ventures:

Tompkins Cortland Community College (the College) was established in 1965 by joint action of the Legislative Boards of Tompkins and Cortland Counties as joint local sponsors under provisions of Article 126 of the Education Law. The College is administered by a Board of Trustees consisting of nine voting members; five of whom are appointed by the Legislative Boards of the two counties under an apportionment made between the two counties by the State University Trustee, and four by the Governor. The College's annual operating and capital budget is subject to approval by both County Boards and, in addition, the counties provide one-half of capital costs and one-third of operating costs for the College. Ownership of existing capital facilities is held in the ratio of 68% and 32% by the Counties of Tompkins and Cortland, respectively. Subsidies to meet operational expenses are shared in the ratio of resident students in attendance. Tompkins Cortland Community College is an activity undertaken jointly with the County of Cortland and accordingly, the proportionate share of the College's equity is reported as an asset on the County's Statement of Net Position. See Note 14 for additional disclosures regarding this joint venture.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

#### **Joint Ventures - Continued**

Tompkins Consolidated Area Transit (TCAT) was formed under a consolidation agreement between the City of Ithaca, the County of Tompkins, and Cornell University effective April 1, 1998. The agreement shall remain in force until October 9, 2021. TCAT began operations on January 1, 1999, with its purpose to provide public transportation in Tompkins County and surrounding areas. As of January 1, 2005 TCAT was reorganized as a 501(c)(3). However, the structure of the Board and interest of each party was not changed. TCAT is governed by a Board of Directors consisting of nine voting members with three members being appointed by each participant in the venture. The General Manager of TCAT is a non-voting ex-officio member of the Board. In addition, the nine voting members of the Board select five additional non-voting, ex-officio members. Interest of each party in surpluses, losses, property, and debt acquired by TCAT shall be shared equally. Each party makes an annual contribution of equal amounts to the venture. See Note 14 for additional disclosures regarding this joint venture.

#### **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 Proprietary. The County's general governmental support, education, public safety, health, transportation, highways and streets, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities. Services relating to self-insurance and workers' compensation administration are presented in the Proprietary Activities.

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

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

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

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

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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

The County does not allocate indirect costs. Indirect costs are reported in the function entitled "General Government."

### **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, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The County records its transactions in the fund types described below:

Governmental Funds 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, includes all operations not required to be recorded in other funds.
  
- **Special Revenue Funds**
  - County Road Fund - Accounts for expenditures for highway purposes authorized by Section 114 of the Highway Law.



# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

#### **Major Funds - Continued**

- Transportation Fund - Accounts for the operations of the County-owned airport.
- Solid Waste Fund - Accounts for County solid waste activities.
- Special Grant Fund - Accounts for Community Development Block Grants and funds received under the Workforce Innovation and Opportunity Act (Enacted July 22, 2014).
- Capital Projects Fund - Accounts for and reports financial resources to be used for the acquisition, construction, or renovation of major capital transportation facilities, equipment or transportation system.
- Debt Service Fund - Accounts for current payments of principal and interest on general obligation long-term debt (and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness).

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

- Special Revenue Fund
  - Road Machinery Fund - Accounts for the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment pursuant to Section 133 of the Highway Law.
- Capital Projects Funds - Consist of general government, home and community services, public safety, education, TCAT, and public health funds, which are used to account for and report financial resources to be used for the acquisition, construction, or renovation of major capital facilities or equipment.
- Debt Service Fund - TTASC Fund - Accounts for accumulation of resources from tobacco settlement payments and for payment of principal and interest on Tobacco Settlement Pass through Bonds.

#### **Proprietary Funds**

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

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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

#### **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the local government in a trustee or custodial capacity. The following fiduciary funds are utilized:

- Agency Fund - Accounts for money and/or property received and held in the capacity of trustee, custodian or agent.
- Private Purpose Trust Fund - Reports all trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The County uses this fund to report funds provided for cemetery maintenance.

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

Basis of accounting refers to when revenues and expenditures/expenses and the related assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

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.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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 six months 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, all other grant requirements have been met, and the resources are available.

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.

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

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

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

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

The County complies with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Statement No. 54 changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a Fund's net resources.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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

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

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

The County has, by resolution, adopted a fiscal policy which states the County must maintain an unassigned fund balance of at least 10% of the General Fund operating budget. The County's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

#### **Property Taxes**

The authority for levying taxes for the support of County and town government, inclusive of special districts, and for re-levying unpaid school taxes and village taxes, has been delegated by the New York 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 County Director of Assessment for each parcel of real property therein. Amounts to be raised by tax are determined from balanced budgets of the towns and the County and levied on or before December 31, each year. The lien date is January 1. Tax rates are established by the ratio of real property value to the taxes to be raised. In the instance of County taxes levied within the city and each of the towns, property values are equalized by the County Legislature through establishment of the ratio that assessed value of the real property in each town and the city bears to the full value therein. Except for city school district taxes levied within the city, unpaid school and village taxes are purchased from each school district and village 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 taxes. Unpaid city school district taxes on properties outside of the city are also turned over to the County for collection. Taxes are collected in the towns and City of Ithaca from January 1, to a date no later than April 1, when settlement is made with the Finance Director, who makes collections thereafter. The towns' share of tax levies, which are guaranteed by the County, are paid to supervisors out of the first money received. A 5% penalty is added to unpaid items at the time of settlement; thereafter, unpaids, inclusive of this penalty, bear interest at an annual variable rate determined by the New York State Commission of Taxation and Finance.

Residential and farm property classes are now subject to foreclosure after a three year period of delinquency as compared to the former practice of four years; all other classes of property are now subject to foreclosure action after a two year period of delinquency. Article 11 also replaces the procedure of sending delinquent taxes to Tax Sale. The County is now required to file a list of delinquent taxes with the County Clerk and to maintain such listing on an annual basis. Delinquent taxes, which are not redeemed within times prescribed by statute, are subject to conversion to tax deeds vesting title in the County, which in turn may be conveyed by sale to third parties.

Real property taxes levied are recognized as revenue in the Governmental Fund financial statements only if they are "available" within 60 days following the end of the fiscal year. Tax revenue deemed not available is treated as a deferred inflow of resources. At December 31, 2016, the County had deferred \$1,705,689 of real property tax revenue in the General Fund.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

#### **Budgetary Data**

The budget policies are as follows:

No later than November 10, the County Administrator (as 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 all funds.

After public hearings are conducted to obtain taxpayer comments, no later than December 10, the governing board adopts the budget.

Budget modifications in excess of \$5,000 are authorized by resolution of the County Legislature. Unencumbered budgetary appropriations lapse at the close of each fiscal year with the exception of capital projects. There is an adopted Fiscal Plan which is reviewed annually. The Fiscal Plan allows County departments to apply for the reappropriation of unspent appropriations from the previous year.

Capital project budgets are established in the capital projects annual budget (which coincides with the operations budget) and through the County Legislature resolutions authorizing individual projects. These resolutions remain in effect for the life of the project.

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

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

#### **Investments**

Investments are stated at cost, which approximates market value.

#### **Receivables**

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

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows of resources related to pensions and debt in the Statements of Net Position. The types of deferred outflows of resources related to pensions and debt are described in Notes 8 and 10, respectively.

In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The County reports deferred inflows of resources related to pensions which are further described in Note 8.

#### **Revenues**

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

#### **Self-Insurance**

The County of Tompkins assumes the liability for all general liability and substantially all of its vehicle risks. 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. As of December 31, 2016, the County had reserved \$1,641,359 in the Internal Service Fund to fund any settlements (See Note 15). Additionally, the County is self-insured for unemployment and reimburses New York State dollar for dollar for any unemployment claims. Unemployment charges for 2016 amounted to \$44,583.

# **COUNTY OF TOMPKINS**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Effective January 1, 1994, the County became self-insured for workers' compensation claims. Claims occurring prior to 1994 are insured under retrospective adjustment policies issued by the State Insurance Fund. During 2016, the County was not subject to retrospective premiums for claims incurred prior to the County becoming self-insured. The Self-Insured Workers' Compensation Plan reflected the following balances and activity for claims incurred but not paid:

<u>Year</u>	<u>Liability Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
2016	\$ 1,055,991	\$ 267,404	\$ (440,199)	\$ 883,196
2015	913,180	699,312	(556,501)	1,055,991

An additional \$1,172,756 is reserved in the Internal Service Fund to fund any workers' compensation claims.

**Property, Plant, and Equipment**

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Equipment and furnishings over \$5,000; machinery and motor vehicles over \$25,000; land and buildings over \$100,000; and infrastructure assets over \$100,000, with a useful life greater than one year, are capitalized at cost in the Statement of Net Position. Contributed fixed assets are recorded at fair market value at the date received. The estimated useful lives for governmental capital assets are as follows:

Buildings and improvements	30 years
Machinery and equipment	5 - 15 years
Infrastructure	25 - 50 years



# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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

County of Tompkins' employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Two to four weeks of vacation time, depending upon length of employment, are earned by each full time permanent and provisional employee. Benefits accrue upon commencement of employment. Sick/disability leave credits accumulate to a maximum of 120 days. Upon termination of employment, employees are compensated for unused vacation time up to a maximum of three years. Employees are eligible to receive unused sick benefits, unused holiday time, and unused compensatory time in cash or credit to be used to pay for health insurance during retirement. The value of these benefits at December 31, 2016, is approximately \$3,691,447, and is recorded as a long-term obligation in the Statement of Net Position.

Payment of vacation and sick leave recorded in the Statement of Net Position is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave and compensatory absences when such payment becomes due.

#### **Postemployment Benefits**

In addition to providing pension benefits, the County of Tompkins provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the County of Tompkins' employees may become eligible for these benefits if they elect to continue coverage. 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 of Tompkins recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid.

During 2008, the County adopted GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The County's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 11 for additional information.

Certain retirees of the Tompkins County Library and Tompkins Cortland Community College are covered under health plans administered by the County. Both of these entities reimburse the County fully for their share of postemployment benefits.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

#### **Interfund Activity**

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

#### **Use of Estimates**

The presentation of financial statements in conformity with the prescribed basis of accounting as applied to governmental units requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Future Changes in Accounting Standards**

- GASB has issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68," effective for the year ending December 31, 2017.
- 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. 80, "Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14," effective for the year ending December 31, 2017.
- GASB has issued Statement No. 81, "Irrevocable Split-Interest Agreements," effective for the year ending December 31, 2017.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

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

- GASB has issued Statement No. 82, “Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73,” effective for the year ending December 31, 2017, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB has issued Statement No. 83, “Certain Asset Retirement Obligations,” effective for the year ending December 31, 2019.
- GASB has issued Statement No. 84, “Fiduciary Activities,” effective for the year ending December 31, 2019.
- GASB has issued Statement No. 85, “Omnibus 2017,” effective for the year ending December 31, 2018.
- GASB has issued Statement No. 86, “Certain Debt Extinguishment Issues,” effective for the year ending December 31, 2018.

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.

### ***Note 2* Cash and Investments**

The County of Tompkins' investment policies are governed by state statutes. In addition, 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 County Finance Director is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, 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.

# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

Deposits and investments are valued at cost or cost plus interest, and are categorized as either (1) insured and for which the collateral is held by the County's agent in the County's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the County's name, or (3) uncollateralized.

Deposits and investments at year end were entirely covered by FDIC insurance or by collateral held by custodial banks in the County's name. Total financial institution (bank) balances at December 31, 2016, per the bank, were \$76,640,518 for the primary government.

