

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Financial Statements as of  
December 31, 2019  
Together with Independent  
Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

# COUNTY OF CHAUTAUQUA, NEW YORK

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**INDEPENDENT AUDITOR’S REPORT**

August 26, 2020

To the Honorable County Executive and Members of the County Legislature  
County of Chautauqua, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Chautauqua, New York (the County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

***Management’s Responsibility for the Financial Statements***

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

***Auditor’s Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Chautauqua County Industrial Development Agency (CCIDA), which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. We did not audit the financial statements of the Chautauqua Tobacco Asset Securitization Corporation (CTASC), which represents 26%, -47%, and 1%, respectively, of the assets, net position, and revenues of the governmental activities, and 8%, 63%, and 3%, respectively, of the assets, fund balance/net position, and revenues of the aggregate remaining fund information. We also did not audit the Chautauqua County Land Bank Corporation (CCLBC), which represents 1%, 3%, and 6%, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the CCIDA, CTASC and CCLBC, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

171 Sully’s Trail  
Pittsford, New York 14534  
p (585) 381-1000  
f (585) 381-3131

[www.bonadio.com](http://www.bonadio.com)

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2019, 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.

### ***Other Matters***

#### ***Correction of Error***

As described in Note 17 to the financial statements, the County restated beginning net position of the Water Districts and business-type activities related to the omission of North Chautauqua County Water District income from the 2018 financial statements. The County also restated beginning fund balance in the capital projects fund and beginning net position of the governmental activities to recognize grant revenue earned in 2018 related to water projects. Our opinions are not modified with respect to these matters.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedule of contributions - pension plans, and schedule of proportionate share of the net pension liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We and the 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.

*Other 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 combining nonmajor governmental and nonmajor special revenue fund financial statements and the combining internal service fund financial statements (the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2020, 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 the County's 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.

## COUNTY OF CHAUTAUQUA, NEW YORK

### Management's Discussion and Analysis (Unaudited) December 31, 2019

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As management of the County of Chautauqua (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2019. This document should be read 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 year has been reclassified to conform with the current year presentation.

#### Financial Highlights

The assets and deferred outflows of resources of the County's primary government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$84 million (net position). This consists of \$129 million in net investment in capital assets, \$17 million restricted for specific purposes, and unrestricted net position of \$(61) million.

The County's total primary government net position decreased by \$7.7 million during the year ended December 31, 2019. Governmental activities decreased the County's net position by \$7.9 million, while net position of the business-type activities increased by \$136 thousand.

As of the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$40 million, an increase of \$5 million in comparison with the prior year's combined ending fund balance of \$35 million.

At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$12 million, or 5.4 percent of total General Fund expenditures and transfers out. This total amount is available for spending at the County's discretion and constitutes approximately 43 percent of the General Fund's total fund balance of \$29 million at December 31, 2019.

The County's primary government total net bond indebtedness increased by \$18 million mainly due to new bonds related to the Landfill.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### 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 and liabilities with the difference between the two 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.

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The Statement of Activities presents information showing how the government's net position changed during the most recent 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 result in cash flows in future fiscal periods such as uncollected taxes and earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the County that are primarily 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 activities*). 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 business-type activities of the County include three Sewer Districts, two Water Districts, the Chautauqua County Landfill, the Electric Plant, and the Chautauqua County Land Bank Corporation, a blended component unit.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the Chautauqua County Industrial Development Agency, a local development agency for which the County is financially accountable. Financial information for the 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 16-17 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.



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The County maintains four individual governmental funds. Additionally, the County reports the activities of its blended component unit, the Chautauqua County Tobacco Asset Securitization Corporation (“CTASC”) as a debt service governmental fund. 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, County Road Fund, Road Machinery Fund, Debt Service Fund, and Capital Projects Fund, which are considered to be major funds.

