



Tioga County Legislative Worksession Minutes February 22, 2018 – 10:00 a.m.

Legislators Present:

Legislator Hollenbeck
Legislator Monell
Legislator Mullen
Chair/Legislator Sauerbrey
Legislator Standinger
Legislator Sullivan
Legislator Weston (*arrived @ 10:07 a.m.*)

Legislators Absent:

Legislator Huttleston
Legislator Roberts

Guests:

Bryant Myers, IDA Executive Director (*arrived @ 10:10 a.m./departed @ 10:28 a.m.*)
Matt Freeze, Reporter, Morning Times
Duane Shoen, Insero & Co. (*departed @ 11:04 a.m.*)
Jeremy Gold, Insero & Co. (*departed @ 11:04 a.m.*)

Staff Present:

County Attorney Peter DeWind
Legislative Clerk Maureen Dougherty
Deputy Legislative Clerk Cathy Haskell
Democratic Election Commissioner Kristine Kwiatkowski (*departed @ 10:13 a.m.*)
Republican Election Commissioner Bernadette Toombs (*departed @ 10:13 a.m.*)
Personnel Officer Bethany O'Rourke
Treasurer Jim McFadden (*departed @ 11:04 a.m.*)
Chief Accountant/Budget Officer Rita Hollenbeck (*departed @ 11:04 a.m.*)
Accountant Jackson Bailey (*departed @ 11:04 a.m.*)

Call Meeting to Order –

Chair Sauerbrey called the meeting to order at 10:03 a.m.

Resolution Discussion -

Chair Sauerbrey reported there is one resolution for Legislature consideration at today's Special Meeting and Democratic Election Commissioner Kwiatkowski is in attendance today to answer questions. Chair Sauerbrey reported the resolution is to appoint the current voting machine technician to the position of Deputy Election Commissioner, therefore, inquired as to whether this employee could continue to do the voting machine technician work, in addition to her newly appointed duties, until such time a new voting machine technician is hired. Ms. Kwiatkowski confirmed this employee could continue the work of the voting machine technician until a replacement candidate is hired and indicated she would start the recruiting process upon resolution adoption.

Legislator Sullivan inquired about the frequency of training and time required to train a new voting machine technician. Ms. Kwiatkowski reported there is an upcoming 3-day training scheduled in March 2018 in Endicott, NY. Ms. Kwiatkowski reported the training is typically offered annually, however, there is no set schedule established and is more or less done on an as needed basis. Ms. Kwiatkowski reported scheduling of the trainings is out their control. Legislator Sullivan reported, in light of the Board of Elections office close staffing numbers and the potential for hardships when vacancies occur, it is important to establish better coverage by ensuring all staff members are trained. Legislator Sullivan suggested the Board of Elections consider having more than just the newly hired voting machine technician attend the upcoming training in March. Legislator Mullen requested the Board of Elections prepare and present a personnel plan for discussion at the March committee meeting in order to meet our current obligations with outside elections. Legislator Sullivan reported she would like a staffing scenario of continuing business as usual with conducting outside elections and a staffing scenario of formally announcing that in the future the County is no longer conducting outside elections. Ms. Kwiatkowski reported the State Board of Elections would not be in favor of making a formal announcement to discontinue outside elections, as this is counter to their preferences for local Board of Elections offices.

Second Special Legislative Meeting -

Chair Sauerbrey called the Second Special Legislature Meeting of 2018 to order at 10:11a.m. for Legislature consideration of the following resolution:

✓ Appoint Deputy Election Commissioner – Board of Elections

Special Meeting adjourned at 10:13 a.m. with regular worksession resuming immediately following.

