

MANAGEMENT COMMENT LETTER

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Tioga (the County) as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

OTHER MATTERS

Current and Prior Year Findings

Deficit Fund Balances

Finding:

During our current year audit, the Internal Service Fund had a negative net position of \$(2,135,440) at December 31, 2017. During our prior year audit, the County Road Fund and Internal Service Fund had negative unassigned fund balance of \$(78,200) and negative net position of \$(2,557,383), respectively at December 31, 2016.

Recommendation:

We recommend management consider developing a plan to eliminate deficit fund balances or net position as they plan future budgets and transfers from the General Fund.

Prior Year Findings Resolved

Timeliness of Bank Reconciliations

Finding:

In our prior year audits, reconciliations of the County's bank accounts were not performed timely, resulting in an undetected material misstatement in the basic financial statements.

Resolution:

During our current year audit, bank reconciliations were performed on a timely basis.

Negative Cash

Finding:

During our prior year audit, individual funds in the pooled money market cash accounts had negative balances at various points during the year. The County Road and Self Insurance Funds had negative cash balances at year end.

Resolution:

During our current year audit all cash accounts had positive balances at December 31, 2017.

Capital Asset Inventory Valuation

Finding:

During our prior year audit we noted it had been several years since a full valuation of the County's capital assets has been performed.

Resolution:

The County has performed a detailed fixed asset inventory valuation, which resulted in restatement of current and prior year cost basis and related accumulated depreciation amounts.

DISCUSSION ITEMS

Impact of Future Standards of the Governmental Accounting Standards Board (GASB)

The County of Tioga is in the process of assessing the future effects of each of the following:

- 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." Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans," establishes new accounting and financial reporting requirements for OPEB plans, effective for the year ending December 31, 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.
- GASB has issued Statement No. 87, “Leases,” effective for the year ending December 31, 2020.
- GASB has issued Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,” effective for the year ending December 31, 2018.
- GASB has issued Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period,” effective for the year ending December 31, 2020.

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

This communication is intended solely for the information and use of the County Legislature and management of the County of Tioga, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 6, 2018