

**COUNTY OF TIOGA,
NEW YORK**

*Basic Financial Statements, Required Supplementary
Information, and Supplementary Information for the Year
Ended December 31, 2025 and Independent Auditors'
Reports*

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INDEPENDENT AUDITORS' REPORT

Chairman and Members County Legislature
County of Tioga, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tioga, New York (the "County"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2025, 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.

We did not audit the financial statements of the Tioga County Tobacco Asset Securitization Corporation ("TTASC"), which is shown as a blended component unit of the County. We did not audit the financial statements of the Tioga County Soil and Water Conservation District (the "District") or the Tioga County Industrial Development Agency (the "Agency"), which are shown as discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District and the Agency, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 and other auditors 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.

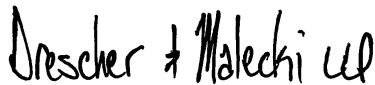
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2026 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Drescher & Malecki LLP". The signature is written in a cursive, flowing style.

September 17, 2026

COUNTY OF TIOGA, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2025

As management of the County of Tioga, New York (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative. For comparative purposes, certain data from the prior years has been reclassified to conform with the current year presentation.

Financial Highlights

- The liabilities and deferred inflows of resources of the County's primary government exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$32,321,591 (*net position*). This consists of \$82,253,149 net investment in capital assets, \$33,812,656 restricted for specific purposes, offset by an unrestricted net position of \$(83,744,214).
- The County's primary government total net position increased \$15,109,824 during the year ended December 31, 2025.
- At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$84,041,719, an increase of \$6,368,856 in comparison with the prior year's fund balance of \$77,672,863.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$30,223,863, or approximately 29.1 percent of General Fund expenditures and transfers out. This total amount is *available for spending* at the County's discretion and constitutes approximately 66.9 percent of the General Fund's total fund balance of \$45,177,284 at December 31, 2025.
- The County's primary government serial bonds, excluding its blended component unit, decreased by \$545,000 as a result of scheduled principal payments.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activity*). The governmental activities of the County include general government support, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services. The County does not report any business-type activities.

The government-wide financial statements include not only the County and its blended component units (known as the *primary government*), but also the discretely presented component units, the Tioga County Industrial Development Agency and the Tioga County Soil and Water Conservation District, for which the County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, which are considered major funds. Data from the other four governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor funds is provided in the form of the combining statements in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary funds—The County maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County’s various functions. The County uses an internal service fund to account for the management of the self-insured workers’ compensation and health insurance programs. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service funds are aggregated for presentation in the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the County’s own programs. The County maintains one fiduciary fund, the Custodial Fund.

The fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-52 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *Required Supplementary Information* concerning the County’s net pension liability, the County’s other postemployment benefits, and the County’s budgetary comparison schedule for the General Fund. Required Supplementary Information and the related notes to the Required Supplementary Information can be found on pages 55-59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 60-61.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the County’s primary government, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources resulting in a net position of \$32,321,591 at the close of the most recent fiscal year, as compared to \$17,211,767 at the close of the fiscal year ended December 31, 2024.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities	
	December 31,	
	2025	2024
Current and other assets	\$ 105,599,608	\$ 98,253,033
Capital assets	86,322,178	79,244,363
Total assets	<u>191,921,786</u>	<u>177,497,396</u>
Deferred outflows of resources	<u>31,095,809</u>	<u>25,699,159</u>
Current liabilities	12,410,544	12,101,421
Noncurrent liabilities	<u>139,942,877</u>	<u>131,728,933</u>
Total liabilities	<u>152,353,421</u>	<u>143,830,354</u>
Deferred inflows of resources	<u>38,342,583</u>	<u>42,154,434</u>
Net position:		
Net investment in capital assets	82,253,149	75,095,257
Restricted	33,812,656	23,899,866
Unrestricted	<u>(83,744,214)</u>	<u>(81,783,356)</u>
Total net position	<u>\$ 32,321,591</u>	<u>\$ 17,211,767</u>

The largest positive portion of the County’s primary government net position, \$82,253,149, reflects its net investment in capital assets (such as land, construction on progress, buildings and buildings improvements, machinery and equipment, infrastructure, and right-to-use leased assets), net of accumulated depreciation/amortization, less any debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the County’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$33,812,656, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining balance of the County’s net position, \$(83,744,214), is considered to be an unrestricted deficit. This deficit does not mean that the County does not have resources available to meet its obligations in the ensuing year; rather, it reflects liabilities not related to the County’s capital assets and are not expected to be repaid from current resources. These long-term liabilities, including bonds payable, leases, workers’ compensation, compensated absences, other postemployment benefits (“OPEB”) obligation, and net pension liability, are funded annually within the funds.

Table 2, as shown below, shows the changes in net position for the years ended December 31, 2025 and December 31, 2024.

Table 2—Condensed Statement of Changes in Net Position—Primary Government

	Governmental Activities	
	Year Ended December 31,	
	2025	2024
Program revenues:		
Charges for services	\$ 7,851,072	\$ 7,361,968
Operating grants and contributions	27,363,224	26,349,932
Capital grants and contributions	6,750,513	3,201,724
General revenues	<u>71,405,176</u>	<u>69,292,168</u>
Total revenues	<u>113,369,985</u>	<u>106,205,792</u>
Program expenses	<u>98,260,161</u>	<u>94,168,242</u>
Change in net position	15,109,824	12,037,550
Net position—beginning	<u>17,211,767</u>	<u>5,174,217</u>
Net position—ending	<u>\$ 32,321,591</u>	<u>\$ 17,211,767</u>

Governmental activities—Governmental activities increased the County’s primary government net position by \$15,109,824 for the year ended December 31, 2025.

A summary of revenues for governmental activities for the years ended December 31, 2025 and December 31, 2024 is presented below in Table 3.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2025	2024	Dollars	Percent (%)
Charges for services	\$ 7,851,072	\$ 7,361,968	\$ 489,104	6.6
Operating grants and contributions	27,363,224	26,349,932	1,013,292	3.8
Capital grants and contributions	6,750,513	3,201,724	3,548,789	110.8
Property taxes and other tax items	31,809,229	29,512,757	2,296,472	7.8
Non-property taxes	34,976,206	32,888,417	2,087,789	6.3
Use of money and property	3,302,910	3,413,564	(110,654)	(3.2)
Sale of property and compensation for loss	103,457	-	103,457	100.0
Miscellaneous	<u>1,213,374</u>	<u>3,477,430</u>	<u>(2,264,056)</u>	<u>(65.1)</u>
Total revenues	<u>\$ 113,369,985</u>	<u>\$ 106,205,792</u>	<u>\$ 7,164,193</u>	<u>6.7</u>

The County’s most significant source of revenues for governmental activities is non-property taxes, which accounts for \$34,976,206, or 30.9 percent of total revenues for the year ended December 31, 2025. The other significant sources of revenue include property taxes and other tax items, which comprise \$31,809,229, or 28.1 percent of total revenues, and operating grants and contributions, which comprise \$27,363,224, or 24.1 percent of total revenues. Similarly, for the year ended December 31, 2024, the

County's most significant source of revenues for governmental activities is non-property taxes, which accounts for \$32,888,417, or 31.0 percent of total revenues. The other significant sources of revenue include property taxes and other tax items, which comprise \$29,512,757, or 27.8 percent of total revenues, and operating grants and contributions, which comprise \$26,349,932, or 24.8 percent of total revenues.

During the year ended December 31, 2025, total revenues for governmental activities increased by 5.0 percent, primarily from an increase in capital grants and contributions as a result of increases in state funding, and an increase in non-property taxes which was due to increased sales tax collections.

A summary of program expenses for the years ended December 31, 2025 and 2024 is presented in Table 4 below.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2025	2024	Dollars	Percent (%)
General government support	\$ 25,053,824	\$ 23,013,677	\$ 2,040,147	8.9
Education	6,286,233	6,389,688	(103,455)	(1.6)
Public safety	16,517,349	16,193,357	323,992	2.0
Health	7,985,539	10,158,384	(2,172,845)	(21.4)
Transportation	9,980,723	6,164,401	3,816,322	61.9
Economic assistance and opportunity	29,035,084	27,062,038	1,973,046	7.3
Culture and recreation	525,596	400,335	125,261	31.3
Home and community services	1,432,693	3,226,534	(1,793,841)	(55.6)
Interest and other fiscal charges	1,443,119	1,559,828	(116,709)	(7.5)
Total program expenses	<u>\$ 98,260,161</u>	<u>\$ 94,168,242</u>	<u>\$ 4,091,919</u>	4.3

The County's most significant expense category for the year ended December 31, 2025 is economic assistance and opportunity of \$29,035,084, or 29.5 percent of program expenses. The other significant expenses include general government support of \$25,053,824, or 25.5 percent of total expenses and public safety of \$16,517,349, or 16.8 percent of total expenses. Similarly, for the year ended December 31, 2024, the most significant expense was economic assistance and opportunity of \$27,062,038, or 28.7 percent of program expenses. The other significant expenses include general government support of \$23,013,677, or 24.4 percent of total expenses and public safety of \$16,193,357, or 17.2 percent of total expenses.

During the year ended December 31, 2025, total governmental activities program expenses increased 4.3 percent. The overall increase was primarily due to an increase in transportation related expenses as a result of increased road maintenance and routine repairs.

Financial Analysis of Governmental Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds—The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself,

or a group or individual that has been delegated authority to assign resources for particular purposes by the County Legislature.

At December 31, 2025, the County's governmental funds reported combined ending fund balances of \$84,041,719, an increase of \$6,368,856 in comparison with the prior year. Approximately 36.0 percent of this amount, \$30,223,863, constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is: (1) not in spendable form, \$1,087,684; (2) restricted for particular purposes, \$33,812,656; or (3) assigned for particular purposes, \$18,917,516.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, *unassigned fund balance* of the General Fund was \$30,223,863, while total fund balance was \$45,177,284. The General Fund fund balance decreased \$3,530,561 from the prior year due to planned use offset slightly by increase in sales tax collections. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures and transfers out. Unassigned fund balance represents approximately 29.1 percent of General Fund expenditures and transfers out, while total fund balance represents 43.5 percent of that same amount.

At December 31, 2025, the Capital Projects Fund reported ending fund balance \$35,686,266, of which \$27,008,286 is restricted for capital projects. The Capital Projects Fund fund balance increased \$9,671,895 primarily as a result of state and federal aid and transfers in from other funds exceeding capital outlay.

Proprietary funds—The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Internal Service Fund is used to account for the County's self-insured workers' compensation and health insurance programs. Total net position at the end of the fiscal year was \$3,540,522. This represents a decrease in total net position of \$479,553 from the prior year.

General Fund Budgetary Highlights

The County's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the County has appropriately assigned an equal amount of fund balance at year-end for this purpose. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended December 31, 2025 is presented in Table 5 below:

Table 5—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues and other financing sources	\$ 86,003,738	\$ 95,888,054	\$ 100,439,934	\$ 4,551,880
Expenditures and other financing uses	92,277,207	114,295,227	103,970,495	10,324,732
(Deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (6,273,469)</u>	<u>\$ (18,407,173)</u>	<u>\$ (3,530,561)</u>	<u>\$ 14,876,612</u>

Original budget compared to final budget—At the close of the fiscal year, the overall budgeted appropriations increased by \$22,018,020. Significant transfers and amendments to the budget included \$5,500,000 increase in transfers out as a result of funding additional capital projects, as well as additional amendments and adjustments for state and federal aid received.

Final budget compared to actual results—A review of actual revenues and expenditures compared to the estimated revenues and appropriations in the final budget yields certain variances. Total revenues and other financing sources were greater than the final budget by \$4,551,880, primarily as a result of higher than expected non-property tax items, partially offset by receiving less state aid than anticipated in the final budget. Total expenditures and other financing uses were less than the final budget by \$10,324,732, primarily due to lower than anticipated expenses within the public safety, general government support, and health functions.