### *Note 3* **Restricted Cash**

Restricted cash and cash equivalents, reported on the Primary Government's Government-wide financial statements consists of:

<u>Governmental Activity</u>	<u>Amount</u>
Unspent debt proceeds	\$ 4,602,107
Debt service	1,981,059
Community development	1,732,421
Public safety	625,164
Repairs and replacements	249,797
Public health	276,691
General government	289,060
Economic assistance	360,065
Culture and recreation	11,147
Home and community	53,597
Transportation	114,219
TASC	114,585
<b>Total</b>	<b>\$ <u>10,409,912</u></b>

Restricted investments of \$649,779 represent amounts held in a mandated TASC liquidity reserve, which is held in trust and comprised of U.S. Treasury money market funds recorded at cost, which approximates fair value.

### *Note 4* **Securities and Mortgages Receivable**

The County has recorded \$1,167,080 of Securities and Mortgages Receivable offset by Deferred Inflows of Resources of \$1,167,080 in the Debt Service Fund. In the Statement of Net Position, this receivable is not deferred. The receivable represents the portion of debt reflected in the Statement of Net Position for which third parties have contractual responsibility to reimburse the County for future debt service requirements. The following summarizes the parties and obligations involved:

# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

### *Note 4*     **Securities and Mortgages Receivable - Continued**

<u>Indebtedness</u>	<u>Original Amount</u>	<u>Date Issued</u>	<u>Party Involved</u>	<u>% Share</u>	<u>Balance 12/31/16</u>
Serial Bonds	\$ 1,400,000	2005	Tompkins Community Action	100%	\$ 348,371
Serial Bonds	330,000	2005	Food Net	100%	93,895
Serial Bonds	105,000	2002	Cooperative Extension of T.C.	100%	29,031
County Funds	180,000	2001	Cooperative Extension of T.C.	100%	55,428
Serial Bonds	350,000	2012	Cooperative Extension of T.C.	100%	350,000
Serial Bonds	389,566	2013	Cortland County	36%	76,675
Serial Bonds	734,063	2014	Cortland County	36%	213,680
<b>Total</b>					<b>\$ <u>1,167,080</u></b>

### *Note 5*     **Other Receivables**

Accounts receivable as of December 31, 2016, consisted of the following:

General Fund:	
Due from TC3	\$ 1,096,821
Tobacco settlement revenue receivable	600,000
County clerk fees	333,066
Miscellaneous rents and fees	341,925
Allowance for uncollectibles	(55,679)
Total General Fund	<u>2,316,133</u>
Transportation Fund:	
Transportation fees due from airlines	447,426
Miscellaneous	70,335
Total Transportation Fund	<u>517,761</u>
Solid Waste Fund:	
Solid waste tipping fees	108,856
Allowance for uncollectibles	(15,090)
Total Solid Waste Fund	<u>93,766</u>
Special Grant Fund:	
Grants receivable	71,067
Debt Service Fund:	
Miscellaneous	137,860
Capital Projects Fund - Transportation Fund	
Miscellaneous	670
Non-major Governmental Funds:	
Machinery rentals	1,745
TTASC Fund:	
Tobacco settlement revenue receivable and accrued interest	<u>600,000</u>
<b>Total</b>	<b>\$ <u>3,739,002</u></b>

# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

**Note 6 Property Taxes**

At December 31, 2016, total real property tax assets of \$5,824,134 are offset by an allowance for uncollectible taxes of \$387,582. Current year returned village and school taxes of \$3,303,158 are offset by liabilities to the villages and school districts which will be paid no later than April 1, 2016. The remaining portion of tax assets is partially offset by deferred inflows of resources of \$1,705,689 (which represents an estimate of the taxes which will not be collected within the first sixty (60) days of the subsequent year).

**Note 7 Capital Assets**

Capital asset activity for the year ended December 31, 2016, was as follows:

<u>Governmental Activities</u>	<u>Balance at 12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	<u>Balance at 12/31/16</u>
Non-Depreciable Capital Assets:					
Land and land improvements	\$ 7,518,613	\$	\$	\$	\$ 7,518,613
Construction in progress	17,835,072	10,187,887		(11,328,164)	16,694,795
Total Non-depreciable Capital Assets	<u>25,353,685</u>	<u>10,187,887</u>	<u>-</u>	<u>(11,328,164)</u>	<u>24,213,408</u>
Depreciable Capital Assets:					
Buildings	95,368,649	3,923,669			99,292,318
Machinery and equipment	14,832,643	2,144,188	(2,102,931)		14,873,900
Infrastructure	213,138,889	1,268,676		11,328,164	225,735,729
Total Depreciable Capital Assets	<u>323,340,181</u>	<u>7,336,533</u>	<u>(2,102,931)</u>	<u>11,328,164</u>	<u>339,901,947</u>
Total Historical Cost	<u>348,693,866</u>	<u>17,524,420</u>	<u>(2,102,931)</u>	<u>-</u>	<u>364,115,355</u>
Less Accumulated Depreciation:					
Buildings	(51,914,261)	(3,284,861)			(55,199,122)
Machinery and equipment	(5,397,856)	(741,563)	1,198,219		(4,941,200)
Infrastructure	(104,549,121)	(7,106,682)			(111,655,803)
Total Accumulated Depreciation	<u>(161,861,238)</u>	<u>(11,133,106)</u>	<u>1,198,219</u>	<u>-</u>	<u>(171,796,125)</u>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ <u>186,832,628</u></b>	<b>\$ <u>6,391,314</u></b>	<b>\$ <u>(904,712)</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>192,319,230</u></b>

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 7 Capital Assets - Continued**

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>		
General governmental support	\$	713,645
Education		15,167
Public safety		2,414,208
Public health		591,920
Transportation		6,091,243
Economic assistance and opportunity		420,621
Culture and recreation		327,996
Home and community services		<u>558,306</u>
<b>Total</b>	<b>\$</b>	<b><u>11,133,106</u></b>

Capital asset activity of the Tompkins County Public Library was as follows:

	<b>Balance at 12/31/15</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance at 12/31/16</b>
Historical Cost:				
Equipment	\$ 1,557,817	\$ 68,470	\$ (5,893)	\$ 1,620,394
Collection	<u>5,662,749</u>	<u>298,897</u>	<u>(169,882)</u>	<u>5,791,764</u>
Total Historical Cost	<u>7,220,566</u>	<u>367,367</u>	<u>(175,775)</u>	<u>7,412,158</u>
Less Accumulated Depreciation:				
Equipment	(1,317,976)	(56,574)	5,893	(1,368,657)
Collection	<u>(5,041,997)</u>	<u>(250,176)</u>	<u>169,882</u>	<u>(5,122,291)</u>
Total Accumulated Depreciation	<u>(6,359,973)</u>	<u>(306,750)</u>	<u>175,775</u>	<u>(6,490,948)</u>
<b>Total Capital Assets, Net</b>	<b><u>\$ 860,593</u></b>	<b><u>\$ 60,617</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 921,210</u></b>

Depreciation on all capital assets is computed on the straight-line basis over the estimated useful lives of the assets. Depreciation expense amounted to \$306,750 for the year ended December 31, 2016.

# **COUNTY OF TOMPKINS**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 7 Capital Assets - Continued**

Capital asset activity of Tompkins County Soil and Water Conservation District was as follows:

	<b>Balance at 12/31/15</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance at 12/31/16</b>
Equipment	\$ 202,637	\$ 66,555	\$ (23,914)	\$ 245,278
Less: accumulated depreciation	(156,578)	(17,550)	23,914	(150,214)
<b>Total Capital Assets, Net</b>	<b>\$ 46,059</b>	<b>\$ 49,005</b>	<b>\$ -</b>	<b>\$ 95,064</b>

Depreciation on all capital assets is computed on the straight-line basis over the estimated useful lives of the assets. Depreciation expense amounted to \$17,550 for the year ended December 31, 2016.

**Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS)**

**Plan Descriptions and Benefits Provided**

**Employees' Retirement System (ERS)**

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



# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

### *Note 8* Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

#### **Employees' Retirement System (ERS) - Continued**

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

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

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

#### **Contributions**

Contributions for the current year and two preceding Plan years were equal to 100% of the employees retirement system (ERS) contributions required, and were as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County	\$ 6,385,773	\$ 6,563,490	\$ 7,383,294
Library	303,722	288,556	320,152
District	33,317	7,463	55,175

# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

**Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS)  
- Continued**

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

At December 31, 2016, 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, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The County's proportionate share of the net pension liability was based on a projection of the County's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from report provided to the County by the ERS System.

	<b>ERS</b>
Actuarial valuation date	04/01/2015
Net pension liability	\$ 16,050,279,000
County's proportionate share of the Plan's total net pension liability	24,541,202
Library's proportionate share of the Plan's total net pension liability	1,168,629
District's proportionate share of the Plan's total net pension liability	175,403

For the year ended December 31, 2016, the County, the Library and the District recognized pension expense of \$8,599,600, \$436,466, and \$50,943, respectively, for ERS in the financial statements. At December 31, 2016 the Employer's reported deferred outflows of resources and deferred inflows of resources related to the ERS pensions as follows:

	<b>County</b>	<b>Library</b>	<b>District</b>
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 124,013	\$ 5,905	\$ 886
Changes of assumptions	6,544,398	311,638	46,775
Net differences between projected and actual earnings on pension plan investments	14,559,187	693,295	104,059
Changes in proportion and differences between the County's contributions and proportionate share of contributions	80,769	3,846	541
County's contributions subsequent to the measurement date	4,489,360	195,636	18,370
<b>Total</b>	<b>\$ 25,797,727</b>	<b>\$ 1,210,320</b>	<b>\$ 170,631</b>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ (2,908,950)	\$ (138,521)	\$ (20,791)
Changes in proportion and differences between the County's contributions and proportionate share of contributions	(611,866)	(29,136)	(38,462)
<b>Total</b>	<b>\$ (3,520,816)</b>	<b>\$ (167,657)</b>	<b>\$ (59,253)</b>

# **COUNTY OF TOMPKINS**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 8 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**

Employer 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS pensions will be recognized in pension expense as follows:

	<b>County</b>	<b>Library</b>	<b>District</b>
Year Ended:			
2017	\$ 4,473,279	\$ 213,013	\$ 21,488
2018	4,473,279	213,013	21,488
2019	4,473,279	213,013	21,488
2020	4,367,714	207,988	28,544
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. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<b>ERS</b>
Measurement date	March 31, 2016
Actuarial valuation date	April 1, 2015
Interest rate	7.0%
Salary increases	3.8%
Investment rate of return (net of investment expense, including inflation)	7.0%
Inflation rate	2.5%
Cost of living adjustments	1.3%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

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

# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

### *Note 8* 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, 2016
Asset Type:	
Domestic equities	7.30%
International equities	8.55%
Real estate	8.25%
Private equity/Alternative investments	11.00%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Cash	2.25%
Inflation-indexed bonds	4.00%
Mortgages and bonds	4.00%

#### 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 Systems' 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 TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

**Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS)  
- Continued**

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

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or higher than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability	\$ 55,338,629	\$ 24,541,202	\$ (1,481,307)
Library's proportionate share of the net pension liability	2,635,173	1,168,629	(70,538)
District's proportionate share of the net pension liability	395,521	175,403	(10,587)

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension (asset) liability of ERS employers as of the measurement date were as follows:

	Dollars in Thousands
	ERS
Measurement date	March 31, 2016
Employers' total pension liability	\$ 172,303,544
Plan net position	(156,253,265)
<b>ERS Employers' Net Pension Liability</b>	<b>\$ 16,050,279</b>

Ratio of Plan Net Position to the Employers' Total Pension Liability	90.7%
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**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, 2016 represent the projected employer contribution for the period of April 1, 2016 through December 31, 2016 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2016 amounted to \$-0-.

# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

**Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS)  
- Continued**

**Effect on Net Position**

Changes in the net pension liability and deferred outflows and inflows of resources for the year ended December 31, 2016 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
<b>County</b>			
Net pension liability	\$ (5,040,765)	\$ (19,500,437)	\$ (24,541,202)
Deferred outflows of resources	5,826,207	19,971,520	25,797,727
Deferred inflows of resources	(535,936)	(2,984,880)	(3,520,816)
<b>County Total</b>	<b>\$ 249,506</b>	<b>\$ (2,513,797)</b>	<b>\$ (2,264,291)</b>
<b>Library</b>			
Net pension liability	\$ (209,698)	\$ (958,931)	\$ (1,168,629)
Deferred outflows of resources	270,926	939,394	1,210,320
Deferred inflows of resources	(22,295)	(145,362)	(167,657)
<b>Library Total</b>	<b>\$ 38,933</b>	<b>\$ (164,899)</b>	<b>\$ 125,966</b>
<b>District:</b>			
Net pension liability	\$ (36,068)	\$ (139,335)	\$ (175,403)
Deferred outflows of resources	32,183	138,448	170,631
Deferred inflows of resources	(35,821)	(23,432)	(59,253)
<b>District Total</b>	<b>\$ (39,706)</b>	<b>\$ (24,319)</b>	<b>\$ (64,025)</b>

**Note 9 Short-term Debt**

**Bond Anticipation Notes**

The County may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

Outstanding balances of BANs payable were comprised of the following at December 31, 2016:

	Interest Rate	Maturity Date	Balance Outstanding December 31, 2016
BAN - dated 10/13/2016 - Road Construction	1.09%	02/22/2017	\$ 2,306,000
BAN - dated 07/07/2016 - Roads and Library	2.00%	07/07/2017	5,299,000
<b>Total</b>			<b>\$ 7,605,000</b>

# **COUNTY OF TOMPKINS**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 9 Short-term Debt - Continued**

**Bond Anticipation Notes - Continued**

The following is a summary of changes in BAN's payable for the period ended December 31, 2016:

	<b>Balance 12/31/15</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/16</b>
BAN - dated 10/15/2015 - Road Construction	3,240,000		(3,240,000)	-
BAN - dated 7/10/2015 - Road Construction	1,350,000		(1,350,000)	-
BAN - dated 10/13/2016 - Road Construction	-	2,306,000		2,306,000
BAN - dated 7/7/2016 – Roads and Library	-	5,299,000		5,299,000
<b>Total BAN Activity</b>	<b>\$ 4,590,000</b>	<b>\$ 7,605,000</b>	<b>\$ (4,590,000)</b>	<b>\$ 7,605,000</b>

The County expensed \$141,448 in interest on short-term debt during the year.

Cash paid	\$ 84,757
Add interest accrued in the current year	56,691
<b>Total</b>	<b>\$ 141,448</b>

**Revenue Anticipation Notes**

The County may issue Revenue Anticipation Notes (RANs), 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. RANs represent a liability that will be extinguished by the use of expendable, available resources. During the year ended December 31, 2016, the County did not issue or redeem any RANs.

**Note 10 Long-term Debt**

**Constitutional Debt Limit**

At December 31, 2016, the total outstanding bonded indebtedness of the County of Tompkins (exclusive of TTASC bonds) aggregated \$53,915,000. Of this amount, \$55,192,521 was subject to the constitutional debt limit and represented approximately 11.62% of its statutory debt limit.

**Serial Bonds**

The County of Tompkins 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 Government-wide financial statements. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

### ***Note 10* Long-term Debt - Continued**

#### **Serial Bonds - Continued**

On November 26, 2013 the County issued \$8,935,000 of public improvement refunding (serial) bonds, with interest rates ranging between 2.00% and 5.00%, pursuant to a Refunding Bond Resolution duly adopted by the County Legislature on September 4, 2012. The County issued the bonds to advance refund \$9,495,000 of the outstanding balance of the 2004 refunding bonds with interest rates ranging from 2.50% to 5.00%. The County used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$9,495,000 in bonds is considered defeased and the liability has been removed from the County's financial statements. The present value of the total debt service savings to the County was \$714,162 at the date of issuance. The outstanding principal of the defeased bonds was \$5,345,000 at December 31, 2016.

On November 6, 2014 the County issued \$18,690,000 of public improvement refunding (serial) bonds, with interest rates ranging between 2.00% and 5.00%, pursuant to a Refunding Bond Resolution duly adopted by the County Legislature on September 4, 2012. The County issued the bonds to advance refund \$20,685,000 of the outstanding balance of the 2005, 2007, and 2010 serial bonds with interest rates ranging from 3.00% to 4.25%. The County used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$20,685,000 in bonds is considered defeased and the liability has been removed from the County's financial statements. The present value of the total debt service savings to the County was \$1,965,867 at the date of issuance. The outstanding principal of the defeased bonds was \$19,135,000 at December 31, 2016.

On July 7, 2016 the County issued \$2,560,000 of public improvement (serial) bonds, with interest rates of 2.00%. The County used the proceeds to provide long-term financing for new money projects consisting of road and bridge construction projects, facilities projects, and jail security equipment.

#### **Installment Purchase Debt**

Represents long-term lease commitments and is liquidated in the General Fund. The amount capitalized in relation to these lease commitments was \$16,512,501 for infrastructure and \$548,000 for buildings, with total lease commitments outstanding of \$1,277,521 at December 31, 2016. Net book value of the related assets was \$10,917,539 at year end.



# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

### Note 10 Long-term Debt - Continued

#### Summary of Long-term Debt

The following is a schedule of long-term debt and with corresponding maturity schedules:

<u>Description</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Outstanding</u>
Bonds:				
2013 Refunding Bonds	11/2013	2.00-5.00%	11/2020	\$ 4,885,000
2014 Refunding Bonds - Series A	11/2014	2.00-5.00%	03/2027	4,430,000
2014 Refunding Bonds - Series B	11/2014	2.00-5.00%	12/2032	12,735,000
Add unamortized premiums				<u>2,494,556</u>
Net Refunding Bonds				24,544,556
Public Improvement Bonds 2012	07/2012	1.00-2.25%	07/2027	2,375,000
Public Improvement Bonds 2013	07/2013	3.00-4.00%	07/2030	3,360,000
Public Improvement Bonds 2014	11/2014	2.00-3.00%	10/2029	6,800,000
Public Improvement Bonds 2015	07/2015	2.00-3.00%	07/2030	9,165,000
Public Improvement Bonds 2016	07/2016	2.00%	07/2027	<u>2,560,000</u>
<b>Total Bonds</b>				<b>\$ <u>48,804,556</u></b>
Installment Purchase Debt:				
Energy Performance Contract	09/2012	1.751%	03/2020	\$ 889,337
Human Services Annex	02/2011	4.035%	02/2025	<u>388,184</u>
<b>Total Installment Purchase Debt</b>				<b>\$ <u>1,277,521</u></b>

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

### **Note 10 Long-term Debt - Continued**

#### **Summary of Long-term Debt - Continued**

<u>Description</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Outstanding</u>
TTASC Bonds:				
Series 2000 Tobacco Settlement Pass-through Bonds	12/2000	5.25% - 6.30%	06/2025	\$ 4,750,000
Less: Unamortized bond discount				(95,498)
Carrying Value of Series 2000 Tobacco Settlement Pass-through Bonds				<u>4,654,502</u>
Series 2005 Tobacco Settlement Pass-through Bonds	11/2005	6.0% - 7.85%	06/2060	3,634,440
Less: Unamortized bond discount				(51,601)
Add: Addition to accreted value				<u>4,123,537</u>
Carrying Value of Series 2005 Tobacco Settlement Pass-through Bonds				<u>7,706,376</u>
<b>Total Carrying Value of Pass-through Bonds</b>				<b><u>\$ 12,360,878</u></b>

The County's Debt Service requirements at December 31, 2016 were as follows:

<u>Year</u>	<u>Serial Bonds</u>		<u>TTASC Series 2000 Bonds</u>		<u>Installment Purchase Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 4,165,000	\$ 1,546,517	\$ 745,000	\$ 274,604	\$ 284,600	\$ 30,473	\$ 7,046,194
2018	4,300,000	1,402,170	475,000	247,564	290,455	24,618	6,739,807
2019	4,065,000	1,249,720	490,000	216,551	296,448	18,625	6,336,344
2020	3,695,000	1,114,658	530,000	183,547	171,046	12,490	5,706,741
2021	2,710,000	1,013,220	555,000	147,903	42,326	9,674	4,478,123
2022-2026	14,900,000	3,694,840	1,955,000	208,521	192,646	20,538	20,971,545
2027-2031	11,420,000	1,165,138					12,585,138
2032	<u>1,055,000</u>	<u>31,650</u>					<u>1,086,650</u>
<b>Total</b>	<b><u>\$ 46,310,000</u></b>	<b><u>\$ 11,217,913</u></b>	<b><u>\$ 4,750,000</u></b>	<b><u>\$ 1,278,690</u></b>	<b><u>\$ 1,277,521</u></b>	<b><u>\$ 116,418</u></b>	<b><u>\$ 64,950,542</u></b>

During 2005, the County sold its residual interest in the Securitized Tobacco Settlement Revenues through the issuance of Series 2005 TASC Bonds, as described above. The 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 TASC 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.

# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

### *Note 10* Long-term Debt - Continued

#### Summary of Long-term Debt - Continued

However, 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.

The projected turbo redemption payments are presented in the following table. It is expected the Corporation would begin making payments based on this amortization. However, no payments on this debt have been made. The current portion represents scheduled payments for 2015-2017.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 343,214	\$ 306,365	\$ 649,579
2018	160,996	176,209	337,205
2019	162,460	198,534	360,994
2020	157,337	213,570	370,907
2021	156,605	235,058	391,663
2022-2026	986,924	2,575,700	3,562,624
2027-2031	877,304	4,019,228	4,896,532
2032-2036	579,040	4,599,626	5,178,666
2037-2039	210,560	2,246,905	2,457,465
<b>Expected Total Debt Service</b>	<b>\$ 3,634,440</b>	<b>\$ 14,571,195</b>	<b>\$ 18,205,635</b>

The following is a summary of the amount of accretion on the TTASC Series 2005 capital appreciation bonds if held to maturity:

	<u>Amount of Yearly Accretion and Amortization of Bond Discount</u>
2017	\$ 524,010
2018	541,740
2019	559,511
2020	577,275
2021	595,356
2022-2026	3,151,011
2027-2031	2,684,767
2032-2036	1,604,218
2037-2039	209,770
Total Accretion	10,447,658
Accumulated accretion	4,123,537
Principal	3,634,440
<b>Expected Total Debt Service</b>	<b>\$ 18,205,635</b>

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

### **Note 10 Long-term Debt - Continued**

#### **Other Long-term Liabilities**

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

- 1) **Compensated Absences:** Represents the value of earned and unused portion of the liability for compensated absences and is liquidated in various funds.
- 2) **Workers Compensation Claims:** Represents estimated liabilities for claims for workers' compensation that have been incurred but not reported, and is liquidated in the Internal Service Fund.
- 3) **Postemployment benefits:** Represents the anticipated obligation for the postretirement health care benefits program.