- **Proprietary Funds**

**Internal Service Funds** - are an accounting device used to accumulate and allocate costs internally among the County’s various functions. The County uses internal service funds to account for the management of health insurance and workers’ compensation. 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.

**Enterprise Funds** - are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the three Sewer Districts (“Sewer”), two Water Districts (“Water”), the Chautauqua County Landfill (“Landfill”), the Electric Plant and the Chautauqua County Land Bank Corporation (the “Land Bank”).

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, the Water, the Landfill, the Electric Plant, and the Land Bank all of which are considered to be major funds of the County. Conversely, the internal service funds are combined into aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the Supplementary Information section 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 those funds are not available to support the County’s own programs. The County maintains one type of fiduciary fund, the Agency Fund.

The Agency Fund reports resources held by the County in a custodial capacity for individuals, private organizations or other governments.

**Notes to 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.

**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, total other postemployment benefit liability, and the County’s budgetary comparison schedule for the General Fund. Required Supplementary Information and related notes to the required supplementary information can be found on pages 74-77 of this report.

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**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, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$121 million, at the close of the most recent fiscal year, as compared to \$128 at the close of the fiscal year ended December 31, 2018. There were certain items related to a prior period adjustment that were not restated in the 2018 governmental activities below, related to grant income. See FN 17 for further information.

**Table 1 - Summary Statements of Net Position**

	Governmental 2019	Business-Type 2019	Governmental 2018	Business-Type 2018
<b>Assets:</b>				
Current assets	\$ 97,174,096	\$ 44,237,575	\$ 102,362,980	\$ 46,996,133
Noncurrent assets	9,780,932	-	8,284,042	-
Capital assets, net	<u>198,040,477</u>	<u>71,485,889</u>	<u>197,933,022</u>	<u>52,773,777</u>
Total assets	<u>304,995,505</u>	<u>115,723,464</u>	<u>308,580,044</u>	<u>99,769,910</u>
Deferred outflows of resources	<u>20,636,712</u>	<u>1,763,543</u>	<u>26,943,841</u>	<u>1,930,588</u>
<b>Liabilities:</b>				
Current liabilities	39,954,823	8,279,464	47,201,952	19,388,970
Long-term liabilities	<u>184,894,268</u>	<u>67,610,748</u>	<u>163,809,601</u>	<u>44,028,511</u>
Total liabilities	<u>224,849,091</u>	<u>75,890,212</u>	<u>211,011,553</u>	<u>63,417,481</u>
Deferred inflows of resources	<u>16,461,734</u>	<u>4,750,143</u>	<u>32,716,744</u>	<u>1,613,505</u>
<b>Net Position</b>				
Net investment in capital assets	128,706,578	34,519,253	131,333,536	34,738,254
Restricted	17,031,136	974,827	14,293,154	974,827
Unrestricted	<u>(61,416,322)</u>	<u>1,352,572</u>	<u>(53,831,102)</u>	<u>956,431</u>
Total net position	<u>\$ 84,321,392</u>	<u>\$ 36,846,652</u>	<u>\$ 91,795,588</u>	<u>\$ 36,669,512</u>

The largest portion of the County’s primary government net position, \$129 million, reflects its investment in capital assets, (e.g., land, infrastructure, buildings and building improvements, machinery and equipment, vehicles, landfill and water treatment facilities), less any debt used to acquire those assets. The County uses these capital assets to provide a variety of services to its 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 resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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**Management’s Discussion and Analysis (Unaudited)  
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An additional portion of the County’s primary government net position, \$17 million, represents resources that are subject to external restrictions on how they may be used imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Primary government unrestricted net position was \$(61) million. This demonstrates that future funding will be necessary to liquidate long-term obligations, including the total OPEB liability of \$71 million and net pension liability of \$17 million.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2019 and December 31, 2018.