Capital Assets and Debt Administration

Capital assets—The County’s investment in capital assets for its governmental activities as of December 31, 2025 amounted to \$86,322,178 (net of accumulated depreciation/ amortization). This investment in capital assets includes land, construction in progress, buildings and building improvements, machinery and equipment, infrastructure, right-to-use lease buildings, and right-to-use lease machinery and equipment. All depreciable/amortizable capital assets were depreciated/amortized from acquisition date to the end of the current year, as outlined in the County’s capital asset policy.

Capital assets, net of depreciation/amortization for the governmental and business-type activities at December 31, 2025 and 2024 are presented in Table 6 below:

Table 6—Summary of Capital Assets (Net of Accumulated Depreciation/Amortization)

	Governmental Activities	
	December 31,	
	2025	2024
Land	\$ 1,371,109	\$ 1,371,109
Construction in progress	13,669,625	7,522,882
Building and building improvements	20,505,166	20,440,686
Machinery and equipment	9,490,003	9,231,133
Infrastructure	40,737,228	40,204,447
Right-to-use lease asset- buildings	545,062	-
Right-to-use lease asset- machinery and equipment	3,985	518,540
Total	<u>\$ 86,322,178</u>	<u>\$ 79,288,797</u>

The County’s infrastructure assets are recorded at historical cost or estimated historical costs in the government-wide financial statements. The County has elected to depreciate its infrastructure assets. Additional information on the County’s capital assets can be found in Note 4 of this report.

Long-term debt—At December 31, 2025, the County has \$22,669,827 in total bonded debt (including accreted interest) for functions of the primary government and its blended component units. This includes serial bonds and bonds with accreted interest issued by the Tioga Tobacco Asset Securitization Corporation (the “TTASC”).

A summary of the County's long-term liabilities at December 31, 2025 and 2024 is presented in Table 8 below:

Table 8—Summary of Long-Term Liabilities

	Governmental Activities	
	December 31,	
	2025	2024
Serial bonds - County	\$ 3,130,000	\$ 3,675,000
TTASC bonds and accreted interest	19,539,827	18,929,177
Lease liability	638,023	518,540
Compensated absences	4,879,074	4,790,453
Workers' compensation	3,240,000	2,350,000
OPEB obligation	91,807,976	89,096,753
Net pension liability	16,707,977	12,369,010
Total	<u>\$ 139,942,877</u>	<u>\$ 131,728,933</u>

Additional information on the County's long-term debt can be found in Note 10 to the financial statements.

Economic Factors and Next Year's Budgets

- The unemployment rate, not seasonally adjusted, for the County during December 2025 was 3.7 percent, as compared to New York State's unemployment rate of 4.4 percent.
- The Tioga County Legislature is sensitive to the property tax burden on residents of the County and works diligently to keep taxes low and find new ways to have the County run more efficiently. In developing the 2026 Budget, the Legislature increased total appropriations by \$6,326,278 or 6.1%; appropriations increased in the General Fund by \$4,302,771, 4.7%. Estimate Revenues were increased by \$3,799,814 or 3.9%; General Fund revenue increased by \$4,400,318, 5.1%. The real property tax levy for 2026 increased by \$563,282; a 2.09% increase over 2025 as allowable by the New York State property tax levy limit. Tioga County has not had to override the State mandated tax cap in 14 years. The total proposed appropriated fund balance for 2026 is \$8,799,933.
- The 2026 County budget appropriates \$6,777,772 (compared to \$5,246,447 in 2025) for all capital projects (building upgrades, bridges, road projects, vehicles, and equipment).
- Tioga County was awarded the Homeland Security Statewide Interoperable Communications "Targeted" Grant 2023 for \$6,000,000. The remaining \$3,172,964 grant funds will assist in the funding for the Countywide Radio Communication Tower upgrade project. Tioga County was also awarded New York State Department of Transportation for CHIPS, PAVENY, EWR and POP programs for a total of \$5,528,915. The remaining allocations for capital projects are funded by capital sales tax, capital fund balance and capital reserve.
- County officials had devised an economic response plan for the use of American Response Plan Act "ARPA" funds. The Tioga County economic response plan appropriated funds to support outside agencies, capital expenditures and obligated \$4,000,000 to the Radio Communications Tower upgrade project. At the end of 2025, of the \$9,362,868 awarded, \$880,611 of ARPA funds remain. Resolution 23-26, 113-26, 225-26 re-established the obligated ARPA operating and capital in 2026. The County

anticipates the obligated funds to be fully expended by December 31, 2026 per the U.S. Treasury guidelines.

- State Aid Casino Gaming Revenue for 2025 was \$1,944,007, an increase of 5.1% over 2024. \$1,944,007 of the 2025 gaming revenue was moved into an established Capital Reserve within the Capital Projects Fund (per resolution 140-26) in 2026.
- The County Treasurer's annual property tax auction was held in 2025 for the 2023 foreclosed parcels. The auction produced a surplus of \$592,673.
- The cost of employee benefits remains one of the highest expenditures for Tioga County. The 2025 actuals for all benefits were \$17,442,781. For 2026, appropriations increased to \$18,523,428 from \$16,869,186, a total increase of \$1,654,242 or 9.81%. The increase in cost is attributed in part to the increase in the New York State Local Retirement System invoice. Public employee retirement is mandated by the state and the cost increased by approximately \$517,198 from 2024 to 2025.
- Sales tax revenue for 2025 was \$33,837,150, an increase of \$2 million or 6.4% over 2024. In the first 6 months of 2026, sales tax revenue is trending upwards of 3% over 2025. The County commits 25% of sales tax received to local municipalities.
- In 2026 Tioga County acquired property in the Village of Owego for the purpose of evaluating the development of a consolidated County Office Building. The County is currently conducting planning and evaluation activities related to the project. As of the date of this report, the County has not authorized construction or finalized a financing plan for the project.
- In 2026, Moody's Investors Service assigned the rating of Aa3 to Tioga County, a rating upgrade from A1 based on strong economic factors and financial performance of the County.

Requests for Information

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 this report or need additional financial information, contact the County Treasurer's Office, 56 Main Street, Owego, New York 13827.

BASIC FINANCIAL STATEMENTS

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COUNTY OF TIOGA, NEW YORK
Statement of Net Position
December 31, 2025

	Primary Government Governmental Activities	Component Units Industrial Development Agency	Soil and Water Conservation District
ASSETS			
Cash and cash equivalents	\$ 6,903,046	\$ 1,330,643	2,426,906
Restricted cash and cash equivalents	29,623,439	499,764	-
Investments	33,738,263	1,296,685	-
Restricted investments	11,956,340	-	-
Receivables (net of allowances):			
Taxes	6,328,263	-	-
Leases	19,383	-	-
Loans	-	57,004	-
Other	1,167,564	208,617	3,197,479
Intergovernmental receivables	14,775,626	-	-
Prepaid items	1,087,684	1,023	6,234
Noncurrent loans receivable (net of allowances)	-	306,153	-
Capital assets not being depreciated/amortized	15,040,734	1,494,969	422,458
Capital assets, net of accumulated depreciation/amortization	71,281,444	736,844	166,954
Total assets	<u>191,921,786</u>	<u>5,931,702</u>	<u>6,220,031</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows—relating to pensions	10,631,932	-	384,974
Deferred outflows—relating to OPEB	20,463,877	-	-
Total deferred outflows of resources	<u>31,095,809</u>	<u>-</u>	<u>384,974</u>
LIABILITIES			
Accounts payable	3,429,832	148,424	769,006
Accrued liabilities	377,653	8,325	38,340
Intergovernmental payables	4,195,166	-	-
Unearned revenue	3,521,244	-	186,558
Other liabilities	886,649	-	-
Noncurrent liabilities:			
Due within one year	2,789,873	41,697	-
Due in more than one year	137,153,004	316,274	818,225
Total liabilities	<u>152,353,421</u>	<u>514,720</u>	<u>1,812,129</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows—relating to leases	19,031	-	-
Deferred inflows—relating to pensions	1,865,654	-	93,170
Deferred inflows—relating to OPEB	36,457,898	-	-
Total deferred inflows of resources	<u>38,342,583</u>	<u>-</u>	<u>93,170</u>
NET POSITION			
Net investment in capital assets	82,253,149	2,231,813	589,412
Restricted for:			
Capital	27,008,286	-	-
Other	6,804,370	499,764	2,750,533
Unrestricted	(83,744,214)	2,685,405	1,359,761
Total net position	<u>\$ 32,321,591</u>	<u>\$ 5,416,982</u>	<u>\$ 4,699,706</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF TIOGA, NEW YORK
Statement of Activities
Year Ended December 31, 2025

Function/Program	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
					Primary Government	Component Units	
					Governmental Activities	Industrial Development Agency	Soil and Water Conservation District
Primary government:							
Governmental activities:							
General government support	\$ 25,053,824	\$ 1,156,203	\$ 5,123,228	\$ 91,346	\$ (18,683,047)	\$ -	\$ -
Education	6,286,233	562,982	1,239,231	-	(4,484,020)	-	-
Public safety	16,517,349	1,570,128	2,359,985	1,850,747	(10,736,489)	-	-
Health	7,985,539	2,807,906	3,031,610	95,379	(2,050,644)	-	-
Transportation	9,980,723	852,394	601,152	4,713,041	(3,814,136)	-	-
Economic assistance and opportunity	29,035,084	842,445	14,212,744	-	(13,979,895)	-	-
Culture and recreation	525,596	27,500	408,086	-	(90,010)	-	-
Home and community services	1,432,693	31,514	387,188	-	(1,013,991)	-	-
Interest and other fiscal charges	1,443,119	-	-	-	(1,443,119)	-	-
Total primary government	<u>\$ 98,260,161</u>	<u>\$ 7,851,072</u>	<u>\$ 27,363,224</u>	<u>\$ 6,750,513</u>	<u>(56,295,352)</u>	<u>\$ -</u>	<u>\$ -</u>
Component units:							
Industrial Development Agency	\$ 510,673	\$ 782,324	\$ 169,681			441,332	-
Soil and Water Conservation District	<u>4,673,715</u>	<u>290,821</u>	<u>4,888,911</u>			-	<u>506,017</u>
Total Component Units	<u>\$ 5,184,388</u>	<u>\$ 1,073,145</u>	<u>\$ 5,058,592</u>			<u>441,332</u>	<u>506,017</u>
General revenues:							
Property taxes and other tax items					31,809,229	-	-
Non-property taxes					34,976,206	-	-
Use of money and property					3,302,910	57,284	34,580
Sale of property and compensation for loss					103,457	-	6,125
Miscellaneous					<u>1,213,374</u>	<u>36,135</u>	<u>17,626</u>
Total general revenues					<u>71,405,176</u>	<u>93,419</u>	<u>58,331</u>
					15,109,824	534,751	564,348
Net position—beginning, as previously stated					17,211,767	4,822,514	4,256,892
Restatement for correction of an error					-	59,717	(121,534)
Net position—beginning, as restated					<u>17,211,767</u>	<u>4,882,231</u>	<u>4,135,358</u>
Net position—ending					<u>\$ 32,321,591</u>	<u>\$ 5,416,982</u>	<u>\$ 4,699,706</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF TIOGA, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2025