#### **Summary of Changes in Long-term Obligations**

The following is a summary of changes in long-term obligations for the period ended December 31, 2016:

	<b>Balance 12/31/15</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/16</b>	<b>Amount Due Within One Year</b>
Serial Bonds	\$ 47,620,000	\$ 2,560,000	\$ (3,870,000)	\$ 46,310,000	\$ 4,165,000
Unamortized premiums	2,955,223		(460,667)	2,494,556	460,667
Total Serial Bonds	50,575,223	2,560,000	(4,330,667)	48,804,556	4,625,667
Compensated absences	3,922,113		(230,666)	3,691,447	
Workers' compensation claims	1,055,991	267,404	(440,199)	883,196	530,431
Other postemployment benefits	61,525,787	7,975,437	(1,179,999)	68,321,225	
Installment purchase debt	2,513,923		(1,236,402)	1,277,521	284,600
Total Primary Government Long-term Debt	119,593,037	10,802,841	(7,417,933)	122,977,945	5,440,698
TTASC Bonds	9,159,440		(775,000)	8,384,440	1,088,214
Add accreted interest on 2005 bonds	3,618,221	505,316		4,123,537	
Less unamortized bond discount	(161,050)		13,951	(147,099)	(13,952)
Total TASC Bonds	12,616,611	505,316	(761,049)	12,360,878	1,074,262
<b>Total Long-term Debt</b>	<b>\$ 132,209,648</b>	<b>\$ 11,308,157</b>	<b>\$ (8,178,982)</b>	<b>\$ 135,338,823</b>	<b>\$ 6,514,960</b>

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

# **COUNTY OF TOMPKINS**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

### **Note 10 Long-term Debt - Continued**

#### **Summary of Changes in Long-term Obligations - Continued**

The County expensed \$2,152,925 in interest on long term debt during the year.

Cash paid	\$	2,002,304
Less interest accrued in prior year		(413,349)
Add interest accrued in the current year		383,609
Add accreted interest on the Series 2005 TASC bonds		505,316
Add amortization of deferred charges on defeased debt		121,761
Less amortization of bond premiums		(460,667)
Add amortization of TTASC bond discount		13,951
<b>Total</b>	<b>\$</b>	<b><u>2,152,925</u></b>

#### **Deferred Outflows of Resources**

The County reports deferred outflows of resources related to deferred charges on defeased debt in the government-wide Statement of Net Position. A deferred charge on defeased debt results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt.

The following is a summary of changes in deferred charges on defeased debt for the period ended December 31, 2016:

	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/16</u>	<u>Amount Due</u> <u>Within One Year</u>
Deferred Charges on Defeased Debt	\$ 663,873	\$ -	\$ (121,761)	\$ 542,112	\$ 121,761

### **Note 11 Other Postemployment Benefits - Tompkins County**

In 2008, the County adopted GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.” In the past, the County reported the cost of retiree health care on a “pay-as-you-go” basis. Based on GASB Statement No. 45 guidelines, an employer with more than 200 participants must complete a full actuarial valuation at least biennially.

The actuarial accrued liability and the annual Other Postemployment Benefits (OPEB) cost for the fiscal year ending December 31, 2016 is based on an actuarial valuation of the County of Tompkins Postretirement Health Care Benefits Program (the Plan) which was performed as of January 1, 2016. The Plan is a single-employer defined benefit OPEB plan administered by the County. The Plan provides for continuation of medical and prescription drug insurance benefits for certain retirees and their spouses and can be amended by action of the County subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 11 Other Postemployment Benefits - Tompkins County - Continued**

The obligations of the Plan members, employers and other entities are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required contribution is based on projected pay-as-you-go financing requirements and varies depending on the applicable agreement. The expected employer contribution of \$1,179,999 represents an actuarially determined estimate of premiums and claims paid on behalf of 219 retirees for the year ended December 31, 2016. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit. The costs of administering the Plan are paid by the County.

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

The following table shows the components of the County's annual OPEB cost for the fiscal year ended December 31, 2016:

	<b>2016</b>
Normal cost	\$ 4,646,103
Amortization of unfunded actuarial accrued liability	5,095,277
Total Annual Required Contribution	<u>9,741,380</u>
Interest on net OPEB obligation	2,153,403
Adjustment to annual required contribution	<u>(3,919,346)</u>
Annual OPEB Cost (Expense)	7,975,437
Expected employer contribution	<u>(1,179,999)</u>
Increase in Net OPEB Obligation	6,795,438
Net OPEB Obligation - January 1	<u>61,525,787</u>
<b>Net OPEB Obligation - December 31</b>	<b><u>\$ 68,321,225</u></b>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the current year and two preceding years were:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
12/31/2016	\$ 7,975,437	14.8%	\$ 68,321,225
12/31/2015	10,423,079	12.2%	61,525,787
12/31/2014	9,851,767	11.2%	52,369,921

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

### ***Note 11* Other Postemployment Benefits - Tompkins County - Continued**

As of December 31, 2016, the Plan was not funded. The actuarial accrued liability for benefits was \$77,280,697; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$41,210,792 and the ratio of the UAAL to the covered payroll was 187.5%.

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

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

In the January 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. Actuarial assumptions included an annual medical cost trend rate of 5% initially, increased by increments to an ultimate rate of 6% after ten years. The rate included 2.9% inflation rate and 3.5% discount rate assumptions.

### **Other Postemployment Benefits - Tompkins County Public Library**

The Library complies with GASB Statement No. 45 "Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions."

An actuarial valuation of the Library's Retiree Healthcare Plan (Plan) was performed as of January 1, 2016 for the fiscal year ending December 31, 2016 by the County's contractor in conjunction with the overall evaluation for the County. The Library's actuarial evaluation is stated as a subcomponent of the total County liability. The Plan is a single-employer defined benefit Healthcare Plan administered by the County. The Plan provides medical, hospital, drug and Part B Premium Reimbursements to eligible retirees and their spouses. Authority to establish and amend the Plan rests with the County subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

### *Note 11* **Other Postemployment Benefits - Tompkins County Public Library - Continued**

Prescription co-payments and contribution requirements of Plan members and the Library are established and may be amended by the Library subject to applicable collective bargaining and employment agreements. The Library has negotiated collective bargaining agreements which include obligations of Plan members and the Library. Required contribution is based on projected “pay-as-you-go” financing requirements. For the year ended December 31, 2016, the Library’s expected contributions were \$65,731 to the Plan for current premiums of 19 retirees, compared to \$90,583 in 2015. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

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

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

	<b>2016</b>
Normal cost	\$ 337,572
Amortization of UAAL	321,730
Total Annual Required Contribution	659,302
Interest on net OPEB obligation	140,325
Adjustment to annual required contribution	(255,401)
Annual OPEB Cost (Expense)	544,226
Contributions expected on behalf of 19 employees	(65,731)
Increase in Net OPEB Obligation	478,495
Net OPEB Obligation - January 1	4,009,285
<b>Net OPEB Obligation - December 31</b>	<b>\$ 4,487,780</b>



# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 11 Other Postemployment Benefits - Tompkins County Public Library - Continued**

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the current and two preceding years were:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2016	\$ 544,226	12.1%	\$ 4,487,780
12/31/2015	629,987	14.4%	4,009,285
12/31/2014	596,135	14.6%	3,469,881

As of December 31, 2016, the Plan was not funded. The actuarial accrued liability for benefits was \$4,879,717. There are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,927,244 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 253.2% percent.

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding funded status of the Plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future.

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

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

In the January 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. Actuarial assumptions included an annual medical cost trend rate of 5% initially, increased by increments to an ultimate rate of 6% after ten years. The rate included 2.9% inflation rate and 3.5% discount rate assumptions.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 12 Interfund Receivables and Payables**

Interfund receivable and payable balances at December 31, 2016 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
Major Funds:				
General Fund	\$ 1,288,131	\$ 200,570	\$	\$ 11,392,232
County Road Fund	42	35,326	4,888,246	814,657
Transportation Fund	166,331	576,621		125,116
Solid Waste Fund	137	15,135		205,415
Special Grant Fund		24,464	121,892	
Capital Projects Fund - Transportation Fund	222,646	698,452	814,657	
Debt Service Fund			5,906,626	
Non-Major Funds	129,222	495,524	610,999	
Internal Service Fund	<u>239,583</u>	<u>                    </u>	<u>195,000</u>	<u>                    </u>
<b>Total</b>	<b><u>\$ 2,046,092</u></b>	<b><u>\$ 2,046,092</u></b>	<b><u>\$ 12,537,420</u></b>	<b><u>\$ 12,537,420</u></b>

**Note 13 Deferred Compensation Plan**

Employees of the County of Tompkins may elect to participate in the New York State Deferred Compensation Plan (NYSDCP) created in accordance with Internal Revenue Code Section 457. NYSDCP, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Plans," requires Plan assets to be held by an outside trustee, and are not reported in the County's financial statements.

At the March 17, 2015 meeting of the Legislature, with a unanimous vote, the New York State Deferred Compensation Plan (NYSDCP) was approved to be the new deferred compensation provider. The decision to change providers was based on the NYS Plan's lower costs/fees to employees and retirees who participate, along with the consistently strong performance of the Plan. The transition from ICMA-RC, the former provider, to the NYSDCP took place on June 10, 2015.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

### ***Note 14* Joint Ventures**

#### **Tompkins Cortland Community College**

The following is the activity undertaken jointly with another municipality. The County's share of this activity is included in the County's financial statements. Separate financial statements are issued for this joint venture and may be obtained from their administrative office at 170 North Street, Dryden, New York 13053.

The County of Tompkins and the County of Cortland jointly own the Tompkins Cortland Community College (the College). The venture operates under the terms of an agreement dated 1965 under provisions of Article 126 of the Education Law. The agreement is for an indefinite period of time. Significant provisions of the agreement are as follows:

- The College is administered by a Board of Trustees consisting of nine voting members; five of whom are appointed by the Legislative Boards of the two counties under an apportionment made between the two counties by the State University Trustee, and four by the Governor.
- Ownership of existing capital facilities and capital expenses are shared in the following ratios:

County of Tompkins	68%
County of Cortland	32%

- Subsidies to meet operational expenses are shared in the ratio of residents in attendance. The County's share of operations for the current year and the two preceding years was: \$2,929,730, \$2,872,284, and \$2,788,625, respectively.
- The governing body has established that the County of Tompkins and the County of Cortland will each provide 30% of the operational costs of the College. Subsidies to meet operational expenses are shared by the ratio of resident students in attendance.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

### ***Note 14* Joint Ventures - Continued**

#### **Tompkins Cortland Community College - Continued**

- All monies incidental to college operations are received and expended by the College except for those monies relating to debt service for which the counties, as sponsors, are responsible. During 1994 the sponsors authorized a Campus Master Plan Improvement Program in the amount of \$8,689,572. The sponsors are responsible for approximately 50% of the cost associated with the Master Plan improvements. Tompkins County is the lead agency in financing the sponsor's share, and has issued \$6,860,000 of debt to provide for the sponsor's share of program cost. The Cortland County Legislature has executed an inter-municipal agreement with Tompkins County, which provides for reimbursement of 36% of the net Debt Service cost associated with the project. As of December 31, 2016, outstanding debt related to the 1994 Master Plan was \$806,543 in bonds. Cortland County is responsible for 36% or \$290,355 of the bonds payable. Tompkins County reports 100% of the debt in its Statement of Net Position and also reports a receivable for the 36% in "securities and mortgages" in its Debt Service Fund.
- In 2005, the College began another campus expansion program estimated at a cost of approximately \$34 million. The sponsoring counties have committed \$13.5 million to match NYS participation in the expansion, with the College required to raise funds over and above the amount approved by New York State. Under the 2005 Campus Expansion, each county became responsible for issuing debt to finance the project. At December 31, 2016, the County has contributed \$12,971,037 for the Campus Expansion, consisting of \$3,665,537 from a tobacco securitization, a \$620,000 budget contribution, and \$8,685,500 of bonds and notes. At December 31, 2016, the outstanding debt related to the 2005 Campus Expansion (consisting of 2014 Refunding Series A Bonds and 2014 Refunding Series B Bonds) was \$4,138,209.
- In 2014, the College began another Master Plan improvement project estimated at a cost of approximately \$7 million. The sponsoring counties have committed \$3,525,000 to match NYS participation in the expansion, with the college required to raise funds over and above the amount approved by New York State. Under the 2014 Campus Expansion, each county became responsible for issuing debt to finance the project. Tompkins County bonded \$2,185,500 on November 6, 2014 for this project; outstanding debt related to the 2014 Master Plan improvement project was \$1,925,000.

# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

### Note 14 Joint Ventures - Continued

- The financial statements of the College are independently audited annually. The following is an audited summary of financial information included in financial statements for the joint venture, (combined funds) as of August 31, 2016:

Total Assets	\$ 53,144,988
Total Deferred Outflows of Resources	5,219,579
Total Liabilities	26,470,580
Total Deferred Inflows of Resources	2,074,854
Total Equity	29,819,133
Total Revenues	46,033,874
Total Expenses	51,347,737

- The County's share of the College's equity is comprised of the following at December 31, 2016:

68% of the College's total equity	\$ <u>20,277,010</u>
<b>Equity Interest in the College</b>	<b>\$ <u>20,277,010</u></b>

### Tompkins Consolidated Area Transit

The following is the activity undertaken jointly with another municipality and a university. This activity is excluded from the financial statements of the participating municipalities. Separate financial statements for this joint venture can be obtained from the Tompkins Consolidated Area Transit's administrative office at 737 Willow Avenue, Ithaca, New York 14850.

TCAT was formed under a consolidation agreement between the City of Ithaca, Tompkins County, and Cornell University effective April 1, 1998. The agreement shall remain in force until October 9, 2021. TCAT began operations on January 1, 1999, with its purpose to provide public transportation in Tompkins County and surrounding areas. As of January 1, 2005 TCAT was reorganized as a 501(c)(3). However, the structure of the Board, and the interest of each party was not changed. Significant provisions of the agreement are as follows:

- TCAT is governed by a Board of Directors consisting of nine voting members with three members being appointed by each participant in the venture. The General Manager of TCAT is a non-voting ex-officio member of the Board. In addition, the nine voting members of the Board select five additional non-voting, ex-officio members.
- Interest of each party in surpluses, losses, property, and in debt acquired by TCAT shall be shared equally.

# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

### **Note 14 Joint Ventures - Continued**

- Each party makes an annual contribution of equal amounts to the venture for TCAT's operating budget. The County's contribution for 2016 was \$837,432. Its contribution for TCAT's operating budget for 2017 will be \$837,432.
- The financial statements of TCAT are independently audited annually and may be obtained from their administrative office. The following is a summary of audited financial information included in financial statements for the joint venture as of December 31, 2016:

Total Assets	\$ 18,438,239
Total Liabilities	3,640,069
Total Equity	14,798,170
Total Revenues	17,921,859
Total Expenses	15,497,108

- The County's share of the TCAT's equity amounted to \$4,932,723 at December 31, 2016.

### **Note 15 Contingencies**

The County of Tompkins is defendant in several tax certiorari claims brought by taxpayers in an attempt to reduce their real property value assessments. These lawsuits arise from the continuing adjustments to property valuations required to maintain assessments at a uniform level of market value. The County's attorney in the defense of these cases has expressed the opinion that the impact of settlement of such cases has the potential to be substantial but not predictable.

The County of Tompkins is a defendant in several tort claims. There are always various cases pending against the County, but we are not aware of any of these cases presenting a material adverse effect on the County's financial condition, nor will any of these cases affect the power of the County to levy, collect, and enforce the collection of taxes or other revenues for the payment of its obligations. The County is self-insured for the amounts claimed and is paying for the defense of these cases. It maintains reserves, in amounts recommended by its insurance administrator, which it considers adequate to cover potential settlements or damages awarded. As of December 31, 2016, the County has reserved \$1,641,359 for unreported claims, which is included in the net position in the Internal Services Fund.

As of this date, labor agreements are in place for nearly all County employees. The contract with the Correctional Officers union (43 members) expired at the end of 2014. Negotiations on a successor agreement are ongoing. The County, as a matter of fiscal policy, reserves funds for anticipated settlements. The adopted 2017 budget provided resources for future contracts consistent with settlements of other employee units.

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

### ***Note 15* Contingencies - Continued**

There were two New York State Office of Medicaid Inspector General audits which initially indicated the County would have to pay Medicare \$1.0 million. The first was an audit covering the period January 1, 2004 through December 31, 2007, and stated the County would have to pay \$747,856 as repayment of claims. A settlement was reached in 2016 for a final settlement amount of \$305,754.

The second was a recertification audit of the Tompkins County Mental Health Department. During 2012, the County self-reported to the NYS Office of Medicaid Inspector General certain case file deficiencies within the Mental Health Department associated with Medicaid billings. During 2016, the Tompkins County Mental Health Department made a Statement of Self-Disclosure to OMIG of Medicaid overpayments totaling \$261,803.15 covering dates February 12, 2010 through February 12, 2016. Subsequent to the self-disclosure, the County, by letter, had asked OMIG to waive the self-disclosed overpayment. Thereafter, the self-disclosed overpayment and waiver request were forwarded to the Division of Medicaid Audit (DMA) for review and additional input to determine what, if any, action should be taken by OMIG in light of the request. Based on the above review, and as a result of consultation with the Office of Mental Health (OMH), it was determined the conduct which led to the overpayment had been remedied by the County. The matter has been closed and no further action was deemed necessary by the OMIG. The County will not have to pay back the overpayments of \$261,803.

### ***Note 16* Sales Tax**

The County, under the general authority of Article 29 of the Tax Law, imposes a 3.0% sales tax in the towns outside the City of Ithaca, and a 1.5% sales tax within its boundaries. Both the County and City-imposed taxes are administered and collected by the New York State Tax Commission in the same manner as that relating to the State's imposed 4.0% sales and compensating use tax. Net collections, meaning monies collected after deducting expenses and amounts refunded or to be refunded, but inclusive to any applicable penalties and interest, are paid by the State to the County and City, respectively.

Of the total sales tax received by the County, an amount equal to 50% of total collections, excluding the amount paid directly to the City, is retained by the County. The balance is divided among the applicable towns based on population as determined by the 2010 census. The towns' share is divided and allocated between incorporated villages (located wholly or partially within each town) and the area of the towns outside said villages on the basis of population. All the villages and five townships are paid their share in cash. The towns outside villages' share are retained by the County and applied in the first instance to taxes to be re-levied for County purposes in the respective towns' levy.

# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

**Note 16 Sales Tax - Continued**

During 1992, the State Legislature granted authority to increase the County sales tax rate from 3% to 4%. The new taxing authority became effective December 1, 1992, with an initial expiration of November 30, 1995. The State Legislature has subsequently renewed the higher tax rate to November 30, 2017.

For the past five year period, sales tax proceeds have been distributed to the jurisdictions within the County in the following amounts:

<u>Year</u>	<u>County Share</u>	<u>City Share</u>	<u>Town/ Village Share</u>
2016	\$ 33,198,140	\$ 12,555,002	\$ 13,266,597
2015	33,385,002	12,419,075	13,546,566
2014	34,002,586	12,600,667	13,845,767
2013	32,466,433	12,042,881	13,208,830
2012	31,668,817	11,791,806	12,839,399

The 2017 County Budget includes \$33,432,162 in sales tax to support operations.

**Note 17 Transactions with Discretely Presented Component Units**

The County of Tompkins contributed \$3,233,201 and \$243,317 to the Tompkins County Public Library and the Tompkins County Soil and Water Conservation District, respectively. Additionally, the Library's facilities are owned by the County and provided to the Library at no charge. The County provided \$481,787 worth of debt service on the building occupied by the Library.



# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

**Note 18 Fund Balance Detail**

At December 31, 2016, fund balance in the governmental funds was comprised of the following:

	<b>General Fund</b>	<b>County Road Fund</b>	<b>Transportation Fund</b>	<b>Solid Waste Fund</b>
<b>Nonspendable</b>				
Prepaid expenses	\$ 1,727,284	\$ 37	\$ 16,515	\$ 2,925
<b>Total Nonspendable Fund Balance</b>	<b><u>\$ 1,727,284</u></b>	<b><u>\$ 37</u></b>	<b><u>\$ 16,515</u></b>	<b><u>\$ 2,925</u></b>
<b>Restricted</b>				
Economic assistance and opportunity	\$ 393,174	\$	\$	\$
Public safety	202,950			
Capital reserve	50,023			199,774
<b>Total Restricted Fund Balance</b>	<b><u>\$ 646,147</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 199,774</u></b>
<b>Assigned</b>				
Appropriated for next year's budget	\$ 1,095,928	\$	\$	\$
Encumbered for:				
General government	254,613			
Public safety	62,681			
Public health	44,595			
Economic assistance	383,233			
Transportation	1,586	5,470		
Culture and recreation	1,226			
Home and community services	66,559			
Assigned for Employee Benefits:				
General government	245,040			
Public safety	357,916			
Public health	234,555			
Transportation	96,825			
Economic assistance and opportunity	305,232			
Culture and recreation	9,450			
Home and community services	45,435			
Assigned for:				
Public safety RAA reserve	217,348			
Culture and recreation, County Historian Rollovers	15,192			
Residual fund balance		2,322,550	19,430	2,122,639
<b>Total Assigned Fund Balance</b>	<b><u>\$ 3,437,414</u></b>	<b><u>\$ 2,328,020</u></b>	<b><u>\$ 19,430</u></b>	<b><u>\$ 2,122,639</u></b>
<b>Unassigned</b>				
Unassigned fund balance	\$ 35,024,437	\$	\$	\$
<b>Total Unassigned Fund Balance</b>	<b><u>\$ 35,024,437</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

# COUNTY OF TOMPKINS

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

*Note 18*    **Fund Balance Detail - Continued**

	<b>Special Grant Fund</b>	<b>Capital Projects Fund - Transportation</b>	<b>Debt Service Fund</b>	<b>Non-Major Funds</b>
<b>Nonspendable</b>				
Prepaid expenses	\$ 881	\$	\$	\$ 3,530
<b>Total Nonspendable Fund Balance</b>	<b><u>\$ 881</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,530</u></b>
<b>Restricted</b>				
Community development	\$ 1,596,465	\$	\$	\$
Capital projects - Unspent debt proceeds				4,602,107
Debt Service			2,118,919	1,364,364
<b>Total Restricted Fund Balance</b>	<b><u>\$ 1,596,465</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,118,919</u></b>	<b><u>\$ 5,966,471</u></b>
<b>Committed</b>				
Capital projects	\$	\$	\$	\$ 3,951,186
<b>Total Committed Fund Balance</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,951,186</u></b>
<b>Assigned</b>				
Assigned for transportation	\$	\$ 3,428,226	\$	\$ 1,208,889
<b>Total Assigned Fund Balance</b>	<b><u>\$ -</u></b>	<b><u>\$ 3,428,226</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,208,889</u></b>
<b>Unassigned</b>				
Unassigned fund balance	\$	\$	\$	\$ -
<b>Total Unassigned Fund Balance (Deficit)</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 18 Fund Balance Detail - Continued**

Of the \$14,205,418 reported as unrestricted net position of the Governmental Activities in the Government-wide Statement of Net Position, the County has designated funds to be set aside for certain purposes or contingencies, as follows:

Unrestricted Net Position	\$	14,205,418
Designated for:		
Ensuing year's budget		1,095,928
Carry-over of prior year's commitments (encumbrances and rollovers)		819,9637
Prepaid expenses		1,751,172
Employee benefits		1,309,645
Capital projects		3,951,186
Self Insurance		1,641,359
Workers' Compensation		1,172,756
Equity interest in joint venture, net of related debt		25,209,733
Public safety		217,348
Transportation		3,550,869
Home and community services		2,122,639
Total Designated Net Position		42,842,598
<b>Unrestricted, Undesignated Net Position (Deficit)</b>	<b>\$</b>	<b><u><u>(28,637,180)</u></u></b>

**Reconciliation Between Restricted Fund Balance and Restricted Net Position**

Restricted fund balances and restricted net position differ because unspent debt proceeds are reported as restricted fund balance in the fund financial statements and as a portion of invested in capital, net of related debt in the Statement of Net Position. Restricted fund balances and restricted net position also differ because loan balances in the special grant fund and the debt service fund are reported as unavailable revenue in the fund financial statements and as a portion of restricted net position, in the Statement of Net Position.