**Table 2 - Summary Statement of Activities**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:				
Program revenues	\$ 97,350,370	\$ 97,970,188	\$ 17,484,255	\$ 17,980,558
General Revenues	<u>152,087,442</u>	<u>139,211,929</u>	<u>776,847</u>	<u>564,532</u>
Total revenues	<u>249,437,812</u>	<u>237,182,117</u>	<u>18,261,102</u>	<u>18,545,090</u>
Expenses	<u>257,319,784</u>	<u>249,651,246</u>	<u>18,124,636</u>	<u>17,245,375</u>
Increase (decrease) in net position	<u>\$ (7,881,972)</u>	<u>\$ (12,469,129)</u>	<u>\$ 136,466</u>	<u>\$ 1,299,715</u>

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**Governmental activities** - Governmental activities decreased the County’s primary government net position by \$7.9 Million. A summary of revenues for governmental activities for the years ended December 31, 2019 and 2018 is presented below.

**Table 3 - Summary of Sources of Revenues - Governmental Activities**

	2019	2018	Increase/ (Decrease)	Percentage Change
Charges for services	\$ 27,453,385	\$ 29,432,906	\$ (1,979,521)	-6.73%
Operating grants	57,789,092	57,133,907	655,185	1.15%
Capital grants	12,107,893	11,403,375	704,518	6.18%
Real property taxes and real property tax items	65,666,794	63,081,621	2,585,173	4.10%
Nonproperty taxes	75,783,334	72,501,810	3,281,524	4.53%
Other general revenues	10,637,314	3,628,498	7,008,816	193.16%
	<u>\$ 249,437,812</u>	<u>\$ 237,182,117</u>	<u>\$ 12,255,695</u>	<u>5.17%</u>

At December 31, 2019, the most significant source of revenues for governmental activities is nonproperty tax items, which accounts for \$76 million or 30.4 percent of total revenues. The other significant sources of revenue include property taxes and tax items, which comprise \$66 million, or 26.3 percent of total revenues, and operating grants and contributions, which comprise \$58 million, or 23.2 percent of total revenues. Comparatively, for the year ended December 31, 2018, the most significant source of revenues for governmental activities was nonproperty tax items, which accounted for \$73 million or 30.6 percent of total revenues. The other significant sources of revenue included real property taxes and real property tax items, which comprised \$63 million, or 26.6 percent of total revenues, and operating grants and contributions, which comprised \$57 million, or 24.1 percent of total revenues.

During the year ended December 31, 2019, total revenues increased by 5.17 percent. Major factors were increased sales tax and property tax collections and increased state aid for mental hygiene and social service programs. In addition, there were material one-time revenue resulting from the sale of equipment (Starflight Helicopters) and the collection of highway use permit fees related to a private sector wind farm energy project that will be used to pay for road repairs in the following year(s).

**Table 4 - Summary of Program Expenses - Governmental Activities**

	2019	2018	Increase/ (Decrease)	Percentage Change
General government support	\$ 58,453,229	\$ 53,693,474	\$ 4,759,755	8.86%
Education	10,833,147	12,336,687	(1,503,540)	-12.19%
Public safety	37,491,369	32,589,808	4,901,561	15.04%
Public health	20,331,590	21,054,224	(722,634)	-3.43%
Transportation	33,196,254	31,644,961	1,551,293	4.90%
Economic assistance and opportunity	92,048,593	92,813,240	(764,647)	-0.82%
Culture and recreation	520,757	475,003	45,754	9.63%
Home and community services	1,503,526	1,926,690	(423,164)	-21.96%
Interest	2,941,319	3,117,129	(175,810)	-5.64%
	<u>\$ 257,319,784</u>	<u>\$ 249,651,216</u>	<u>\$ 7,668,568</u>	<u>3.07%</u>

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Management’s Discussion and Analysis (Unaudited)  
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At December 31, 2019, the County’s most significant expense category for governmental activities is economic assistance and opportunity (primarily composed of social service costs) of \$92 million, or 35.8 percent of program expenses. The other significant expenses include general government support of \$58 million, or 22.7 percent of total expenses, public safety of \$37 million, or 14.6 percent of total expenses, and transportation of \$33 million, or 12.9 percent of total expenses. For the year ended December 31, 2018, the County’s most significant expense category for governmental activities was economic assistance and opportunity (primarily composed of social service costs) of \$93 million, or 37.2 percent of program expenses. The other significant expenses included general government support of \$54 million, or 21.5 percent of total expenses, public safety of \$33 million or 13.1 percent of total expenses, and transportation of \$32 million, or 12.7 percent of total expenses.