	General	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,122,221	\$ -	\$ 1,498,977	\$ 4,621,198
Restricted cash and cash equivalents	8,555,549	19,451,417	1,616,473	29,623,439
Investments	29,173,463	-	-	29,173,463
Restricted investments	-	11,956,340	-	11,956,340
Receivables (net of allowances):				
Taxes	6,328,263	-	-	6,328,263
Leases	19,383	-	-	19,383
Other	629,642	-	537,252	1,166,894
Intergovernmental receivables	9,953,125	4,579,515	242,986	14,775,626
Prepaid items	1,087,684	-	-	1,087,684
Total assets	<u>\$ 58,869,330</u>	<u>\$ 35,987,272</u>	<u>\$ 3,895,688</u>	<u>\$ 98,752,290</u>
LIABILITIES				
Accounts payable	\$ 2,905,070	\$ 301,006	\$ 158,904	\$ 3,364,980
Accrued liabilities	295,855	-	21,847	317,702
Intergovernmental payables	4,195,166	-	-	4,195,166
Unearned revenue	3,521,244	-	-	3,521,244
Other liabilities	886,649	-	-	886,649
Total liabilities	<u>11,803,984</u>	<u>301,006</u>	<u>180,751</u>	<u>12,285,741</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources—leases	19,031	-	-	19,031
Unavailable revenue—tobacco settlement revenue	-	-	536,768	536,768
Unavailable revenue—property taxes	1,869,031	-	-	1,869,031
Total deferred inflows of resources	<u>1,888,062</u>	<u>-</u>	<u>536,768</u>	<u>2,424,830</u>
FUND BALANCES				
Nonspendable	1,087,684	-	-	1,087,684
Restricted	5,034,305	27,008,286	1,770,065	33,812,656
Assigned	8,831,432	8,677,980	1,408,104	18,917,516
Unassigned	30,223,863	-	-	30,223,863
Total fund balances	<u>45,177,284</u>	<u>35,686,266</u>	<u>3,178,169</u>	<u>84,041,719</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 58,869,330</u>	<u>\$ 35,987,272</u>	<u>\$ 3,895,688</u>	<u>\$ 98,752,290</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF TIOGA, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2025

Amounts reported for governmental activities in the statement of net position (page 14) are different because:

Total fund balances—governmental funds (page 16)		\$ 84,041,719
Capital and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of these assets is \$178,067,839 and the accumulated depreciation/amortization is \$91,745,661.		86,322,178
Certain revenues are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the fund statements.		2,405,799
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	3,074,581	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	7,557,351	
Deferred inflows of resources related to pensions	<u>(1,865,654)</u>	8,766,278
Deferred outflows and inflows of resources related to other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to OPEB	20,463,877	
Deferred inflows related to OPEB	<u>(36,457,898)</u>	(15,994,021)
Internal service funds are used by the County to charge the cost of insurance, judgments, claims and related administrative expenses to individual funds. The assets and liabilities of the internal service funds are included within governmental activities on the statement of net position.		3,540,522
Net accrued interest expense for serial bonds is not reported in the fund statements.		(58,007)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds—County	\$ (3,130,000)	
TTASC bonds and accreted interest	(19,539,827)	
Lease liability	(638,023)	
Compensated absences	(4,879,074)	
OPEB obligation	(91,807,976)	
Net pension liability	<u>(16,707,977)</u>	<u>(136,702,877)</u>
Net position of governmental activities		<u>\$ 32,321,591</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF TIOGA, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
Year Ended December 31, 2025

	<u>General</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes	\$ 26,450,903	\$ -	\$ -	\$ 26,450,903
Other property tax items	3,393,284	1,694,567	-	5,087,851
Non-property tax items	33,393,721	-	-	33,393,721
Departmental income	7,081,259	-	27,030	7,108,289
Intergovernmental charges	562,377	-	-	562,377
Use of money and property	2,002,897	969,215	68,525	3,040,637
Licenses and permits	23,210	-	-	23,210
Fines and forfeitures	59,235	-	97,961	157,196
Sale of property and compensation for loss	51,700	-	-	51,700
Miscellaneous	623,558	6,849	582,967	1,213,374
State aid	17,359,828	4,277,251	23,187	21,660,266
Federal aid	9,260,056	2,473,262	720,153	12,453,471
Total revenues	<u>100,262,028</u>	<u>9,421,144</u>	<u>1,519,823</u>	<u>111,202,995</u>
EXPENDITURES				
Current:				
General government support	18,602,837	-	67,826	18,670,663
Education	5,658,360	-	-	5,658,360
Public safety	12,528,789	-	-	12,528,789
Health	7,104,865	-	-	7,104,865
Transportation	516,340	-	2,693,219	3,209,559
Economic assistance and opportunity	25,849,992	-	172,448	26,022,440
Culture and recreation	473,099	-	-	473,099
Home and community services	963,374	-	326,221	1,289,595
Employee benefits	16,494,238	-	844,238	17,338,476
Debt service:				
Principal	603,423	-	70,000	673,423
Interest and other fiscal charges	287,583	-	487,963	775,546
Capital outlay	-	10,745,359	-	10,745,359
Total expenditures	<u>89,082,900</u>	<u>10,745,359</u>	<u>4,661,915</u>	<u>104,490,174</u>
Excess (deficiency) of revenues over expenditures	<u>11,179,128</u>	<u>(1,324,215)</u>	<u>(3,142,092)</u>	<u>6,712,821</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	10,996,110	3,369,614	14,365,724
Transfers out	(14,887,595)	-	-	(14,887,595)
Issuance of leases	177,906	-	-	177,906
Total other financing sources (uses)	<u>(14,709,689)</u>	<u>10,996,110</u>	<u>3,369,614</u>	<u>(343,965)</u>
Net change in fund balances	(3,530,561)	9,671,895	227,522	6,368,856
Fund balances—beginning	48,707,845	26,014,371	2,950,647	77,672,863
Fund balances—ending	<u>\$ 45,177,284</u>	<u>\$ 35,686,266</u>	<u>\$ 3,178,169</u>	<u>\$ 84,041,719</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF TIOGA, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—
Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2025

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances—total governmental funds (page 18) \$ 6,368,856

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense and loss on disposals in the current period.

Capital asset additions	\$ 13,124,327	
Loss on disposal of assets	(592,331)	
Depreciation/amortization expense	<u>(5,498,615)</u>	7,033,381

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements. 270,475

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

County pension contributions	\$ 3,970,142	
Cost of benefits earned net of employee contributions	<u>(3,416,420)</u>	553,722

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization. 4,334,843

Internal service funds are used by the County to charge the costs of insurance, judgments, claims and related administrative expenses to individual funds. The net gain of certain activities is reported within governmental activities. (479,553)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 13,077

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Repayment of serial bonds	\$ 545,000	
Repayment of TTASC bonds	70,000	
TTASC Subordinate Turbo CABs accretion	(680,650)	
Issuance of leases	(177,906)	
Repayment of leases	58,423	
Change in compensated absences	(88,621)	
Change in OPEB obligation	<u>(2,711,223)</u>	<u>(2,984,977)</u>

Change in net position of governmental activities \$ 15,109,824

The notes to the financial statements are an integral part of this statement.

COUNTY OF TIOGA NEW YORK
Statement of Net Position—
Proprietary Funds
December 31, 2025

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
ASSETS	
Cash and cash equivalents	\$ 2,281,848
Investments	4,564,800
Receivables	<u>670</u>
Total assets	<u>6,847,318</u>
LIABILITIES	
Current liabilities:	
Accounts payable	64,852
Accrued liabilities	1,944
Current benefits and awards payable	<u>620,000</u>
Total liabilities	<u>686,796</u>
Noncurrent liabilities	
Benefits and awards payable	<u>2,620,000</u>
Total noncurrent liabilities	<u>2,620,000</u>
Total liabilities	<u>3,306,796</u>
NET POSITION	
Unrestricted	<u>3,540,522</u>
Total net position	<u><u>\$ 3,540,522</u></u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF TIOGA, NEW YORK
Statement of Revenues, Expenses, and Changes in Net Position—
Proprietary Funds
Year Ended December 31, 2025

	<u>Governmental Activities Internal Service Funds</u>
Operating revenues:	
Charges for services	\$ 1,582,485
Other operating expenses	<u>51,757</u>
Total operating revenues	<u>1,634,242</u>
Operating expenses:	
Salaries and wages	227,916
Contractual expenses	1,113,175
Benefits and awards	1,409,884
Claims and judgments	45,781
Employee benefits	<u>101,183</u>
Total operating expenses	<u>2,897,939</u>
Operating (loss)	<u>(1,263,697)</u>
Nonoperating revenues:	
Interest earnings	262,273
Transfers from other funds	<u>521,871</u>
Total nonoperating revenues	<u>784,144</u>
Change in net position	(479,553)
Net position—beginning	<u>4,020,075</u>
Net position—ending	<u><u>\$ 3,540,522</u></u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF TIOGA, NEW YORK
Statement of Cash Flows—
Proprietary Funds
Year Ended December 31, 2025

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from providing services	\$ 1,619,607
Payments to suppliers	(2,555,110)
Payments to employees	556,379
Other operating revenue	<u>51,757</u>
Net cash (used for) operating activities	<u>(327,367)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from other funds	<u>521,871</u>
Net cash provided by noncapital financing activities	<u>521,871</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	803,137
Interest income received	<u>262,273</u>
Net cash provided by investing activities	<u>1,065,410</u>
Change in cash and cash equivalents	1,259,914
Cash and cash equivalents—beginning	<u>1,021,934</u>
Cash and cash equivalents—ending	<u><u>\$ 2,281,848</u></u>
Reconciliation of operating (loss) to net cash (used for) operating activities:	
Operating (loss)	\$ (1,263,697)
Adjustments to reconcile operating income (loss) to net cash (used for) operating activities:	
Decrease in receivables	37,122
Increase in accounts payable	13,730
(Decrease) in accrued liabilities	(4,522)
Increase in benefits and awards payable	<u>890,000</u>
Total adjustments	<u>936,330</u>
Net cash (used for) operating activities	<u><u>\$ (327,367)</u></u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF TIOGA, NEW YORK
Statement of Fiduciary Net Position—Fiduciary Funds
December 31, 2025

	<u>Custodial Fund</u>
ASSETS	
Restricted cash and cash equivalents	\$ 665,522
Receivables	<u>72,959</u>
Total assets	<u>738,481</u>
 NET POSITION	
Restricted for bail and courts	<u>738,481</u>
Total net position	<u><u>\$ 738,481</u></u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF TIOGA, NEW YORK
Statement of Changes in Fiduciary Net Position—Fiduciary Funds
Year Ended December 31, 2025

	<u>Custodial Fund</u>
ADDITIONS	
Bail deposits	\$ 163,375
Social service receipts	128,560
Mortgage tax receipts	938,505
Other	<u>7,260</u>
Total additions	<u>1,237,700</u>
 DEDUCTIONS	
Returned bail	103,000
Social services payments	187,158
Mortgage tax payments	682,007
Other	<u>24,042</u>
Total deductions	<u>996,207</u>
 Change in net position	 241,493
 Net position—beginning	 <u>496,988</u>
Net position—ending	<u><u>\$ 738,481</u></u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF TIOGA, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County of Tioga, New York (the “County”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting principles are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

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

The County provides mandated social service programs such as Medicaid and Temporary Assistance for Needy Families. The County also provides the following basic services: police and law enforcement, educational assistance for County residents attending community colleges, economic assistance, health and nursing services, maintenance of County roads, culture and recreation services, home and community services, and mental health services.

The County’s financial statements include those entities for which the County has clear oversight responsibility. This responsibility is determined through a review of such factors as the selecting of governing boards, financial interdependency and the ability to influence management and operations on a continuing basis. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Discretely Presented Component Units—These component unit columns in the government-wide financial statements include the financial data of the County’s discretely presented component units. These units are presented separately from the financial data of the primary government to emphasize that they are legally separate from the County.

Tioga County Soil and Water Conservation District—The Tioga County Soil and Water Conservation District (the “District”) was created by the state legislature to provide for the conservation of soil and water resources and prevention of soil erosion. The District provides technical assistance relative to natural resources conservation and water quality to the residents of the County. The five members of the District Board have complete responsibility for management and fiscal matters of the District. Separate financial statements may be obtained from the Tioga County Soil and Water Conservation District, 183 Corporate Drive, Owego, New York 13827.

Tioga County Industrial Development Agency—The Tioga County Industrial Development Agency (the “Agency”) is a public benefit corporation established by Section 914-a of the General Municipal Law of the State of New York; its members are appointed by the Essex County Board of Supervisors. The Agency is empowered by law to issue tax exempt bonds to finance qualified industrial development and pollution control projects undertaken by private firms. It also may purchase, develop, manage, sell and lease real property, including land and buildings, for the purpose of creating jobs, and serving the public welfare generally; its real property used for such public purpose is exempt from property tax by law. As a separate public benefit corporation, the Agency has its own management and financial structure, and the County provides no financial oversight over Agency operations. The Agency is considered a tax exempt organization under Code Section 501(c)(7) of the Internal Revenue Code. Separate financial statements may be obtained from the Tioga County Industrial Development Agency, 56 Main Street, Owego, New York 13827.