Restricted fund balance in the fund financial statements	\$	10,527,776
Plus loan balances		2,340,689
Less unspent debt proceeds		(4,602,107)
<b>Restricted Net Position in the Government-wide Financial Statements</b>	<b>\$</b>	<b><u><u>8,266,358</u></u></b>

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 19 Tax Abatements**

For the year ended December 31, 2016, the County was subject to tax abatements negotiated by the Tompkins County Industrial Development Agency (TCIDA), a discretely presented component unit, the Town of Ithaca, New York (the Town), the City of Ithaca, New York (the City), the Village of Freeville, New York, and the Village of Groton (the Villages).

Under TCIDA, economic development agreements entered can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which TCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100%.

Information relevant to disclosure of the program for the year ended December 31, 2016 is as follows:

<b>Tax Abatement Program</b>	<b>Amount of Taxes Abated</b>
Economic Development:	
Real Property Tax	\$ 1,763,752
Sales Tax	1,721,062
Mortgage Tax	48,750
<b>Total</b>	<b>\$ <u><u>3,533,564</u></u></b>

The City, Town, and the Villages 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 City, Town or Villages. Under this program, the City, Town, and Villages abated taxes by 95% to an apartment complex.

<b>Tax Abatement Program</b>	<b>Amount of Taxes Abated</b>
Economic Development:	
Real Property Tax	\$ <u>128,052</u>
<b>Total</b>	<b>\$ <u><u>128,052</u></u></b>

# ***COUNTY OF TOMPKINS***

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016**

### ***Note 20* Subsequent Events**

On February 21, 2017, the County issued \$5,455,000 of serial bonds with various years of maturity; February 1, 2018-2028. The proceeds of the bonds, along with \$62,000 in available funds, will redeem in full the \$2,306,000 BANs which mature February 22, 2017.

On February 21, 2017, the County issued \$544,000 of BANs due February 21, 2018. The proceeds of the Series A Notes will provide \$544,000 in new monies for various public improvement projects.

On February 21, 2017, the County issued \$1,000,000 of BANs due February 21, 2018. The proceeds of the Series B Notes will provide \$1,000,000 in new monies for an Airport Jet Bridge.

On June 6, 2017, the County approved the purchase and improvement of property at 106-112 North Tioga Street for \$2,000,000. The purpose of the purchase is for the property and accompanying building to serve as a Heritage Education Center.

# COUNTY OF TOMPKINS

## BUDGETARY COMPARISON SCHEDULE (NON-GAAP) GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget
<b>REVENUES</b>		
Real property taxes	\$ 48,991,375	\$ 48,991,375
Real property tax items		
Nonproperty tax items	51,064,209	51,192,375
Departmental income	8,980,402	9,147,902
Intergovernmental charges	9,170	12,080
Use of money and property	468,271	468,271
Licenses and permits	3,500	3,500
Fines and forfeitures	264,725	283,519
Sale of property and compensation for loss	661,500	671,881
Miscellaneous local sources	2,052,289	2,176,988
Interfund revenues	478,963	689,550
State sources	25,342,504	26,312,143
Federal sources	18,695,911	19,106,182
<b>Total Revenues</b>	157,012,819	159,055,766
<b>EXPENDITURES</b>		
General governmental support	30,311,434	30,276,082
Education	9,391,968	9,391,968
Public safety	17,094,872	19,854,949
Health	18,837,430	19,320,328
Transportation	9,509,462	9,694,944
Economic assistance and opportunity	52,725,200	53,646,375
Culture and recreation	5,349,687	5,402,958
Home and community services	1,595,323	2,393,228
Employee benefits	1,973,415	1,592,810
<b>Total Expenditures</b>	146,788,791	151,573,642
Excess of Revenues	10,224,028	7,482,124
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund transfers (out)	(11,142,264)	(11,358,357)
<b>Total Other Financing (Uses) Sources</b>	(11,142,264)	(11,358,357)
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	(918,236)	(3,876,233)
Appropriated Fund Balance	918,236	3,876,233
<b>Net Increase</b>	\$ -	\$ -
Fund Balance, Beginning of Year		
<b>Fund Balance, End of Year</b>		

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

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 43,144,325	\$	\$ (5,847,050)
2,264,988		2,264,988
53,640,142		2,447,767
8,544,229		(603,673)
791,621		779,541
596,500		128,229
6,625		3,125
224,994		(58,525)
864,174		192,293
659,298		(1,517,690)
695,038		5,488
28,254,405		1,942,262
16,872,118		(2,234,064)
156,558,457	-	(2,497,309)
28,826,691	254,613	1,194,778
8,674,341		717,627
19,294,175	62,681	498,093
17,797,821	44,595	1,477,912
9,260,225	1,586	433,133
50,922,789	383,233	2,340,353
5,360,044	1,226	41,688
1,842,122	66,559	484,547
679,783		913,027
142,657,991	814,493	8,101,158
13,900,466	(814,493)	5,603,849
(11,392,232)		(33,875)
(11,392,232)	-	(33,875)
2,508,234	\$ <u>(814,493)</u>	\$ <u>5,569,974</u>
2,508,234		
38,327,048		
\$ <u>40,835,282</u>		

# ***COUNTY OF TOMPKINS***

## **BUDGETARY COMPARISON SCHEDULE (NON-GAAP) COUNTY ROAD FUND FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>
<b>REVENUES</b>		
Use of money and property	\$	\$
Licenses and permits	4,000	6,392
Sale of property and compensation for loss	2,500	8,965
Miscellaneous local sources		1,492
State sources	2,025,296	2,486,188
Federal sources		
<b>Total Revenues</b>	<b>2,031,796</b>	<b>2,503,037</b>
<b>EXPENDITURES</b>		
Public safety	249,395	253,864
Transportation	5,736,592	7,162,757
Employee benefits	934,055	922,564
<b>Total Expenditures</b>	<b>6,920,042</b>	<b>8,339,185</b>
Excess of (Expenditures)	(4,888,246)	(5,836,148)
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund transfers in	4,888,246	4,888,246
Interfund transfers (out)		
<b>Total Other Financing Sources</b>	<b>4,888,246</b>	<b>4,888,246</b>
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	-	(947,902)
Appropriated Fund Balance		947,902
<b>Net (Decrease)</b>	<b>\$ -</b>	<b>\$ -</b>
Fund Balance, Beginning of Year		
<b>Fund Balance, End of Year</b>		

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



<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 2,038	\$	\$ 2,038
7,032		640
9,359		394
1,492		-
2,491,924		5,736
43,309		43,309
2,555,154	-	52,117
245,413		8,451
6,128,776	5,470	1,028,511
778,315		144,249
7,152,504	5,470	1,181,211
(4,597,350)	(5,470)	1,233,328
4,888,246		-
(814,657)		(814,657)
4,073,589	-	(814,657)
(523,761)	\$ <b>(5,470)</b>	\$ <b>418,671</b>
(523,761)		
2,851,818		
\$ <b>2,328,057</b>		

# ***COUNTY OF TOMPKINS***

## **BUDGETARY COMPARISON SCHEDULE (NON-GAAP) TRANSPORTATION FUND FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>
<b>REVENUES</b>		
Departmental income	\$ 1,579,601	\$ 1,579,601
Intergovernmental charges	129,500	129,500
Use of money and property	1,479,553	1,479,553
Sale of property and compensation for loss	19,000	19,000
Miscellaneous local sources	13,591	13,591
<b>Total Revenues</b>	<b>3,221,245</b>	<b>3,221,245</b>
<b>EXPENDITURES</b>		
Transportation	2,760,659	2,761,452
Employee benefits	460,586	459,793
<b>Total Expenditures</b>	<b>3,221,245</b>	<b>3,221,245</b>
Excess of Revenues (Expenditures)	-	-
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund transfers in		
Interfund transfers (out)		
<b>Total Other Financing Sources (Uses)</b>	-	-
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	-	-
Appropriated Fund Balance		
<b>Net Increase</b>	<b>\$ -</b>	<b>\$ -</b>
Fund Balance (Deficit), Beginning of Year		
<b>Fund Balance, End of Year</b>		

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

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 1,609,943	\$	\$ 30,342
107,370		(22,130)
1,512,322		32,769
31,897		12,897
14,435		844
<u>3,275,967</u>	<u>-</u>	<u>54,722</u>
2,571,788		189,664
382,504		77,289
<u>2,954,292</u>	<u>-</u>	<u>266,953</u>
321,675	-	321,675
<u>(125,116)</u>		<u>-</u>
<u>(125,116)</u>	<u>-</u>	<u>(125,116)</u>
196,559	\$ -	\$ <b>196,559</b>
-		
196,559		
(160,614)		
<u>\$ 35,945</u>		

# ***COUNTY OF TOMPKINS***

## **BUDGETARY COMPARISON SCHEDULE (NON-GAAP) SOLID WASTE FUND FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>
<b>REVENUES</b>		
Departmental income	\$ 5,259,199	\$ 5,259,199
Use of money and property	600	600
Licenses and permits	64,500	64,500
Fines and forfeitures	1,450	1,450
Sale of property and compensation for loss		
Miscellaneous local sources	8,000	8,000
State sources	39,000	39,000
<b>Total Revenues</b>	<b>5,372,749</b>	<b>5,372,749</b>
<b>EXPENDITURES</b>		
Home and community services	4,987,913	5,012,246
Employee benefits	384,836	360,503
<b>Total Expenditures</b>	<b>5,372,749</b>	<b>5,372,749</b>
Excess of Revenues	-	-
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund transfers in		
Interfund transfers (out)		
<b>Total Other Financing (Uses)</b>	-	-
Excess of (Expenditures) and Other Financing (Uses)	-	-
Appropriated Fund Balance		-
<b>Net Increase</b>	<b>\$ -</b>	<b>\$ -</b>

Fund Balance, Beginning of Year

**Fund Balance, End of Year**

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

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 4,988,296	\$	\$ (270,903)
<u>1,465</u>		<u>865</u>
		<u>(64,500)</u>
		<u>(1,450)</u>
<u>445,291</u>		<u>445,291</u>
<u>6,595</u>		<u>(1,405)</u>
<u>714,189</u>		<u>675,189</u>
<u>6,155,836</u>	<u>-</u>	<u>783,087</u>
<u>4,544,739</u>		<u>467,507</u>
<u>329,068</u>		<u>31,435</u>
<u>4,873,807</u>	<u>-</u>	<u>498,942</u>
<u>1,282,029</u>	<u>-</u>	<u>1,282,029</u>
<u>-</u>		<u>-</u>
<u>(205,415)</u>		<u>(205,415)</u>
<u>(205,415)</u>	<u>-</u>	<u>(205,415)</u>
<u>1,076,614</u>	\$ <u>-</u>	\$ <u><b>1,076,614</b></u>
<u>1,076,614</u>		
<u>1,248,724</u>		
\$ <u><b>2,325,338</b></u>		