During the year ended December 31, 2019, total expenses increased by 3.07 percent. Major factors were increased sales tax distributions to municipalities. Public safety expenses increased by approximately \$5 million. This was mainly related to the employee benefit expenses charged to that function, which increased from prior year as a result of increases in the net pension liability and other postemployment liability.

**Business type activities** - Business-type activities increased the County’s net position by \$136 thousand. For the year ended December 31, 2019, operating revenues decreased 5.78 percent, while operating expenses increased 6.94 percent from the year ended December 31, 2018.

A summary of operating revenues and operating expenses for the County’s business-type activities for the years ended December 31, 2019 and 2018 is presented below.

**Table 5 - Summary of Operating Revenue and Expense - Business-Type Activities**

	<u>2019</u>	<u>2018</u>	Increase/ (Decrease)	Percentage Change
Operating Revenues:				
Charges for Services	\$ 16,478,493	\$ 17,489,315	\$ (1,010,822)	-5.78%
Total operating revenues	<u>\$ 16,478,493</u>	<u>\$ 17,489,315</u>	<u>\$ (1,010,822)</u>	-5.78%
Operating expenses:				
Personal services	\$ 3,500,564	\$ 3,330,829	\$ 169,735	5.10%
Contractual services	5,226,344	5,224,394	1,950	0.04%
Fringe benefits	3,360,872	2,529,576	831,296	32.86%
Depreciation and depletion	5,128,299	4,756,398	371,901	7.82%
Cost of real estate sold	908,557	1,107,190	(198,633)	-17.94%
Total expenses	<u>18,124,636</u>	<u>16,948,387</u>	<u>1,176,249</u>	<u>6.94%</u>

As detailed above, the County’s business-type activities’ operating revenues for the year ended December 31, 2019 decreased 5.78 percent, primarily as a result of depressed revenues from the County’s Electric Plant operation; and a decrease in state aid for sewer plant capital improvement costs compared to the prior year.

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### Management's Discussion and Analysis (Unaudited) December 31, 2019

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Additionally, the most significant operating expense items for the year ended December 31, 2019 were contractual services expense of \$5.2 million, or 28.8 percent of operating expenses, depreciation and depletion expense of \$5.1 million, or 28.3 percent of operating expenses, and personal services expenses of \$3.6 million, or 19.3 percent of operating expenses. Similarly, for the year ended December 31, 2018, the most significant expense items were contractual service expense of \$5.2 million, or 30.8 percent of operating expenses, depreciation and depletion expense of \$4.8 million, or 28.1 percent of operating expenses, and personal services expenses of \$3.3 million, or 19.7 percent of operating expenses.

#### Financial Analysis of Governmental Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance and 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, 2019, the County's governmental funds reported combined ending fund balances of \$39,815,510, an increase of \$5,761,648 in comparison with the prior year. Approximately 42.8% of this amount, \$12,484,602, 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, \$7,380,635, (2) restricted for particular purposes, \$7,231,759, (3) assigned for particular purposes, \$2,066,828.

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 \$12,484,602, while the total fund balance was \$29,163,824. The General Fund fund balance decreased \$2,350,228 from the prior year primarily due to the use of capital reserve for investment in new road machinery and use of unassigned fund balance to make whole the County Road Fund's prior year deficit. 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 5.4 percent of General Fund expenditures and transfers out, while total fund balance represents 12.7 percent of that same amount.