Blended Component Unit—The following blended component unit is legally separate entity from the County, but is, in substance, part of the County’s operations and therefore data from these units is combined with data of the primary government.

Tioga Tobacco Asset Securitization Corporation—Tioga Tobacco Asset Securitization Corporation (“TTASC”) was incorporated on October 11, 2000 for the purpose of issuing Asset Backed Bonds in order to provide funds to purchase from the County all of the County’s right, title and interest under Master Settlement Agreement (the “MSA”) and the Consent Decree and Final Judgment (the “Decree”) as described herein.

The MSA was entered into on November 23, 1998, among the Attorneys General of 46 states (including New York), the District of Columbia, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa and the Territory of the Northern Marianas and for the four largest United States tobacco manufacturers: Philip Morris Incorporated, R.J. Reynolds Tobacco Company, Brown and Williamson Tobacco Company and Lorillard Tobacco Company (collectively the “Original Participating Manufacturers” or “OPMs”) in settlement of certain smoking-related litigation and the Decree entered in New York Supreme Court, including the County’s right to receive initial and annual payments to be made by the OPMs under the MSA.

The TTASC is a special purpose local development corporation organized under the Not-for-Profit Corporation Law of the State of New York and is an instrumentality of the County. Management determined that TTASC meets the criteria of a blended component unit as defined by GASB. Accordingly, the financial statements of TTASC are included in the County’s financial statements and reported as a governmental fund.

Basis of Presentation—Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the County has two discretely presented component units, Tioga County Soil and Water Conservation District and Tioga County Industrial Development Agency. They are presented in separate columns in the government-wide Statement of Net Position and the Statement of Activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and various other functions of the County. Elimination of these changes would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation—Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary fund and blended component unit. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- *General Fund*—The General Fund is the primary operating fund of the County and accounts for all financial resources of the general government, except those required to be accounted for in other funds. The principal sources of revenue for the General Fund are sales taxes and property tax.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for the acquisition, construction and/or reconstruction of capital assets, other than those financed by the enterprise funds.

The County reports the following proprietary funds:

Internal Service Funds—The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments on a cost-reimbursement basis. This fund is used to account for the County's self-insurance program for workers' compensation claims and the County's insurance program for prescription drugs. Additionally, the fund is utilized to account for amounts due from other local governments with the County related to their workers' compensation liabilities.

Additionally, the County reports the following fund types:

Fiduciary Funds—These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Custodial funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the Custodial Fund. Activities reported in the fiduciary funds include monies from outside entities, held by the County for the benefit of others.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the County.

The proprietary and fiduciary funds are reported using the *economic resources measurement focus* and use the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—Cash and cash equivalents include cash on hand, demand deposits, time deposits, and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. The County’s investments consist of certificates of deposit, obligations of New York State, the United States Government and its agents. State statutes and various resolutions of the County Legislature govern the County’s investment policies. County monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Investments are recorded at fair values in accordance with GASB.

Restricted Cash, Cash Equivalents and Investments—Restricted cash, cash equivalents, and investments represents amounts to support restricted fund balance held by the County, unearned revenues, and amounts held in custody for others.

Prepaid Items—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

Leases Receivable—The County is a lessor for a lease. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Capital Assets—Capital assets, which include property, buildings and building improvements, machinery and equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), and right-to-use lease assets are reported in the government-wide financial statements and proprietary fund financial statements. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value.

Land and construction in progress are not depreciated. The capital assets of the primary government are depreciated/amortized using a straight-line method over the estimated useful lives as presented below:

Capital assets	Capitalization	
	Threshold	Years
Land improvements	\$ 5,000	20
Buildings	5,000	50
Building improvements	5,000	50
Machinery and equipment	5,000	2-25
Infrastructure	5,000	12-40
Right-to-use leased asset - building	25,000	5-10

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new police vehicle included as part of *expenditures—public safety*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Unearned Revenue—Certain cash receipts, other than real property taxes, have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2025, the County reported unearned revenues within the General Fund in the amount of \$3,521,244. The County received cash in advance related to the Coronavirus State and Local Fiscal Recovery Fund, as well as other state aid, grants, and donations, but has not performed the services and therefore recognizes a liability.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2025, the County has two items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide financial statements, as well as within individual proprietary funds. This represents the effect of the net change in the County's proportion of the collective pension liability/(asset), the difference during the measurement period between the County's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension system made subsequent to the measurement date. The second item is related to OPEB reported in the government-wide and proprietary fund financial statements and represents the effects of the change in the County's proportion of the collective OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2025, the County has four items that qualify for reporting in this category. The first item arises under a modified accrual basis of accounting. Accordingly, *unavailable revenues* are reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from property taxes and TTASC tobacco settlement revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is related to leases receivable and reported on the government-wide statements and on the balance sheet of governmental funds, is recognized at the commencement of the County's lease receivable and amortized over the life of the lease. Additionally, the County reports deferred inflows of resources for items which represent resources that have been received before timing requirements have been met. An additional item represents the effect of the net change in the County's proportion of the collective pension liability/(asset) and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide financial statements as well as within the individual proprietary funds. The final item represents the effects of the change in the County's proportion of the collective OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

Net Position Flow Assumption—Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Fund Balance Flow Assumptions—Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies— Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County’s highest level of decision-making authority. The County Legislature is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes, but do not meet the criteria to be classified as committed. The County Legislature (“Legislature”) has by resolution authorized the County Treasurer to assign fund balance. The Legislature may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

Real Property Taxes—The authority of levying taxes for the support of County and town governments, inclusive of special districts, and for re-levying unpaid school taxes, has been delegated by the State Legislature to the governing board of the county through various provisions of the Real Property Tax Law. The County-wide property tax is levied by the County Legislature no later than December 31 and become a lien on January 1. Unpaid school taxes are purchased from each school district and added to tax levies and, until paid, are counted among the assets of the County; the County thus acquires all rights, title, and interest in any unpaid school taxes. Any such taxes remaining unpaid at the time of the tax sale are sold along with any unpaid taxes subject to County enforcement.

Unpaid Village and non-County school district taxes are turned over to the County for enforcement. Any such taxes remaining unpaid at year end are relieved as County taxes in the subsequent year.

At December 31, 2025, the taxes receivable amounted to \$6,328,263, which is reported net of an allowance for uncollected taxes of \$795,993 and deferred tax revenue of \$1,869,031 that represents the amount of taxes not expected to be collected within 60 days after year end.

Proprietary Funds Operating and Nonoperating Revenues and Expenses—Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Internal Service Fund are charges for services and charges to other funds and other governments for workers' compensation and healthcare costs, respectively. Operating expenses for the Internal Service Fund include contractual expenses and administration of self-insurance workers' compensation claims, and payments of and administration of health insurance plans, respectively. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Compensated Absences—The County employees are entitled, with certain limitations, to accrue vacation time. Estimated vacation time accumulated by governmental fund type employees is reported as a liability and expenditure in the government-wide financial statements under governmental activities. The compensated absences liability for the County's governmental activities at December 31, 2025 totaled \$4,879,074 and is reported in the government-wide financial statements.

Payment of vacation time 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 time when such payment becomes due. Additional information regarding compensated absences is included in Note 10.

Pension Plan—The County and its discretely presented component units are mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plan, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other Postemployment Benefits ("OPEB")—In addition to providing pension benefits, the County provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees at the time of retirement as discussed in Note 7.

Others

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2025, the County implemented GASB Statement No. 102, *Certain Risk Disclosures*. GASB Statement No. 102 provides users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The implementation of GASB Statements No. 102 did not have a material impact on the County's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 103, *Financial Reporting Model Improvements*; and No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending December 31, 2026, and No. 105 *Subsequent Events*, effective for the year ending December 31, 2027. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 103, 104, and 105 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The County’s annual procedures in establishing the budgetary data reflected in the general purpose financial statements are as follows:

- The County Administrator/Budget Officer coordinates preparation of the annual County budget. Budget instructions and departmental budget directives are distributed several months prior to the start of the fiscal year. Departments submit proposed expenditures, anticipated revenues, personnel requests, and other applicable funding requirements through the County’s financial management system.
- Departmental requests are reviewed by the appropriate standing legislative committee, followed by the County Administrator/Budget Officer and appropriate administrative staff. Reviews consider anticipated revenues, fund balance, historical expenditures, departmental needs, Countywide financial considerations, and consistency with legislative and administrative priorities. Recommendations are incorporated into the Tentative Budget.
- The Tentative Budget is submitted to the County Legislature for review. A public hearing is conducted prior to November 15th, after which the Legislature may make amendments and adopt the final County budget prior to December 20th and the beginning of the fiscal year. The County tax levy is established through the adopted budget.
- Following adoption, appropriations are established in the County’s financial system and serve as the authorization for departmental spending. Departments are responsible for operating within authorized appropriations and are aware that an expenditure may not legally exceed the total appropriations. The County Administrator/Budget Officer and Treasurer’s Office monitor budgetary activity throughout the fiscal year.
- Amendments to the adopted budget are processed in accordance with County procedures and the level of authorization required. Transfers within authorized appropriations may be administratively approved where permitted. Changes requiring additional appropriations, use of fund balance or reserves, or other legislative authorization are submitted to the County Legislature for approval.
- The adopted budget and subsequent authorized amendments provide the basis for budgetary information reported in the County’s financial records and annual financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The County’s investment policies are governed by State statutes. In addition, the County has its own written investment policy. County monies must be deposited in Federal Deposit Insurance Corporation (“FDIC”) insured commercial banks or trust companies located within the State. The County Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance (FDIC). The County has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash and cash equivalents at December 31, 2025 are as follows:

	Governmental Activities	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 4,146	\$ -	\$ 4,146
Deposits and discount notes	36,522,339	665,522	37,187,861
Total	<u>\$ 36,526,485</u>	<u>\$ 665,522</u>	<u>\$ 37,192,007</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2025 are as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 8,155,238	\$ 8,155,238
Uninsured:		
Collateral held by pledging bank's agent in the County's name	28,816,403	29,032,623
Total deposits	<u>\$ 79,046,679</u>	<u>\$ 37,187,861</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As noted above, by State Statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2025, the County's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the County's name. To promote competition in rates and service cost, and to limit the risk of institutional failure, County deposits and investments are placed with multiple institutions.

Restricted Cash and Cash Equivalents—The County reports cash from unearned revenues and fund balance restrictions as restricted cash and cash equivalents within its governmental activities in the amount of \$29,623,439. These deposits were fully covered by FDIC insurance or collateral held by escrow agents in the name of the County or were cash equivalents of discount notes. Additionally, the County reports amounts held on behalf of others in fiduciary funds, \$665,522, as restricted cash and cash equivalents.

Investments—At December 31, 2025, the County has investments of \$45,694,603, which consist of U.S. Treasury bills and certificates of deposits with maturities of twelve months. Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described on the following page.

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
Level 2	Inputs to the valuation methodology include: • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The investments of the County at December 31, 2025 are considered level 1 inputs, however for consistency, the County elected to measure investments based on cost, which was determined not to have a material effect on the financial statements as of December 31, 2025. Investments at December 31, 2025 are as follows:

Purpose	Level 1
General Fund	
US Treasury Bills	\$ 15,828,883
Certificates of Deposit	<u>13,344,580</u>
Total General Fund	<u>29,173,463</u>
Capital Projects Fund	
US Treasury Bills	<u>11,956,340</u>
Total Capital Projects Fund	<u>11,956,340</u>
Total governmental funds	<u>41,129,803</u>
Internal Service Fund	
Certificates of Deposit	<u>4,564,800</u>
Total Internal Service Fund	<u>4,564,800</u>
Total primary government	<u>\$ 45,694,603</u>

Custodial Credit Risk—Investments—For investments, this is the risk that, in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Underlying securities must have a market value of at least the cost of the repurchase agreement.