Cost Benefit Analysis for Spencer-Tioga Solar, LLC PILOT Request -

IDA Executive Director Myers distributed copies of the Cost Benefit Analysis for the Spencer-Tioga Solar, LLC PILOT request. Mr. Myers reported last year the IDA began conversations with Distributed Sun who was interested in developing a 16-megawatt solar facility located on three parcels on Van-Etten Road in the Town of Spencer. The company had been in negotiations with the town and school and expressed interest in pursuing a PILOT with each of these entities separately. However, the company discovered they could only receive a maximum of a 15-year PILOT with each individual entity, which posed an issue for the company with their investors not being comfortable with a single PILOT with a 15-year term or the thought of having to re-apply for an additional PILOT upon the 15-year expiration. In April 2017, the IDA prepared the initial Cost Benefit Analysis and presented it to Tioga County, Spencer-Van Etten School District, and Town of Spencer. Mr. Myers reported all taxing jurisdictions provided letters of support for the PILOT and the IDA proceeded with approval. However, project construction was halted due to NYSEG imposing a tariff and the Federal government imposing a 30% tariff on foreign made solar panels. Based on this information, Mr. Myers reported the

project went from \$26 million to \$30 million due to increased solar panel costs. Mr. Myers reported the only way the company can move forward with the project is to take a mortgage on the equipment at the facility, which was not part of the original project and is part of the reason for today's presentation. Mr. Myers reported the new request from Spencer-Tioga Solar, LLC, formerly known as Distributed Sun, is to increase the local sales tax abatement, as well as adding mortgage tax abatement to their PILOT request. Mr. Myers reported there are no changes to the real property tax abatement request, as it will follow the same \$5,600 per megawatt hour with a 2% annual escalator as presented initially. Mr. Myers reported the real property tax abatement equates to \$494,218 over 30 years, local sales tax abatement request is \$672,986, mortgage recording tax abatement is valued at \$215,268, and the benefit to the community for this project is estimated at \$7 million dollars over the 30-year PILOT term.

In summary, Mr. Myers reported the following:

- The company is investing \$30 million dollars in capital improvements in Tioga County.
- The company will create zero new full-time permanent jobs and zero dollars in full-time permanent annual wage earnings in Tioga County.
- No annual indirect economic benefits for Tioga County due to the lack of permanent, full-time positions.
- The company is offering \$5,600 per megawatt hour on a 16-megawatt facility in the first year of operation and is including a 2% annual escalation rate per year over the 30-year PILOT term.
- The company is bringing 80 construction jobs to Tioga County.
- The company is stimulating an additional 23 indirect jobs related to construction in Tioga County.
- Based on the proposed payment per megawatt hour escalation, the company is requesting real property tax abatement estimated at \$494,218 over the 30-year PILOT term.
- The company is indicating the project shows a flat revenue stream, therefore, a PILOT is necessary for investors to invest in the project.
- The company is requesting mortgage recording tax abatement valued at \$215,268.
- The proposed project will save local electricity consumers over \$7 million dollars over the 30-year PILOT term.
- The proposed solar array development will allow for not only the local generation of power adding to the grid reliability and resilience, but also the added benefit of continued use of the subject parcels as farmland with proposed sheep grazing on the solar farm.
- 100% of the existing real property taxes paid by the property owners will remain in place. This PILOT only covers the improvements to the parcel itself.
- The company is agreeing to compensate the local landowners with over \$56,000 annual rental income, translating into \$1.7 million over the 30-year lease agreement term.
- No community services are requested or required to be changed due to the project.

Mr. Myers requested Tioga County show their continued support for the PILOT and project itself through a letter of support. Mr. Myers requested the letter of support by February 28, 2018.

Mr. Myers reported the public hearing is scheduled for February 28, 2018 at 5:30 p.m. at the Town of Spencer Hall.

Chair Sauerbrey inquired as to the number of customers who will receive this benefit. Mr. Myers did not have specific customer information, however, indicated this will mostly benefit those connected to the grid nearest the project location.

Legislator Sullivan would like to see a regional map indicating customer base coverage, as well as approximately how many Tioga County residents will benefit from this project. Mr. Myers will inquire and email information to the legislators. Legislator Sullivan inquired as to the total acreage for this solar farm. Mr. Myers reported this is in excess of 100 acres consisting of three parcels located on Van-Etten Road in the Town of Spencer.

Legislator Standinger inquired about the number used to create the taxable number and how this compared to the one in Candor. Mr. Myers reported the same model was used to determine cost of equipment and machinery on this parcel, as well as to determine assessed value for the parcel itself. Mr. Myers reported the real property tax abatement is relatively close to what they would normally pay in taxes. For the first year, the County would receive \$24,342 with the PILOT and without the PILOT this amount would be \$26,764. The company applied for the PILOT for the real property tax abatement, sales tax abatement, and mortgage recording tax abatement. In regards to the real property tax abatement, the company needed a PILOT to determine financial projections and achieve investor buy-in.