# COUNTY OF TOMPKINS

## BUDGETARY COMPARISON SCHEDULE (NON-GAAP) SPECIAL GRANT FUND FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>
<b>REVENUES</b>		
Departmental income	\$ 75,043	\$ 1,280,267
Use of money and property		
Miscellaneous local sources	29,818	29,818
Interfund revenues		
Federal sources	1,205,705	2,219,705
<b>Total Revenues</b>	<u>1,310,566</u>	<u>3,529,790</u>
<b>EXPENDITURES</b>		
Economic assistance and opportunity	1,432,458	1,470,882
Home and community services		2,104,000
<b>Total Expenditures</b>	<u>1,432,458</u>	<u>3,574,882</u>
Excess of Revenues	<u>(121,892)</u>	<u>(45,092)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund transfers in	121,892	121,892
<b>Total Other Financing Sources</b>	<u>121,892</u>	<u>121,892</u>
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	<u>-</u>	<u>76,800</u>
Appropriated Fund Balance		100,000
<b>Net Increase</b>	<u>\$ -</u>	<u>\$ 176,800</u>
Fund Balance, Beginning of Year		
<b>Fund Balance, End of Year</b>		

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

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 327,202	\$	\$ (953,065)
1,110		1,110
243,704		213,886
		-
2,119,833		(99,872)
2,691,849	-	(837,941)
1,325,092		145,790
1,406,563		697,437
2,731,655	-	843,227
(39,806)	-	5,286
121,892		-
121,892	-	-
82,086	\$ -	\$ 5,286
82,086		
1,515,260		
<b>\$ 1,597,346</b>		

# **COUNTY OF TOMPKINS**

## **SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Fiscal Year Ended</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Liability (AAL) - Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
<b>County of Tompkins</b>							
12/31/2016	1/1/2016	\$ -	\$ 77,280,697	\$ 77,280,697	0.0%	\$ 41,210,792	187.5%
12/31/2015	1/1/2014	-	95,598,255	95,598,255	0.0%	38,299,679	249.6%
12/31/2014	1/1/2014	-	88,096,730	88,096,730	0.0%	38,009,373	231.8%
12/31/2013	1/1/2012	-	82,905,337	82,905,337	0.0%	37,785,616	219.4%
12/31/2012	1/1/2012	-	76,402,949	76,402,949	0.0%	36,449,633	209.6%
12/31/2011	1/1/2010	-	81,482,313	81,482,313	0.0%	36,040,953	226.1%
12/31/2010	1/1/2010	-	75,009,186	75,009,186	0.0%	38,020,577	197.3%
12/31/2009	1/1/2008	-	59,022,702	59,022,702	0.0%	38,195,389	154.5%
<b>Tompkins County Public Library</b>							
12/31/2016	1/1/2016	\$ -	\$ 4,879,717	\$ 4,879,717	0.0%	\$ 1,927,244	253.2%
12/31/2015	1/1/2014	-	5,816,371	5,816,371	0.0%	1,846,332	315.0%
12/31/2014	1/1/2014	-	5,376,397	5,376,397	0.0%	1,856,968	289.5%
12/31/2013	1/1/2012	-	5,484,063	5,484,063	0.0%	1,666,666	329.0%
12/31/2012	1/1/2012	-	5,043,968	5,043,968	0.0%	1,686,350	299.1%
12/31/2011	1/1/2010	-	5,381,385	5,381,385	0.0%	1,740,164	309.2%

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



# ***COUNTY OF TOMPKINS***

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>County:</b>	\$	\$	\$
Contractually required contribution	<b>6,385,773</b>	6,563,490	7,383,294
Contributions in relation to the contractually required contribution	<b>(6,385,773)</b>	(6,563,490)	(7,383,294)
Contribution deficiency (excess)	-	-	-
County's covered - employee payroll	<b>36,639,368</b>	34,194,313	33,948,487
Contributions as a percentage of covered - employee payroll	<b>17.4%</b>	19.2%	21.7%
<b>Library:</b>			
Contractually required contribution	<b>303,722</b>	288,556	320,152
Contributions in relation to the contractually required contribution	<b>(303,722)</b>	(288,556)	(320,152)
Contribution deficiency (excess)	-	-	-
Library's covered - employee payroll	<b>1,798,141</b>	1,685,339	1,489,640
Contributions as a percentage of covered - employee payroll	<b>16.9%</b>	17.1%	21.5%
<b>District:</b>			
Contractually required contribution	<b>33,317</b>	7,463	55,175
Contributions in relation to the contractually required contribution	<b>(33,317)</b>	(7,463)	(55,175)
Contribution deficiency (excess)	-	-	-
District's covered - employee payroll	<b>164,198</b>	162,338	183,540
Contributions as a percentage of covered - employee payroll	<b>20.1%</b>	4.6%	30.1%

\* Information unavailable

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
N/A	N/A	N/A	N/A	N/A	N/A	N/A
265,631	227,295	188,229	*	*	*	*
(265,631)	(227,295)	(188,229)	*	*	*	*
-	-	-	*	*	*	*
1,532,665	1,457,033	1,536,141	*	*	*	*
17.3%	15.6%	12.3%	N/A	N/A	N/A	N/A
60,305	27,641	23,197	16,109	19,721	17,308	20,910
(60,305)	(27,641)	(23,197)	(16,109)	(19,721)	(17,308)	(20,910)
-	-	-	-	-	-	-
272,532	257,394	204,541	232,186	245,443	236,590	221,858
22.1%	10.7%	11.3%	6.9%	8.0%	7.3%	9.4%

# ***COUNTY OF TOMPKINS***

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

	<b>2016</b>	<b>2015</b>
<b>County:</b>		
Proportion of the net pension liability	0.1528740%	0.1492680%
Proportionate share of the net pension liability	\$ 24,541,202	\$ 5,040,765
Covered-employee payroll during the measurement period	34,275,974	33,949,328
Proportionate share of the net pension liability as a percentage of covered-employee payroll	71.60%	14.85%
Plan fiduciary net position as a percentage of the total pension liability	90.7%	97.9%
<b>Library:</b>		
Proportion of the net pension liability	0.0073000%	0.0062000%
Proportionate share of the net pension (asset) liability	\$ 1,168,629	\$ (209,698)
Covered-employee payroll during the measurement period	1,758,709	1,465,228
Proportionate share of the net pension liability as a percentage of covered-employee payroll	66.45%	-14.31%
Plan fiduciary net position as a percentage of the total pension liability	90.7%	97.9%
<b>District:</b>		
Proportion of the net pension liability	0.0010930%	0.0010680%
Proportionate share of the net pension liability	\$ 175,403	\$ 36,068
Covered-employee payroll during the measurement period	164,973	154,433
Proportionate share of the net pension liability as a percentage of covered-employee payroll	106.32%	23.36%
Plan fiduciary net position as a percentage of the total pension liability	90.7%	97.9%

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

# ***COUNTY OF TOMPKINS***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

***Note 1***     **Budget Basis of Accounting**

Budgets are adopted annually on a basis consistent with generally accepted accounting principles for the General, County Road, Road Machinery, Transportation, Special Grant, Solid Waste, and Debt Service Funds. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or an expenditure in the GAAP based financial statement, but reserve a portion of the applicable appropriation, thereby ensuring that the appropriations are not exceeded. The accompanying Budgetary Comparison Schedules for the General, County Road, Transportation, Special Grant, and Solid Waste Funds present comparisons of the legally adopted budget with actual data.

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

No adjustment is necessary to convert excess of expenditures and other uses over revenues and other sources 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 Funding Progress**

The Schedule of Funding Progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of the Plan's assets are increasing or decreasing over time relative to the actuarial liabilities for benefits.

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

The Schedules of the County's Proportionate Share of the Net Pension Liability, required supplementary information, present two years of information. This schedule will present ten years of information as it becomes available from the pension plans.

***Note 5***     **Schedules of County's Contributions - NYSLRS Pension Plans and Schedules 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 was a change in assumption for the pensioner mortality improvement in the April 1, 2014 actuarial valuation from the Society of Actuaries' Scale AA to Scale MP - 2014.

# ***COUNTY OF TOMPKINS***

## **NOTES TO SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

### ***Note 5* Schedules of County's Contributions - NYSLRS Pension Plans and Schedules of the County's Proportionate Share of the Net Pension Liability - Continued**

#### **Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The April 1, 2014 actuarial valuation determines the employer rates for contributions payable in fiscal year 2016. The following actuarial methods and assumptions were used:

Actuarial cost method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset valuation period	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.7%
Salary scale	4.9% in ERS, indexed by service.
Investment rate of return	7.5% compounded annually, net of investment expenses, including inflation.
Cost of living adjustments	1.4% annually.

# COUNTY OF TOMPKINS

## COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2016

	Special Revenue Fund	Capital Projects Funds		
	Road Machinery Fund	TCAT Fund	General Government Fund	Home and Community Services Fund
<b>ASSETS</b>				
Cash and cash equivalents - Unrestricted	\$ 1,229,146	\$ 67,490	\$ 2,986,673	\$ 797,889
- Restricted			3,888,868	631,219
Temporary investments - Restricted				
Due from other funds	10,650		118,000	
Due from state and federal governments		14,275		
Other receivables, net	1,745			
Prepaid expenses				
<b>Total Assets</b>	<b>\$ 1,241,541</b>	<b>\$ 81,765</b>	<b>\$ 6,993,541</b>	<b>\$ 1,429,108</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 16,722	\$ 269	\$ 133,615	\$ 28,173
Accrued liabilities	10,933			
Due to other funds	4,997			
Bond Anticipation Notes payable			1,400,000	
<b>Total Liabilities</b>	32,652	269	1,533,615	28,173
<b>Fund Balances</b>				
Nonspendable				
Restricted			3,888,868	631,219
Committed		81,496	1,571,058	769,716
Assigned	1,208,889			
<b>Total Fund Balances</b>	1,208,889	81,496	5,459,926	1,400,935
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,241,541</b>	<b>\$ 81,765</b>	<b>\$ 6,993,541</b>	<b>\$ 1,429,108</b>

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

Capital Projects Funds			Debt Service Fund	Total Non-Major Governmental Funds
Public Health Fund	Public Safety Fund	Education Fund	TTASC Fund	
\$ 884,275	\$ 14,600	\$ 480,429	\$	\$ 6,460,502
		82,020	114,585	4,716,692
			649,779	649,779
572				129,222
	1,051,373			1,065,648
			600,000	601,745
			3,530	3,530
<b>\$ 884,847</b>	<b>\$ 1,065,973</b>	<b>\$ 562,449</b>	<b>\$ 1,367,894</b>	<b>\$ 13,627,118</b>
\$ 31,682	\$ 380,125	\$	\$	\$ 590,586
				10,933
4,417	486,110			495,524
				1,400,000
36,099	866,235	-	-	2,497,043
			3,530	3,530
		82,020	1,364,364	5,966,471
848,748	199,738	480,429		3,951,185
				1,208,889
848,748	199,738	562,449	1,367,894	11,130,075
<b>\$ 884,847</b>	<b>\$ 1,065,973</b>	<b>\$ 562,449</b>	<b>\$ 1,367,894</b>	<b>\$ 13,627,118</b>

# COUNTY OF TOMPKINS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Fund	Capital Projects Funds		
	Road Machinery Fund	TCAT Fund	General Government Fund	Home and Community Services Fund
<b>REVENUES</b>				
Use of money and property	\$ 1,123	\$ 61	\$ 6,541	\$ 1,202
Sale of property and compensation for loss	112,312			
Miscellaneous local sources		1,513		
Interfund revenues	1,499,548			
State sources		1,586		
Federal sources		1,429,885		
<b>Total Revenues</b>	<u>1,612,983</u>	<u>1,433,045</u>	<u>6,541</u>	<u>1,202</u>
<b>EXPENDITURES</b>				
General governmental support				
Transportation	1,880,907			
Employee benefits	129,557			
Debt service (principal and interest)				
Capital outlay		1,432,624	2,174,832	361,554
<b>Total Expenditures</b>	<u>2,010,464</u>	<u>1,432,624</u>	<u>2,174,832</u>	<u>361,554</u>
Excess of Revenues (Expenditures)	<u>(397,481)</u>	<u>421</u>	<u>(2,168,291)</u>	<u>(360,352)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in			435,651	77,255
Proceeds of obligations			1,360,000	
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>1,795,651</u>	<u>77,255</u>
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	<u>(397,481)</u>	<u>421</u>	<u>(372,640)</u>	<u>(283,097)</u>
Fund Balances, Beginning of Year	1,606,370	81,075	5,832,566	1,684,032
<b>Fund Balances, End of Year</b>	<u>\$ 1,208,889</u>	<u>\$ 81,496</u>	<u>\$ 5,459,926</u>	<u>\$ 1,400,935</u>