Credit Risk—In compliance with the State law, County investments are limited to obligations of the Federal government, obligations guaranteed by the Federal government where the payment of principal and interest are guaranteed by the Federal government, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and certain joint or cooperative investment programs.

Concentration of Credit Risk—To promote competition in rates and service cost, and to limit the risk of institutional failure, County deposits and investments are placed with multiple institutions.

Interest Rate Risk—In accordance with its investment policy, the County manages exposures by limiting investments to low risk type investments governed by New York State statute.

Industrial Development Agency

Cash and Cash Equivalents—The Agency considers all short-term investments purchased with a maturity of three months or less to be cash equivalents. At various times during the year, the Agency's cash and cash equivalent balances may exceed the insured limits of the FDIC. The Agency reported cash and cash equivalents of \$1,830,407 at December 31, 2025.

Soil and Water Conservation District

Cash and Cash Equivalents—The District considers all short-term investments purchased with a maturity of three months or less to be cash equivalents. At various times during the year, the District's cash and cash equivalent balances may exceed the insured limits of the FDIC. The District reported cash and cash equivalents of \$2,426,906 at December 31, 2025.

3. RECEIVABLES

Revenues accrued by the County at December 31, 2025 consisted of the following:

Taxes Receivable—Represents unpaid county, school and village taxes. At December 31, 2025, the General Fund reported taxes receivable of \$6,328,263, which are reported net of an allowance for uncollectible taxes provision of \$795,993.

Lease Receivables—The County leases a building. The County will receive monthly payments which coincide with each contracted agreement between the lessor and lessee. The County recognized \$5,441 in rental income in the County's General Fund during the fiscal year related to these leases. As of December 31, 2025, the County's outstanding receivable for lease payments were \$19,383 within the General Fund. Also, the County reports a deferred inflow of resources associated with these lease that will be recognized as revenue over the lease term. As of December 31, 2025, the balances of the deferred inflow of resources were \$19,031 within the General Fund.

Other Receivables—Represent amounts due from various sources. The County's other receivables at December 31, 2025 are shown on the following page.

Governmental Funds:	
General Fund	\$ 629,642
Nonmajor funds:	
Road Machinery Fund	484
Debt Service Fund	<u>536,768</u>
Total governmental funds	<u>\$ 1,166,894</u>
Proprietary Funds:	
Internal service fund:	<u>670</u>
Total proprietary funds	<u>\$ 670</u>
Fiduciary Funds:	
Custodial Fund:	<u>72,959</u>
Total fiduciary funds	<u>\$ 72,959</u>

Intergovernmental Receivables—Primarily represents claims for reimbursement of expenditures in administering various state and federal programs and amounts due from other local municipalities for chargebacks and other miscellaneous items. Amounts accrued at December 31, 2025 are as shown below:

Governmental Funds:		
General Fund:		
Due from New York State and Federal governments	\$ 9,923,347	
Due from towns and cities	<u>29,778</u>	\$ 9,953,125
Capital Projects Fund:		
Due from New York State and Federal governments		4,579,515
Nonmajor funds:		
Due from New York State and Federal governments		<u>242,986</u>
Total governmental funds		<u>\$ 14,775,626</u>

Industrial Development Agency

Loans Receivable—The Agency recognizes notes receivable for the outstanding balance of development loans and a mortgage related to the sale of property. Notes receivable consisted of the following at December 31, 2025:

Loans receivable - current	\$ 57,004
Loans receivable - noncurrent	<u>306,153</u>
Total loans receivable	<u>\$ 363,157</u>

4. CAPITAL ASSETS

Governmental activities—Capital asset activity for the primary government's governmental activities for the year ended December 31, 2025 was as follows:

	Balance 1/1/2025	Increases and reclassifications	Decreases and reclassifications	Balance 12/31/2025
Capital assets, not being depreciated/amortized:				
Land	\$ 1,371,109	\$ -	\$ -	\$ 1,371,109
Construction in progress	<u>7,522,882</u>	<u>8,225,979</u>	<u>2,079,236</u>	<u>13,669,625</u>
Total capital assets, not being depreciated/amortized	<u>8,893,991</u>	<u>8,225,979</u>	<u>2,079,236</u>	<u>15,040,734</u>
Capital assets, being depreciated/amortized:				
Buildings and building improvements	38,792,727	935,120	-	39,727,847
Machinery and equipment	23,509,939	1,989,035	383,299	25,115,675
Infrastructure	94,154,949	3,199,789	-	97,354,738
Right-to-use lease asset- buildings	-	853,640	48,557	805,083
Right-to-use lease asset- machinery and equipment	<u>638,492</u>	<u>-</u>	<u>614,730</u>	<u>23,762</u>
Total capital assets, being depreciated/amortized	<u>157,096,107</u>	<u>6,977,584</u>	<u>1,046,586</u>	<u>163,027,105</u>
Less accumulated depreciation/amortization for:				
Buildings and building improvements	18,352,041	870,640	-	19,222,681
Machinery and equipment	14,278,806	1,696,507	349,641	15,625,672
Infrastructure	53,950,502	2,667,008	-	56,617,510
Right-to-use lease asset- buildings	-	260,021	-	260,021
Right-to-use lease asset- machinery and equipment	<u>119,952</u>	<u>4,439</u>	<u>104,614</u>	<u>19,777</u>
Total accumulated depreciation/amortization	<u>86,701,301</u>	<u>5,498,615</u>	<u>454,255</u>	<u>91,745,661</u>
Total capital assets, being depreciated/amortized, net	<u>70,394,806</u>	<u>1,478,969</u>	<u>592,331</u>	<u>71,281,444</u>
Governmental activities capital assets, net	<u>\$ 79,288,797</u>	<u>\$ 9,704,948</u>	<u>\$ 2,671,567</u>	<u>\$ 86,322,178</u>

Depreciation/amortization expense was charged to the functions and programs of the primary government's governmental activities as follows:

General government support	\$ 1,434,648
Public safety	962,708
Health	545,935
Transportation	246,621
Economic assistance and opportunity	1,999,556
Home and community services	<u>99,092</u>
Total	<u>\$ 5,288,560</u>

Industrial Development Agency

The following is a summary of the cost and accumulated depreciation/amortization of the Agency's capital assets for the year ended December 31, 2025:

	Balance 1/1/2025	Increases	Decreases	Balance 12/31/2025
Capital assets, not being depreciated:				
Land	\$ 1,497,421	\$ -	\$ 2,452	\$ 1,494,969
Total capital assets, not being depreciated	<u>1,497,421</u>	<u>-</u>	<u>2,452</u>	<u>1,494,969</u>
Capital assets, being depreciated:				
Railroad tracking and facilities	<u>2,077,651</u>	<u>-</u>	<u>-</u>	<u>2,077,651</u>
Total capital assets, being depreciated	<u>2,077,651</u>	<u>-</u>	<u>-</u>	<u>2,077,651</u>
Less accumulated depreciation:	<u>1,308,664</u>	<u>32,143</u>	<u>-</u>	<u>1,340,807</u>
Total accumulated depreciation	<u>1,308,664</u>	<u>32,143</u>	<u>-</u>	<u>1,340,807</u>
Total capital assets, being depreciated, net	<u>768,987</u>	<u>(32,143)</u>	<u>-</u>	<u>736,844</u>
Agency capital assets, net	<u>\$ 2,266,408</u>	<u>\$ (32,143)</u>	<u>\$ 2,452</u>	<u>\$ 2,231,813</u>

Soil and Water Conservation District

The summary of the cost and accumulated depreciation/amortization of the District's capital assets for the year ended December 31, 2025 is presented below:

	Balance 1/1/2025	Increases	Decreases	Balance 12/31/2025
Capital assets, not being depreciated:				
Land	\$ 209,402	\$ 213,056	\$ -	\$ 422,458
Total capital assets, not being depreciated	<u>209,402</u>	<u>213,056</u>	<u>-</u>	<u>422,458</u>
Capital assets, being depreciated:				
Office equipment	14,659	2,299	-	16,958
Program buildings and equipment	<u>1,471,716</u>	<u>20,735</u>	<u>19,805</u>	<u>1,472,646</u>
Total capital assets, being depreciated	<u>1,486,375</u>	<u>23,034</u>	<u>19,805</u>	<u>1,489,604</u>
Less accumulated depreciation:	<u>1,308,317</u>	<u>34,138</u>	<u>19,805</u>	<u>1,322,650</u>
Total accumulated depreciation	<u>1,308,317</u>	<u>34,138</u>	<u>19,805</u>	<u>1,322,650</u>
Total capital assets, being depreciated, net	<u>178,058</u>	<u>(11,104)</u>	<u>-</u>	<u>166,954</u>
District capital assets, net	<u>\$ 387,460</u>	<u>\$ 201,952</u>	<u>\$ -</u>	<u>\$ 589,412</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by the County's governmental funds at December 31, 2025 were as follows:

	General	Total	Total
	Fund	Nonmajor	Governmental
		Funds	Funds
Salaries and employee benefits	\$ 295,855	\$ 21,847	\$ 317,702

6. PENSION PLAN

Plan Description and Benefits Provided

New York State and Local Employees' Retirement System ("ERS")—The County participates in the ERS (the "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 assets and record changes in fiduciary 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 ("NYSRSSL"). 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 regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory, except for employees who joined the ERS after July 27, 1976, who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3%) to three and one half percent (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. 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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—The net pension liability was measured as of March 31, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2024, with update procedures used to roll forward the total net pension liability to the measurement date. The County's proportion of the net pension liability was based on projections 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 provided by the System in reports provided to the County.

	ERS
Measurement date	March 31, 2025
Net pension liability	\$ 16,707,977
County's portion of the Plan's total net pension liability	0.0974469%

For the year ended December 31, 2025, the County recognized pension expense of \$3,584,503 for ERS. At December 31, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 4,147,032	\$ 195,618
Changes in assumptions	700,699	-
Net difference between projected and actual earnings on pension plan investments	1,310,861	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	1,398,759	1,670,036
County contributions subsequent to the measurement date	3,074,581	-
Total	<u>\$ 10,631,932</u>	<u>\$ 1,865,654</u>

The County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as presented below:

Year Ending December 31,	ERS
2026	\$ 2,680,631
2027	4,182,341
2028	(1,451,760)
2029	280,485

Actuarial Assumptions—The total pension liabilities as of the measurement date were determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liabilities to the measurement date. The actuarial valuation used the actuarial assumptions as shown below:

	ERS
Measurement date	March 31, 2025
Actuarial valuation date	April 1, 2024
Interest rate	5.9%
Salary scale	4.3%
Decrement tables	April 1, 2015- March 31, 2020
Inflation rate	2.9%
Cost-of-living adjustment	1.5%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. The actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
	March 31, 2025	
Asset class:		
Domestic equity	25.0 %	3.5 %
International equity	14.0	6.6
Private equity	15.0	7.3
Real estate	12.0	5.0
Opportunistic /absolute return strategy	3.0	5.3
Credit	4.0	5.4
Real assets	4.0	5.6
Fixed income	22.0	2.0
Cash	1.0	0.3
Total	100.0 %	

Discount Rate—The discount rate used to calculate the total pension liabilities was 5.9%. 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 that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart below presents the County’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9%, as well as what the County’s proportionate share of the net pension liability/(asset) would be if they were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

	1.0% Decrease (4.9%)	Current Assumption (5.9%)	1.0% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset)	\$ 48,354,988	\$ 16,707,977	\$ (9,717,298)

Pension Plan Fiduciary Net Position—The components of the current year net pension liability of the employers as of the valuation date, were as follows:

	(Dollars in Thousands)
	ERS
Valuation date	April 1, 2024
Employers' total pension liability	\$ 247,600,239
Plan fiduciary net position	<u>230,454,512</u>
Employers' net pension liability/(asset)	<u>\$ 17,145,727</u>
System fiduciary net position as a percentage of total pension liability	93.1%

Soil and Water Conservation District

Employees' Retirement System—The District participates in the ERS. The plan description and actuarial assumptions are the same as disclosed previously within this footnote.