Legislator Weston inquired as to whether this is being connected to the grid. Mr. Myers concurred it is connected directly into NYSEG. Legislator Weston inquired as to how this will impact residents who already have solar panels. Mr. Myers reported the benefit is primarily geared towards the residents who are purchasing their electricity from NYSEG. Legislator Weston inquired as to whether this is specifically for homeowners or can this be for rental properties. Mr. Myers reported this is specifically for NYSEG customers.

Approval of Worksession Minutes – February 8, 2018:

Legislator Monell motioned to approve the February 8, 2018 Legislative Worksession minutes as written, seconded by Legislator Sullivan with Legislators Hollenbeck, Monell, Mullen, Sauerbrey, Standinger, Sullivan and Weston voting yes with Legislators Huttleston and Roberts being absent. Motion carried.

Action Items:

There are currently no action items at this time.

Other:

Insero & Company – 2016 Single Audit Year-End Financials –

Treasurer McFadden introduced Duane Shoen and Jeremy Gould, Insero & Co., as well as Jackson Bailey, the new accountant in the Treasurer's Office.

Mr. Shoen distributed copies of the 2016 Single Audit Year-End Financials and highlighted the following from the Executive Summary, Communication Letter, Management Comment Letter, and Management Discussion Analysis:

Executive Summary Highlights –

- ***Modified Opinion*** – Issued a modified opinion on the financial statements, which is the best type of opinion to receive. This type of opinion indicates the auditors believe the financial statements are fairly stated in accordance with accounting principles for governments and do not require any modification.
- ***Report on Internal Control and Compliance for the County*** – This report identified no material weaknesses, however, did identify two significant deficiencies in the control system. It also identified no material non-compliance with laws and regulations.
- ***Uniform Guidance Report*** – This is another report on compliance and internal controls specific to the Federal programs that the County operates. This report identifies one instance of non-compliance with laws and regulations and no material internal control issues in respect to the Federal programs. Mr. Shoen reported the County spent

approximately \$11.1 million dollars in Federal funds with most of the funding attached to State agencies.

Legislator Sullivan inquired as to how this audit compares to last year's audit. In terms of deficiencies, Mr. Shoen reported the two years are very similar.

• **Five Year Financial Statement Analysis:**

Assets & Liabilities for the General Fund – This provides financial trends from 2012 – 2016. The total assets increased from 2015 to 2016 by approximately \$3 million dollars and the liabilities decreased slightly for an overall fund balance total increasing from \$21.5 million to \$24.6 million by year-end 2016.

Revenues & Expenditures for the General Fund – This provides financial trends from 2012 – 2016. The total revenues increased approximately \$1 million dollars from 2015 to 2016 and the expenditures increased by approximately \$2.2 million dollars. While there was growth in net fund balance, the growth was slightly less in 2016 compared to 2015.

Legislator Standinger inquired about the non-property tax items and whether this is sales tax. Mr. Shoen concurred this is mostly sales tax.

Chair Sauerbrey inquired about Departmental Income. Mr. Shoen reported this encompasses County Clerk fees, Sheriff fees, and most departments who have a small revenue source. Chair Sauerbrey reported the earlier years were significantly higher than 2015 and 2016. Legislator Monell reported this could be attributed to boarding of prisoners.

Communication Letter – This letter is required under auditing standards to communicate certain items with the Legislature upon conclusion of the audit. This letter is primarily boilerplate language. This letter indicates there were no changes in accounting policies for the County in 2016. Mr. Shoen reported estimates are evaluated by the auditors for consistency and reasonableness and no issues were found. In addition, disclosures are evaluated by the auditors for consistency and clarity and no issues were found.