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



<b>Capital Projects Funds</b>			<b>Debt Service Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>Public Health Fund</b>	<b>Public Safety Fund</b>	<b>Education Fund</b>	<b>TTASC Fund</b>	
\$ 860	\$ 436	\$ 471	\$ 1,851	\$ 12,545
				112,312
	13,721		698,287	713,521
				1,499,548
572	1,604,651			1,606,809
	263,426			1,693,311
1,432	1,882,234	471	700,138	5,638,046
			60,323	60,323
				1,880,907
				129,557
			1,110,837	1,110,837
451,785	1,462,373	36,370		5,919,538
451,785	1,462,373	36,370	1,171,160	9,101,162
(450,353)	419,861	(35,899)	(471,022)	(3,463,116)
	98,093			610,999
				1,360,000
-	98,093	-	-	1,970,999
(450,353)	517,954	(35,899)	(471,022)	(1,492,117)
1,299,101	(318,216)	598,348	1,838,916	12,622,192
<b>\$ 848,748</b>	<b>\$ 199,738</b>	<b>\$ 562,449</b>	<b>\$ 1,367,894</b>	<b>\$ 11,130,075</b>

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

County Legislature  
County of Tompkins  
Ithaca, 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 Tompkins, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County of Tompkins' basic financial statements, and have issued our report thereon dated June 30, 2017. Our report includes a reference to other auditors who audited the financial statements of Tompkins Cortland Community College, as described in our report on the County of Tompkins' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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

### **Purpose of this Report**

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

Respectfully Submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
June 30, 2017

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

County Legislature  
County of Tompkins  
Ithaca, New York

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

We have audited the County of Tompkins' 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 of Tompkins' major federal programs for the year ended December 31, 2016. The County of Tompkins' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County of Tompkins' 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 of Tompkins' 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 of Tompkins' compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County of Tompkins 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, 2016.

## Report on Internal Control over Compliance

Management of the County of Tompkins 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 of Tompkins' 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 of Tompkins' 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  
June 30, 2017

## COUNTY OF TOMPKINS

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Passed Through to Subrecipients	Expenditures
<b>U.S. Department of Agriculture</b>				
Direct Program:				
Farmers Market Promotion Program	10.168	N/A	\$	21,796
Passed Through NYS Department of Health:				
Special Supplemental Nutrition Program for Women, Infants and Children - Administration	10.557	C025804		452,314
Special Supplemental Nutrition Program for Women, Infants and Children - Food Instruments	10.557	(1)		763,686
Total Special Supplemental Nutrition Program for Women, Infants and Children			-	1,216,000
Passed Through NYS Office of Temporary and Disability Assistance:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	(1)		1,423,989
<b>Total U.S. Department of Agriculture</b>			-	2,661,785
<b>U.S. Department of Housing and Urban Development</b>				
Passed Through NYS Homes and Community Renewal:				
Community Development Block Grants - State's Program	14.228	1144HO17-13	262,473	262,473
Community Development Block Grants - State's Program	14.228	1144CRFHR99-14	315,119	315,119
Community Development Block Grants - State's Program	14.228	1144H0337-15	450,377	461,630
Total Community Development Block Grants - State's Program			1,027,969	1,039,222
<b>Total U.S. Department of Housing and Urban Development</b>			1,027,969	1,039,222
<b>U.S. Department of Justice</b>				
Direct Program:				
Equitable Sharing Program	16.922	N/A		18,794
<b>Total U.S. Department of Justice</b>			-	18,794
<b>U.S. Department of Labor</b>				
Passed Through NYS Office for the Aging:				
Senior Community Service Employment Program	17.235	(1)		14,894
Passed Through NYS Department of Labor:				
WIA Cluster:				
WIA Adult Program	17.258	(1)		179,626
WIA Youth Activities	17.259	(1)		377,195
WIA Dislocated Workers	17.278	(1)		134,181
Total WIA Cluster				691,002
<b>Total U.S. Department of Labor</b>			-	705,896
Subtotal Expenditures of Federal Awards			1,027,969	4,425,697

N/A - Denotes Not Applicable (Direct Program)

(1) - Denotes unable to obtain from Pass-Through Entity

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

**COUNTY OF TOMPKINS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Federal Grantor/Pass-Through Grantor/ Program Title</b>	<b>Federal Catalog #</b>	<b>Pass-Through Grantor #</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
Subtotal Expenditures of Federal Awards Brought Forward			\$ 1,027,969	\$ 4,425,697
<b>U.S. Department of Transportation</b>				
Direct Programs:				
Federal Transit - Formula Grants	20.507	N/A	2,557,818	2,566,301
Airport Improvement Program	20.106	N/A		4,130,375
Technical Assistance Grant	20.710	N/A		47,593
Passed Through NYS Department of Transportation:				
Highway Planning and Construction	20.205	D022373		110,580
Highway Planning and Construction	20.205	D031531		153,828
Highway Planning and Construction	20.205	D033680		43,309
Highway Planning and Construction	20.205	D032212		503,372
Total Highway Planning and Construction Cluster			-	811,089
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	C033460		302,782
Passed Through NYS Governor's Traffic Safety Committee: State and Community Highway Safety	20.600	SO-00093		13,082
<b>Total U.S. Department of Transportation</b>			<u>2,557,818</u>	<u>7,871,222</u>
<b>Environmental Protection Agency</b>				
Passed Through NYS Department of Health:				
State Indoor Radon Grants	66.032	T30724GG		1,051
<b>Total Environmental Protection Agency</b>			-	<u>1,051</u>
<b>U.S. Department of Education</b>				
Passed through NYS Department of Health:				
Special Education - Grants for Infants and Families with Disabilities	84.181	C027514		41,156
<b>Total U.S. Department of Education</b>			-	<u>41,156</u>
<b>U.S. Department of Health and Human Services</b>				
Direct:				
Drug-Free Communities Support Program Grants	93.276	B4358P1		48,258
Subtotal U.S. Department of Health and Human Services			-	<u>48,258</u>
Subtotal Expenditures of Federal Awards			<u>3,585,787</u>	<u>12,387,384</u>

N/A - Denotes Not Applicable (Direct Program)  
(1) - Denotes unable to obtain from Pass-Through Entity

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

**COUNTY OF TOMPKINS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal Catalog #</u>	<u>Pass-Through Grantor #</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Subtotal Expenditures of Federal Awards Brought Forward			\$ 3,585,787	\$ 12,387,384
Subtotal U.S. Department of Health and Human Services Brought Forward			-	48,258
<b>U.S. Department of Health and Human Services (con't.)</b>				
Passed Through NYS Office for the Aging:				
Title III-D, Disease Prevention and Health Promotion Services Aging Cluster:	93.043	(1)		2,892
Title III-B, Grants for Supportive Services and Senior Centers	93.044	(1)		75,364
Title III-C, Nutrition Services	93.045	(1)		136,474
Nutrition Services Incentive Program	93.053	(1)		115,408
Total Aging Cluster			-	327,246
Title III-E, National Family Caregiver Support Medical Enrollment Assistance Program	93.052	(1)		25,945
	93.071	(1)		12,395
Centers for Medicare and Medical Services Research, Demonstrations and Evaluations	93.779	(1)		22,200
Passed Through NYS Department of Health:				
Long Term Care Ombudsman Services for Olderr Individuals	93.042	(1)		84,697
Immunization Grants	93.268	C028325		44,028
Maternal and Child Health Services Block Grant to the States:				
Maternal and Child Health Services Block Grant to the States	93.994	C029746		16,761
Maternal and Child Health Services Block Grant to the States	93.994	C026542		38,692
Total Maternal and Child Health Services Block Grant to the States			-	55,453
Medical Assistance Program	93.778	(1)		193,503
Passed Through Health Research, Inc.:				
Public Health Emergency Preparedness	93.069	HRI-1626-10		84,504
Hospital Program and Public Health Emergency Preparedness	93.074	HRI-4985-01		25,978
Passed Through NYS Office of Mental Health:				
Projects for Assistance in Transition from Homelessness	93.150	(1)	16,640	33,280
Passed Through NYS Office of Temporary and Disability Assistance:				
Temporary Assistance to Needy Families	93.558	(1)	205,568	7,460,934
Child Support Enforcement	93.563	(1)		418,169
Low-Income Home Energy Assistance	93.568	(1)		1,888,627
Passed Through NYS Office of Children and Family Services:				
Child Care and Development Block Grant	93.575	(1)		1,493,465
Foster Care - Title IV-E	93.658	(1)		1,665,022
Adoption Assistance	93.659	(1)		1,660,690
Social Services Block Grant	93.667	(1)		2,951,560
Chafee Foster Care Independence Program	93.674	(1)		69,910
Medical Assistance Program	93.778	(1)		1,255,759
Passed Through NYS State Office of Alcoholism and Substance Abuse Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(1)	1,194,066	1,194,066
<b>Total U.S. Department of Health and Human Services</b>			<u>1,416,274</u>	<u>21,018,581</u>
Subtotal Expenditures of Federal Awards			<u>5,002,061</u>	<u>33,357,707</u>

N/A - Denotes Not Applicable (Direct Program)  
(1) - Denotes unable to obtain from Pass-Through Entity

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



**COUNTY OF TOMPKINS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal Catalog #</u>	<u>Pass-Through Grantor #</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Subtotal Expenditures of Federal Awards Brought Forward			\$ <u>5,002,061</u>	\$ <u>33,357,707</u>
<b>U.S. Department of Homeland Security</b>				
Passed Through NYS Office of Homeland Security and Emergency Services:				
Homeland Security Grant Program	97.067	WM14974042		27,500
Homeland Security Grant Program	97.067	WM15974042		28,750
Homeland Security Grant Program	97.067	WM113974030		57,500
Homeland Security Grant Program	97.067	WM114974040		82,500
Homeland Security Grant Program	97.067	WM15974050		66,946
Total Homeland Security Grant Program			<u>-</u>	<u>263,196</u>
<b>Total U.S. Department of Homeland Security</b>			<u>-</u>	<u>263,196</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 5,002,061</u>	<u>\$ 33,620,903</u>

N/A - Denotes Not Applicable (Direct Program)  
(1) - Denotes unable to obtain from Pass-Through Entity

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

# ***COUNTY OF TOMPKINS***

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2016**

***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 of Tompkins, 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 elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

***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***     **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-8 claims) are due to payments distributed directly to recipients by the State of New York. The difference amounted to \$1,667,607 for the year ending December 31, 2016.

# COUNTY OF TOMPKINS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS DECEMBER 31, 2016

**Section I - Summary of Auditor's Results:**

***Financial Statements***

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_ yes    X no

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

Noncompliance material to financial statements noted? \_\_\_ yes    X no

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified? \_\_\_ yes    X no

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

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
14.228	Community Development Block Grant - State's Program
93.667	Social Services Block Grant
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 1,008,627

Auditee qualified as low-risk auditee: X yes    \_\_\_ no

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

**Section III - Federal Award Findings and Questioned Costs:** None