At December 31, 2025, the District 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, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's long-term share of contributions to the System relative to the projection of the District's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSLRS in a report provided to the District.

	ERS
Actuarial valuation date	March 31, 2025
Net pension liability	\$ 648,784
District's portion of the Plan's total net pension liability	0.0037839%

For the year ended December 31, 2025, the District recognized pension expense of \$98,804. The District's deferred outflows and deferred inflows of resources related to pensions reported at December 31, 2025 are presented below:

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 161,033	\$ 7,596
Changes of assumptions	27,209	-
Net difference between projected and actual earnings on pension investments	50,902	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	22,282	85,574
District contributions subsequent to the measurement date	<u>123,548</u>	<u>-</u>
Total	<u>\$ 384,974</u>	<u>\$ 93,170</u>

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS
2026	\$ 87,936
2027	147,523
2028	(66,662)
2029	(541)

7. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION

Plan Description—In addition to providing pension benefits, the County may pay for a portion of eligible retirees' health insurance dependent upon such factors as age, years of service, accumulated sick leave and associated group or union.

Employees Covered by Benefit Terms—At January 1, 2025, the following employees were covered by the benefit terms:

Retirees and survivors	273
Active employees	<u>409</u>
Total	<u><u>682</u></u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments, which may be attributed to past service (or "earned"), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability ("AAL") under GASB Statement No. 45.

Total OPEB Liability

The County's total OPEB liability of \$91,807,976 was measured as of December 31, 2025, and was determined by an interim actuarial valuation as of January 1, 2025.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2025 actuarial valuation, the Entry Age Normal method over a level percent of pay was used. The discount rate used was 4.08%, based on the index provided by Bond Buyer 20-Bond General Obligation Index based on the 20 year AA municipal bond rate. The Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, for males and females was used for mortality rates. Upon retirement, it is assumed that 95% of eligible retirees, 65% of retiree spouses, and 0% of surviving spouses will elect for postemployment health care benefits, while it is assumed that 65% of retirees will be married at the time of their retirement. In order to estimate the change in the cost of healthcare, the actuary's initial healthcare cost trend rate used is 6.90%, while the ultimate healthcare cost trend rate is 4.04%.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance at December 31, 2024	\$ 89,096,753
Changes for the year:	
Service cost	3,072,034
Interest	2,961,225
Changes of assumptions	(13,616,226)
Difference between expected and actual experience	12,961,473
Benefit payments	(2,667,283)
Net changes	2,711,223
Balance at December 31, 2025	\$ 91,807,976

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have a profound impact on total liabilities. The table below presents the effect a 1% change in the discount rate assumption would have on the OPEB liability.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB liability	\$ 105,781,816	\$ 91,807,976	\$ 80,453,052

Additionally, healthcare costs can be subject to considerable volatility over time. The table presented below presents the effect on the OPEB liability of a 1% change in the initial (6.90%) and ultimate (4.04%) healthcare cost trend rates.

	1% Decrease (5.90%/3.04%)	Healthcare Cost Trend Rates (6.90%/4.04%)	1% Increase (7.90%/5.04%)
Total OPEB liability	\$ 79,406,514	\$ 91,807,976	\$ 107,491,586

Funding Policy—Authorization for the County to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the County's Legislature. The County recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. Any amendments to the employer's contributions are subject to the collective bargaining agreements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The County reports deferred outflows and inflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability are required to be determined. The table on the following page presents the County's deferred outflows and inflows of resources at December 31, 2025.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,122,966	\$ 15,325,415
Changes in assumptions	5,850,086	21,132,483
Contributions subsequent to measurement date	3,490,825	-
Total	<u>\$ 20,463,877</u>	<u>\$ 36,457,898</u>

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

<u>Year Ending December 31,</u>		
2026	\$	(6,184,977)
2027		(7,482,648)
2028		(4,164,371)
2029		(1,863,355)
2030		308,020
Thereafter		(97,515)

8. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; business interruption; errors or omissions, injuries to employees and third parties; and natural disasters. The County assumes the risk of loss relating to unemployment and workers' compensation. The County has established the internal service fund to account for losses, claims and judgments, relating to these exposures. The internal service fund is used to account for and finance the County, and in the case of workers' compensation, its' plan members uninsured risk of loss.

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

The Self-Insurance Fund provides self-insurance coverage for all workers' compensation claims for employees of each participating municipality. The County and certain municipalities within the County participate in the program and make payments to the self-insurance fund based on three factors: total property tax assessed value, total payroll, and prior years' claims for each participant. The County is completely self-insured with regard to workers' compensation claims and is the administrator for this fund.

All funds the County and in the case of workers' compensation, other plan members, participate in the self-insurance program and make payments to the internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for unforeseen losses. Claims and judgments are recognized consistent with the requirements of GASB, which requires that claims and judgments be recognized 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. Internal service fund claim liabilities for both the County and other plan members were \$3,240,000 at December 31, 2025.

The changes since January 1, 2023 in risk financing activities for workers' compensation claims are presented below:

<u>Year Ended December 31,</u>	<u>Liability Beginning of Year</u>	<u>Claims and Adjustments</u>	<u>Claim Payments and Adjustments</u>	<u>Liability, End of Year</u>
2025	\$ 2,350,000	\$ 1,220,000	\$ 330,000	\$ 3,240,000
2024	2,350,000	-	-	2,350,000
2023	5,750,000	-	3,400,000	2,350,000

9. LEASES

The County is a lessee for noncancellable leases of buildings and information technology arrangements. Under GASB Statement No. 87, *Leases*, the County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate is uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rates charged by the lessor as the discount rate. When the interest rate changed by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the right-to-use asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

As of December 31, 2025, the value of the lease liabilities was \$638,023. The County is required to make annual principal and interest payments ranging from \$494 to \$19,294 with interest rates ranging from 3.00% to 6.30%. The value of the right-to-use lease assets at the end of the current fiscal year was \$828,845 and had accumulated amortization of \$279,798.

Additional information on the lease liabilities is within Note 10.

10. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriations and expenditure of governmental fund financial resources.

The County's outstanding long-term liabilities include serial bonds, TTASC bonds, lease liability, compensated absences, workers' compensation, OPEB obligation, and net pension liability. The serial bonds of the County are secured by its general credit and revenue raising powers, as per State statute. A summary of changes in the County's long-term debt for the year ended December 31, 2025 is presented below:

	Balance 1/1/2025	Additions	Reductions	Balance 12/31/2025	Due Within One Year
Governmental activities:					
Serial bonds - County	\$ 3,675,000	\$ -	\$ 545,000	\$ 3,130,000	\$ 570,000
TTASC bonds and accreted interest	18,929,177	680,650	70,000	19,539,827	1,125,000
Lease liability	518,540	177,906	58,423	638,023	56,303
Compensated absences*	4,790,453	88,621	-	4,879,074	418,570
Workers' compensation	2,350,000	1,220,000	330,000	3,240,000	620,000
OPEB obligation	89,096,753	18,994,732	16,283,509	91,807,976	-
Net pension liability*	12,369,010	4,338,967	-	16,707,977	-
Total governmental activities	<u>\$ 131,728,933</u>	<u>\$ 25,500,876</u>	<u>\$ 17,286,932</u>	<u>\$ 139,942,877</u>	<u>\$ 2,789,873</u>

(*Changes to compensated absences and the net pension liability are shown net.)

Serial Bonds—The County issues bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the County.

Principal is paid annually, interest is paid semi-annually and are recorded in the General Fund. A summary of additions and reductions for the year ended December 31, 2025 is shown below:

Description	Original Issue	Year Issue/ Maturity	Interest Rate (%)	Balance 1/1/2025	Increases	Decreases	Balance 12/31/2025
Governmental activities serial bonds issued by the County:							
Public Improvement Serial Bond	\$9,000,000	2010/2031	3.36-9.07	\$3,675,000	\$ -	\$545,000	\$3,130,000
Total governmental activities bonded debt				<u>\$3,675,000</u>	<u>\$ -</u>	<u>\$545,000</u>	<u>\$3,130,000</u>

Tobacco Settlement Bonds—In 2005, TTASC advance refunded its 2000 series debt and secured additional Tobacco Settlement Revenues by issuing a \$15 million in bonds. The proceeds financed the construction of a health and human services building within the County.

Changes in Series 2005 Tobacco Settlement Bonds for the year ended December 31, 2025 are as follows:

Description	Year of Maturity	Yield	Beginning Balance 1/1/2025	Additions	Deletions	Ending Balance 12/31/2025	Amounts Due Within One Year
2005 Tobacco Settlement Bonds	2040	various	<u>\$12,142,915</u>	<u>\$ -</u>	<u>\$70,000</u>	<u>\$12,072,915</u>	<u>\$1,125,000</u>

Subordinate Turbo CABs—On November 15, 2005, TTASC participated in New York Counties Tobacco Trust V (“NYCTT”), along with 23 other New York County Tobacco Corporations, and issued Tobacco Settlement Pass-Through Bonds—Subordinate Turbo CABs in various series for the purpose of securitizing additional future tobacco settlement revenues. The TTASC Series 2005 bonds are comprised of two tax-exempt turbo capital appreciation bonds.

Interest on the Subordinate Turbo CABs is compounded semi-annually on June 1 and December 1, but is not payable until bond maturity. Interest accretes until both principal and accreted interest is paid. Future interest accretion has been recorded as bond discount and amortized as the current interest accretes. The accrued interest on the Subordinate Turbo CABs is reflected within the subordinate turbo CABs liability.

A summary of the Subordinate Turbo CABs net bond balance activity for the year ended December 31, 2025 follows:

	Interest Rate	Original Principal	Beginning Balance 1/1/2025	Annual Net Interest Accretion	Turbo Redemption Payments	Ending Balance 12/31/2025
Subordinate Turbo CABs	4.25-5.00%	<u>\$ 21,713,420</u>	<u>\$ 6,786,262</u>	<u>\$ 680,650</u>	<u>\$ -</u>	<u>\$ 7,466,912</u>

Redemption of the Subordinate Turbo CABs as outlined in the New York Counties Tobacco Trust V Tobacco Settlement Pass-Through Bonds, Series 2005 official statement totals \$21,713,420 with interest rates ranging from 4.25% to 5.00%. During the year ended December 31, 2025, TTASC did not make any redemption payments.

Lease Liability—The County entered into long-term leases for various buildings and equipment within their governmental activities. The outstanding balance at December 31, 2025 was \$638,023. Refer to Note 9 for additional information related to the County’s leases.

Compensated Absences—As explained in Note 1, the County records the value of compensated absences (primarily accrued vacation and sick time benefits) in long-term liabilities of the governmental activities. The annual budget of the operating funds provides funding for the current portion of these benefits. The value recorded at December 31, 2025 for governmental activities is \$4,879,074, of which \$418,570 is expected to be paid within one year.

Workers’ Compensation—As explained in Note 8, the County reports workers’ compensation and health insurance liabilities from administering their self-insurance plan within its governmental activities. The total workers’ compensation outstanding at December 31, 2025 is \$3,240,000, of which \$620,000 is expected to be paid within one year.

OPEB Obligation—As explained in Note 7, the County provides medical, dental, and life insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The long-term OPEB liability for governmental activities is estimated to be \$91,807,976 at December 31, 2025.

Net Pension Liability—The County reported a liability, \$16,707,977, for its proportionate share of the net pension liability for the Employees’ Retirement System. Refer to Note 6 for additional information related to the County’s net pension liability.