Management Comment Letter – This letter outlines some of the deficiencies found during the audit process. One of the deficiencies noted is timeliness of bank reconciliations. This is a comment that was made in 2015, however, there was some improvement in this area for 2016 but still taking longer to complete than it should. Mr. Shoen reported bank reconciliations not being done in a timely manner indicates the County is unsure how much cash is on hand until this process is completed. Mr. Shoen reported some of the bank accounts are pooled within the system and some of the funds in these accounts had negative cash balances. The bank accounts were fine, but the way the accounts are allocated amongst funds was open to negative fund cash balances. The way to correct this issue is more timely reconciliations and making sure funds are transferred more timely. Mr. Shoen reported County Roads and Self-Insurance were the two accounts that had negative cash balances in 2016. Chief Accountant Hollenbeck reported the Self-Insurance Fund includes the Liability Fund and Workmen's Comp Fund. The Workmen's Comp Fund was positive, but the Liability Fund was in a negative status, which created the entire Self-Insurance Fund to have a negative balance. Ms. Hollenbeck reported timely bank reconciliations would create interfund transfers on a regular basis. Mr. Shoen reported it has been awhile since the County's last Capital Assets evaluation was completed, however, hopes to accomplish this in 2017. Mr. Shoen reported GASB 75 will take effect in the 2018 financial statements and will have a significant effect on the way retiree health insurance is calculated and reported with reporting a much larger liability on the County's financial statements. Mr. Shoen reported the other change is related to lease payments that will be effective in the County's 2020 financial statements. The County currently accounts for leases

on a pay-as-you-go basis for operating leases for office space. This primarily pertains to the Waverly Mental Hygiene office. Mr. Shoen reported that once the new standard becomes effective the obligation under the lease term would be reported similar to a loan due to the obligation of lease term. This will not necessarily change how the County operates, but changes how it is being reported.

NYS Department of Transportation Report – NYS Department of Transportation requires a State transportation report for any municipality that has a single-audit and spends at least \$100,000 in transportation. Mr. Shoen reported no concerns were identified, however, the amount of State transportation assistance the County spent was \$1.3 million dollars. This is primarily CHIPS funding (\$1.2 million), STOA, and matching funds for bridge projects.

Management Discussion Analysis – This is a snapshot of where the County stands. Mr. Shoen reported post-employment benefits have been reported on an actuarially determined liability for the retiree health insurance in accordance with GASB 45 standard. As of December 31, 2016, the reported obligation was approximately \$58 million dollars, but that is not the total actuarially determined liability as this was allowed to be spread out over the year. Mr. Shoen reported GASB 75 is taking away the over-year process, therefore, as of year-end 2016 the actuarially accrued liability for benefits was \$96.6 million dollars. Roughly, this is the reported liability in 2018. The total liability will become the reported liability once the new standard goes into effect. Prior to this going into effect, the County needs to make sure the actuaries that create and produce the report are going to be creating and producing the report under the correct methodology, which is the GASB 75 methodology.

Legislator Weston inquired as to whether there are any penalties for the two significant deficiencies found. Mr. Shoen reported not having the financial statements done in a timely manner creates untimely filing with the Federal Audit Clearinghouse. Because of the Federal findings, the only penalty is the auditor is required to test additional federal programs/funding, however, no other strict dollar penalty. Ms. Hollenbeck reported State grants and reimbursements might be delayed until the County's financial audit package is submitted. Ms. Hollenbeck reported the County has received a couple of letters from Homeland Security and HRI Research who have been requesting our financial statements. Ms. Hollenbeck reported the 2016 financial statements were due in September 2017 and final financial statements will be distributed to all 20 statewide entities requesting. Ms. Hollenbeck reported she does not anticipate these same issues for 2017.

Mr. McFadden inquired about the growth in the unassigned fund balance increasing from \$8.5 million to \$21.5 million over the last four years. Primarily, should the County consider reallocating some of these funds to an assigned fund balance to avoid any negative fallout from the State Comptroller based on percentage of fund balance in relation to budget.

Executive Session -

Motion by Legislator Monell seconded by Legislator Sullivan to move into Executive Session to discuss an individual personnel matter and litigation matter. Motion carried to go into Executive Session at 11:07 a.m. County Attorney DeWind and Personnel Officer O'Rourke remained in attendance. Executive Session adjourned at 11:59 a.m.

Meeting adjourned at 11:59 a.m.

Next worksession is scheduled for Thursday, March 8, 2018 at 1:00 p.m.

Respectfully submitted by,
Cathy Haskell, Deputy Legislative Clerk