The following is a maturity schedule of the County’s governmental activities indebtedness:

Year Ending December 31,	Serial Bonds— County	TTASC Bonds and Accreted Interest	Lease Liability	Compensated Absences	Workers' Compensation	OPEB Obligation	Net Pension Liability	Total
2026	\$ 570,000	\$ 1,125,000	\$ 56,303	\$ 418,570	\$ 620,000	\$ -	\$ -	\$ 2,789,873
2027	595,000	957,866	18,469	-	-	-	-	1,571,335
2028	625,000	440,870	15,398	-	-	-	-	1,081,268
2029	655,000	239,101	16,222	-	-	-	-	910,323
2030	685,000	705,979	17,144	-	-	-	-	1,408,123
2031-2035	-	747,488	95,639	-	-	-	-	843,127
2036-2040	-	15,323,523	109,455	-	-	-	-	15,432,978
2041-2045	-	-	90,297	-	-	-	-	90,297
2046-2050	-	-	120,994	-	-	-	-	120,994
2051-2055	-	-	98,102	-	-	-	-	98,102
Thereafter	-	-	-	4,460,504	2,620,000	91,807,976	16,707,977	115,596,457
Total	<u>\$ 3,130,000</u>	<u>\$ 19,539,827</u>	<u>\$ 638,023</u>	<u>\$ 4,879,074</u>	<u>\$ 3,240,000</u>	<u>\$ 91,807,976</u>	<u>\$ 16,707,977</u>	<u>\$ 139,942,877</u>

Interest requirements on governmental activities bonds payable and leases are as follows:

Year Ending December 31,	Serial Bonds— County	Lease Liability
2026	\$ 210,900	\$ 35,164
2027	167,719	33,011
2028	122,500	32,150
2029	75,057	31,279
2030	25,390	30,357
2031-2035	-	136,167
2036-2040	-	108,251
2041-2045	-	77,702
2046-2050	-	47,006
2051-2055	-	9,744
Total	<u>\$ 601,566</u>	<u>\$ 540,829</u>

Industrial Development Agency

Loans Payable—The Agency entered into long-term loans payable. The outstanding balance at December 31, 2025 was \$357,971, of which \$41,697 is due within one year.

Soil and Water Conservation District

Compensated Absences—The District reported a liability, \$169,441, for its compensated absences liability.

Net Pension Liability—The Agency reported a liability, \$648,784, for its proportionate share of the net pension liability for the Employees' Retirement System. Refer to Note 6 for additional information related to the Agency's net pension liability.

11. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation/amortization and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the County's governmental activities net investment in capital assets is presented below:

Capital assets, net of accumulated depreciation/amortization	\$ 86,322,178
Related debt:	
Serial bonds	(3,130,000)
Lease liability	(638,023)
Capital Projects Fund—accounts payable	<u>(301,006)</u>
Net investment in capital assets	<u><u>\$ 82,253,149</u></u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The total restricted component of net position is \$33,812,656.
- **Unrestricted Net Position**—This category represents net position of the County not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the County at December 31, 2025 included the following:

- **Prepaid Items**—Represents amounts prepaid to the retirement system that are applicable to future accounting periods. The General Fund reported amounts of \$1,087,684 December 31, 2025.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. As of December 31, 2025, the County reported the restricted fund balances presented on the following page.

	General	Capital	Total	
	Fund	Projects Fund	Nonmajor	Total
			Funds	
Capital projects	\$ -	\$27,008,286	\$ -	\$27,008,286
Debt service	211,384	-	776,167	987,551
Special grant	-	-	993,898	993,898
Opioid settlement	1,215,465	-	-	1,215,465
E911	2,969,324	-	-	2,969,324
Stop DWI	113,374	-	-	113,374
Crime proceeds	49,418	-	-	49,418
Tourism	370,133	-	-	370,133
Handicapped parking	854	-	-	854
Unemployment	104,353	-	-	104,353
Total	<u>\$5,034,305</u>	<u>\$27,008,286</u>	<u>\$1,770,065</u>	<u>\$33,812,656</u>

- ***Restricted for Capital Projects***—Represents funds accumulated to finance all or part of the cost of construction, reconstruction or acquisition of specific items. At December 31, 2025, the County had \$27,008,826 restricted for capital purposes.
- ***Restricted for Debt Service***—Represents funds accumulated for use in future debt service requirements.
- ***Restricted for Special Grant***—Represents amounts that are restricted to operate the County's special grant programs.
- ***Restricted for Opioid Settlements***—Represents direct payments of opioid settlement funds to support future treatment and recovery requirements.
- ***Restricted for E911***—Represents funds restricted to pay for equipment or other uses that will aid in providing public safety services.
- ***Restricted for Stop DWI***—Represents the accumulated excess of Stop DWI fines less related expenditures to be used for Stop DWI purposes.
- ***Restricted for Crime Proceeds***—Represents amounts restricted to be used for asset forfeiture purposes.
- ***Restricted for Tourism***—Represents occupancy tax collected to be used to promote tourism within the County.
- ***Restricted for Handicapped Parking***—Represents amounts restricted to be used for public awareness of handicapped parking.
- ***Restricted for Unemployment***—Represents reserve established to pay unemployment claims.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the County's highest level of decision-making authority. As of December 31, 2025, the County reported no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the Board of Supervisors, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

As of December 31, 2025, the County reported the following fund balance assignments:

	General Fund	Capital Projects Fund	Total Nonmajor Funds	Total
Subsequent year's expenditures	\$ 8,799,933	\$ -	\$ -	\$ 8,799,933
Specific purposes				
Public safety	31,499	-	-	31,499
Capital projects	-	8,677,980	-	8,677,980
Special revenue funds	-	-	1,408,104	1,408,104
Total assigned fund balance	<u>\$ 8,831,432</u>	<u>\$ 8,677,980</u>	<u>\$ 1,408,104</u>	<u>\$ 18,917,516</u>

- **Assigned to Subsequent Year's Expenditures**—Represents available fund balance being appropriated within the budget process to meet expenditure requirements in the 2026 fiscal year.
- **Assigned to Specific Use**—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignments' purpose relates to each fund's operations and represent the remaining amounts within funds that are not restricted or committed.

It is the County's policy to expend fund balances in the following order: nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year.

12. INTERFUND BALANCES AND ACTIVITY

The County made the interfund transfers presented below during the year ended December 31, 2025.

Fund	Transfers In	Transfers Out
Governmental funds:		
General Fund	\$ -	\$ 14,887,595
Capital Projects Fund	10,996,110	-
Nonmajor funds	3,369,614	-
Total governmental funds	<u>14,365,724</u>	<u>14,887,595</u>
Proprietary funds:		
Internal Service Fund	521,871	-
Total proprietary funds	<u>521,871</u>	<u>-</u>
Total	<u>\$ 14,887,595</u>	<u>\$ 14,887,595</u>

Transfers are used primarily to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute of budget required to expend them, (2) move cash to fund capital projects, and (3) move cash cover county road and road machinery projects and operations.

13. LABOR CONTRACTS

Current employees are represented by three bargaining units with the balance governed by County rules and regulations. The Tioga County Law Enforcement Association and the National Correctional Employees Union are settled through December 31, 2025. The CSEA Local 1000 AFSCME is settled through December 31, 2027.

14. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. The County considers encumbrances over \$100,000 to be significant. The County reported no significant encumbrances as of December 31, 2025.

15. TAX ABATEMENTS

The County is subject to tax abatements granted by the Tioga County Industrial Development Agency (the "Agency") or towns within the County. These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the Agency or towns within the County and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the County, the abatements have resulted in reductions of property taxes, which the County 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 percent. Under the agreements entered into by Agency, the County collected \$2,348,931 during 2025 in payments in lieu of taxes ("PILOT"), these collections were made in lieu of \$3,576,288 in property taxes.

16. CONTINGENCIES

Grants—In the normal course of operations, the County receives significant financial assistance from various federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions, specified in the grant agreements and is subject to audit. Any disallowed expenditure resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Litigation—The County is involved in litigation in the ordinary course of its operations. Although an estimated amount of potential loss is not available as of December 31, 2025, the County believes that its ultimate liability in connection with these matters could have a material effect on the County's financial condition and results of operations.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 17, 2026, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF TIOGA, NEW YORK
Schedule of the County's Proportionate Share of the
Net Pension Liability/(Asset)—Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement date	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Plan fiduciary net position as a percentage of the total pension liability/(asset)	93.1%	93.9%	90.8%	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%
Governmental Activities:										
County's proportion of the net pension liability/(asset)	0.0974469%	0.0840055%	0.0873962%	0.0837266%	0.0822202%	0.0795148%	0.0776983%	0.0728901%	0.0705442%	0.0736024%
County's proportionate share of the net pension liability/(asset)	<u>\$ 16,707,977</u>	<u>\$ 12,369,010</u>	<u>\$ 18,741,263</u>	<u>\$ (6,844,301)</u>	<u>\$ 81,870</u>	<u>\$ 21,055,976</u>	<u>\$ 5,505,160</u>	<u>\$ 2,352,489</u>	<u>\$ 6,628,490</u>	<u>\$ 11,813,394</u>
County's covered payroll	\$ 24,272,900	\$ 21,719,903	\$ 19,493,294	\$ 18,463,019	\$ 17,536,725	\$ 17,536,725	\$ 17,026,655	\$ 17,017,384	\$ 16,083,652	\$ 15,319,512
County's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	68.8%	56.9%	96.1%	37.1%	0.5%	120.1%	32.3%	13.8%	41.2%	77.1%
Discretely Presented Component Unit:										
Tioga County Soil and Water Conservation District (the "District"):										
The District's proportion of the net pension liability/(asset)	0.0037839%	0.0037124%	0.0035949%	0.0031545%	0.0031544%	0.0036680%	0.0036606%	0.0033831%	0.0025749%	0.0021080%
The District's proportionate share of the net pension liability/(asset)	<u>\$ 648,784</u>	<u>\$ 546,620</u>	<u>\$ 770,892</u>	<u>\$ (285,018)</u>	<u>\$ 3,141</u>	<u>\$ 971,303</u>	<u>\$ 259,366</u>	<u>\$ 109,189</u>	<u>\$ 241,947</u>	<u>\$ 338,335</u>
The District's covered payroll	\$ 1,067,000	\$ 968,000	\$ 871,000	\$ 758,000	\$ 719,000	\$ 759,000	\$ 742,000	\$ 759,000	\$ 680,000	\$ 502,000
The District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	60.8%	56.5%	88.5%	37.6%	0.4%	128.0%	35.0%	14.4%	35.6%	67.4%

COUNTY OF TIOGA, NEW YORK
Schedule of the County's Contributions—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities:										
Contractually required contribution	\$ 3,970,142	\$ 3,582,243	\$ 2,598,469	\$ 2,434,643	\$ 3,235,629	\$ 2,766,966	\$ 2,743,664	\$ 2,670,717	\$ 3,161,458	\$ 2,528,606
Contributions in relation to the contractually required contribution	<u>(3,970,142)</u>	<u>(3,582,243)</u>	<u>(2,598,469)</u>	<u>(2,434,643)</u>	<u>(3,235,629)</u>	<u>(2,766,966)</u>	<u>(2,743,664)</u>	<u>(2,670,717)</u>	<u>(3,161,458)</u>	<u>(2,528,606)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 26,267,251	\$ 19,950,244	\$ 19,460,060	\$ 18,720,588	\$ 18,281,731	\$ 17,707,869	\$ 17,154,173	\$ 17,019,702	\$ 16,317,085	\$ 15,510,547
Contributions as a percentage of covered payroll	15.1%	17.96%	13.35%	13.01%	17.70%	15.63%	15.99%	15.69%	19.38%	16.30%
Discretely Presented Component Unit:										
Tioga County Soil and Water Conservation District (the "District"):										
Contractually required contribution	\$ 165,000	\$ 136,109	\$ 103,703	\$ 80,002	\$ 103,875	\$ 89,571	\$ 125,092	\$ 118,939	\$ 91,378	\$ 69,896
Contributions in relation to the contractually required contribution	<u>(165,000)</u>	<u>(136,109)</u>	<u>(103,703)</u>	<u>(80,002)</u>	<u>(103,875)</u>	<u>(89,571)</u>	<u>(125,092)</u>	<u>(118,939)</u>	<u>(91,378)</u>	<u>(69,896)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 1,067,000	\$ 968,000	\$ 871,000	\$ 758,000	\$ 719,000	\$ 759,000	\$ 742,000	\$ 759,000	\$ 680,000	\$ 502,000
Contributions as a percentage of covered payroll	15.5%	14.06%	11.91%	10.55%	14.45%	11.80%	16.86%	15.67%	13.44%	13.92%

COUNTY OF TIOGA, NEW YORK
Schedule of Changes in the County's Total OPEB Liability and Related Ratios
Last Eight Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental activities:								
Total OPEB Liability								
Service cost	\$ 3,072,034	\$ 2,779,086	\$ 4,028,368	\$ 5,285,046	\$ 4,016,945	\$ 2,932,894	\$ 3,511,739	\$ 3,245,186
Interest	2,961,225	3,111,231	2,101,955	2,761,110	3,269,086	3,884,923	3,568,441	3,558,782
Changes of assumptions	(13,616,226)	3,608,031	(17,005,744)	905,695	11,072,183	19,669,644	(11,005,198)	5,266,671
Changes of benefit terms	-	-	-	-	-	(79,411)	-	-
Differences between expected and actual experience	12,961,473	-	(3,739,271)	(33,092,069)	(5,654,534)	-	(1,652,117)	-
Benefit payments	<u>(2,667,283)</u>	<u>(2,515,526)</u>	<u>(2,559,375)</u>	<u>(3,055,501)</u>	<u>(3,025,437)</u>	<u>(2,847,792)</u>	<u>(2,799,306)</u>	<u>(2,702,941)</u>
Net changes in total OPEB liability	2,711,223	6,982,822	(17,174,067)	(27,195,719)	9,678,243	23,560,258	(8,376,441)	9,367,698
Total OPEB liability—beginning	<u>89,096,753</u>	<u>82,113,931</u>	<u>99,287,998</u>	<u>126,483,717</u>	<u>116,805,474</u>	<u>93,245,216</u>	<u>101,621,657</u>	<u>92,253,959</u>
Total OPEB liability—ending	<u>\$ 91,807,976</u>	<u>\$ 89,096,753</u>	<u>\$ 82,113,931</u>	<u>\$ 99,287,998</u>	<u>\$ 126,483,717</u>	<u>\$ 116,805,474</u>	<u>\$ 93,245,216</u>	<u>\$ 101,621,657</u>
Plan fiduciary net position								
Contributions—employer	\$ 2,667,283	\$ 2,515,526	\$ 2,559,375	\$ 3,055,501	\$ 3,025,437	\$ 2,847,792	\$ 2,799,306	\$ 2,702,941
Benefit payments	<u>(2,667,283)</u>	<u>(2,515,526)</u>	<u>(2,559,375)</u>	<u>(3,055,501)</u>	<u>(3,025,437)</u>	<u>(2,847,792)</u>	<u>(2,799,306)</u>	<u>(2,702,941)</u>
net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's net OPEB liability—ending	<u>\$ 91,807,976</u>	<u>\$ 89,096,753</u>	<u>\$ 82,113,931</u>	<u>\$ 99,287,998</u>	<u>\$ 126,483,717</u>	<u>\$ 116,805,474</u>	<u>\$ 93,245,216</u>	<u>\$ 101,621,657</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 23,833,844	\$ 21,777,315	\$ 21,408,070	\$ 19,150,618	\$ 19,028,588	\$ 18,610,431	\$ 17,751,117	\$ 17,520,047
County's OPEB liability as a percentage of covered-employee payroll	385.2%	409.1%	1126.6%	806.6%	1314.1%	1588.5%	1452.3%	1006.9%

*Information prior to the year ended December 31, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

COUNTY OF TIOGA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	26,887,599	26,887,599	\$ 26,450,903	\$ (436,696)
Other property tax items	3,202,708	3,202,708	3,393,284	190,576
Non-property tax items	26,413,449	26,303,856	33,393,721	7,089,865
Departmental income	6,465,361	6,635,402	7,081,259	445,857
Intergovernmental charges	151,000	780,717	562,377	(218,340)
Use of money and property	1,143,000	1,143,000	2,002,897	859,897
Licenses and permits	36,400	36,400	23,210	(13,190)
Fines and forfeitures	-	-	59,235	59,235
Sale of property and compensation for loss	-	-	51,700	51,700
Miscellaneous	225,000	230,537	623,558	393,021
State aid	15,067,411	22,319,167	17,359,828	(4,959,339)
Federal aid	6,411,810	8,170,762	9,260,056	1,089,294
Total revenues	<u>86,003,738</u>	<u>95,710,148</u>	<u>100,262,028</u>	<u>4,551,880</u>
EXPENDITURES				
Current:				
General government support	17,228,456	20,739,230	18,602,837	2,136,393
Education	7,057,000	7,055,000	5,658,360	1,396,640
Public safety	11,398,362	15,386,646	12,528,789	2,857,857
Health	7,416,634	9,148,226	7,104,865	2,043,361
Transportation	-	522,925	516,340	6,585
Economic assistance and opportunity	26,401,000	27,413,225	25,849,992	1,563,233
Culture and recreation	318,634	597,602	473,099	124,503
Home and community services	1,129,196	1,155,311	963,374	191,937
Employee benefits	16,274,516	16,498,460	16,494,238	4,222
Debt service:				
Principal	545,000	603,423	603,423	-
Interest and other fiscal charges	253,853	287,583	287,583	-
Total expenditures	<u>88,022,651</u>	<u>99,407,631</u>	<u>89,082,900</u>	<u>10,324,731</u>
Excess (deficiency) of revenues over expenditures	<u>(2,018,913)</u>	<u>(3,697,483)</u>	<u>11,179,128</u>	<u>14,876,611</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,254,556)	(14,887,596)	(14,887,595)	1
Issuance of leases	-	177,906	177,906	-
Total other financing sources (uses)	<u>(4,254,556)</u>	<u>(14,709,690)</u>	<u>(14,709,689)</u>	<u>1</u>
Net change in fund balances *	(6,273,469)	(18,407,173)	(3,530,561)	14,876,612
Fund balances—beginning	<u>48,707,845</u>	<u>48,707,845</u>	<u>48,707,845</u>	<u>-</u>
Fund balances—ending	<u>\$ 42,434,376</u>	<u>\$ 30,300,672</u>	<u>\$ 45,177,284</u>	<u>\$ 14,876,612</u>

* The net change in fund balances was included in the budget as a planned use of fund balance.

The notes to the required supplementary information are an integral part of this schedule.

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COUNTY OF TIOGA, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2025

1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the discount rate and healthcare cost trend rate. At December 31, 2025, the discount rate increased to 4.08% from 3.26% at December 31, 2024. The initial healthcare cost trend rate changes were carried forward, the model for trends in subsequent years is based on the Getzen Model as updated through October 2023.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Capital Projects Fund, which is budgeted on a project basis, and the Special Grant Fund, which does not adopt a formal budget. The Capital Projects Fund is appropriated on a project length basis; appropriations are approved through a County Legislature resolution at the project's inception and lapse upon termination of the project.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the Board of Supervisors. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the year even if they have related encumbrances.

Actual results of operations presented in accordance with GAAP and the County's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. Significant encumbrances, if any, are disclosed in the notes to the financial statements.

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SUPPLEMENTARY INFORMATION

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COUNTY OF TIOGA, NEW YORK
Combining Balance Sheet—
Nonmajor Governmental Funds
December 31, 2025

	<u>Special Revenue</u>				
	<u>County Road</u>	<u>Road Machinery</u>	<u>Special Grant</u>	<u>Debt Service (TTASC)</u>	<u>Total Nonmajor Funds</u>
ASSETS					
Cash and cash equivalents	\$ 845,077	500,708	\$ -	\$ 153,192	\$ 1,498,977
Restricted cash and cash equivalents	-	-	840,254	776,219	1,616,473
Receivables	-	484	-	536,768	537,252
Intergovernmental receivables	-	-	242,986	-	242,986
Total assets	<u>\$ 845,077</u>	<u>\$ 501,192</u>	<u>\$ 1,083,240</u>	<u>\$ 1,466,179</u>	<u>\$ 3,895,688</u>
LIABILITIES					
Accounts payable	60,518	10,967	87,419	\$ -	\$ 158,904
Accrued liabilities	<u>16,396</u>	<u>3,528</u>	<u>1,923</u>	<u>-</u>	<u>21,847</u>
Total liabilities	<u>76,914</u>	<u>14,495</u>	<u>89,342</u>	<u>-</u>	<u>180,751</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable revenue—tobacco settlement revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>536,768</u>	<u>536,768</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>536,768</u>	<u>536,768</u>
FUND BALANCES					
Restricted	-	-	993,898	776,167	1,770,065
Assigned	<u>768,163</u>	<u>486,697</u>	<u>-</u>	<u>153,244</u>	<u>1,408,104</u>
Total fund balances	<u>768,163</u>	<u>486,697</u>	<u>993,898</u>	<u>929,411</u>	<u>3,178,169</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 845,077</u>	<u>\$ 501,192</u>	<u>\$ 1,083,240</u>	<u>\$ 1,466,179</u>	<u>\$ 3,895,688</u>

COUNTY OF TIOGA, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances—Nonmajor Governmental Funds
Year Ended December 31, 2025

	<u>Special Revenue</u>				Total
	<u>County Road</u>	<u>Road Machinery</u>	<u>Special Grant</u>	<u>Debt Service (TTASC)</u>	<u>Nonmajor Funds</u>
REVENUES					
Departmental income	\$ -	\$ 27,030	\$ -	\$ -	\$ 27,030
Use of money and property	14,454	7,561	3,187	43,323	68,525
Fines and forfeitures	1,035	96,926	-	-	97,961
Miscellaneous	208	-	-	582,759	582,967
State aid	23,187	-	-	-	23,187
Federal aid	131,391	-	588,762	-	720,153
Total revenues	<u>170,275</u>	<u>131,517</u>	<u>591,949</u>	<u>626,082</u>	<u>1,519,823</u>
EXPENDITURES					
Current:					
General government support	-	-	-	67,826	67,826
Transportation	2,021,424	671,795	-	-	2,693,219
Economic assistance and opportunity	-	-	172,448	-	172,448
Home and community services	-	-	326,221	-	326,221
Employee benefits	572,566	163,117	108,555	-	844,238
Debt service:					
Principal	-	-	-	70,000	70,000
Interest and fiscal charges	-	-	-	487,963	487,963
Total expenditures	<u>2,593,990</u>	<u>834,912</u>	<u>607,224</u>	<u>625,789</u>	<u>4,661,915</u>
Deficiency of revenues over expenditures	<u>(2,423,715)</u>	<u>(703,395)</u>	<u>(15,275)</u>	<u>293</u>	<u>(3,142,092)</u>
OTHER FINANCING SOURCES					
Transfers in	<u>2,460,807</u>	<u>908,807</u>	<u>-</u>	<u>-</u>	<u>3,369,614</u>
Total other financing sources	<u>2,460,807</u>	<u>908,807</u>	<u>-</u>	<u>-</u>	<u>3,369,614</u>
Net change in fund balances	37,092	205,412	(15,275)	293	227,522
Fund balances—beginning	<u>731,071</u>	<u>281,285</u>	<u>1,009,173</u>	<u>929,118</u>	<u>2,950,647</u>
Fund balances—ending	<u>\$ 768,163</u>	<u>\$ 486,697</u>	<u>\$ 993,898</u>	<u>\$ 929,411</u>	<u>\$ 3,178,169</u>

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

Chairman and Members County Legislature
County of Tioga, New York:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("Government Auditing Standards"), the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tioga, New York (the "County") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 17, 2026. Our report includes a reference to other auditors who audited the financial statements of the Tioga County Tobacco Asset Securitization Corporation and the Tioga County Soil and Water Conservation District, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") 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 County'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.

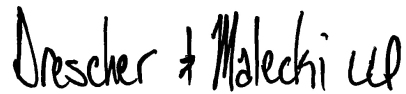
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Drescher & Malecki LLP". The signature is written in a cursive, flowing style.

September 17, 2026