The fund balance in the County Road Fund increased \$4,578,614 from December 31, 2018. The increase is primarily due to a transfer from the General Fund of \$825,000 to make whole the prior year deficit; the receipt of \$2,407,000 in road-use permit fees related to a private sector wind farm energy project which will be appropriated in the following year(s) for road repairs; and a \$771,855 balance of unspent pre-funded "Complete Streets" road projects.

The fund balance in the Road Machinery Fund decreased \$831,545 from December 31, 2018. The decrease was a planned use of fund balance in the 2019 Adopted Budget.

The fund balance in the Capital Projects Fund increased \$4,318,273 from December 31, 2018. The increase was primarily due to the issuance of \$4,348,310 in serial bonds to fund project expenditures made in prior years.

The fund balance of CTASC increased \$46,534 as a result of normal operations.

**COUNTY OF CHAUTAUQUA, NEW YORK**

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December 31, 2019**

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

Overall net position of the proprietary funds increased. This was primarily a result of increased operating revenues outpacing increased operating expenses. The Landfill's net position increased \$1,328,547. The Sewer Districts, Water Districts and Electric Plant net positions decreased by \$361,242, \$276,266, and \$462,087 respectively during the year. The decrease in the Sewer and Water districts is primarily the result of operating expenses exceeding operating revenue while the decrease in the Electric Plant was evenly caused by a net operating loss due to depressed revenues for electricity generated and interest expense.

**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 the budget.

A summary of General Fund results of operations for the year ended December 31, 2019 is presented in Table 6.

**Table 6 - Summary of General Fund Results of Operations**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues and other financing Sources	\$228,868,496	\$237,673,723	\$228,116,212	\$ 9,557,511
Expenditures and other financing uses	<u>246,627,771</u>	<u>243,835,705</u>	<u>230,466,440</u>	<u>13,369,265</u>
Financing sources over expenditures and uses	<u>\$ (17,759,275)</u>	<u>\$ (6,161,982)</u>	<u>\$ (2,350,228)</u>	<u>\$ (3,811,754)</u>

**Original budget compared to final budget** - During the year the budget was modified to reflect the acceptance of new state and federal grants as well as additional anticipated departmental income and expenditures.

**Final budget compared to actual result** - The General Fund had a variance from the final budgetary appropriations and estimated revenue of \$3,811,754. This variance is primarily due to the County receiving significantly less revenue for federal aid, state aid, and departmental income than anticipated. This was partially offset by spending less than anticipated on health and economic assistance and opportunity.

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**CAPITAL ASSETS**

The County’s investment in capital assets for its governmental activities and business-type activities as of December 31, 2019 amounted to \$270 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings and building improvements, machinery and equipment, vehicles, landfill assets and water treatment facilities. All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the County’s capital asset policy.

Capital assets, net of depreciation, for the governmental activities and business-type activities at the years ended December 31, 2019 and 2018 are presented in Table 7 below:

**Table 7 - Capital Assets - Governmental and Business-Type Activities (net of depreciation)**

	Governmental 2019	Governmental 2018	Business-Type 2019	Business-Type 2018
Land	\$ 781,475	\$ 748,464	\$ -	\$ -
Construction in progress	3,594,525	1,888,291	21,277,458	10,608,710
Infrastructure	133,423,704	132,900,807	19,393,359	19,986,999
Buildings/building improvements	45,712,024	48,644,385	6,704,500	7,064,728
Machinery and equipment	9,333,132	8,757,288	10,693,191	10,806,914
Vehicles	5,195,617	4,993,787	796,524	955,831
Landfill assets	-	-	2,243,565	3,153,605
Water treatment facilities	-	-	10,377,292	196,990
<b>Total</b>	<b><u>\$ 198,040,477</u></b>	<b><u>\$ 197,933,022</u></b>	<b><u>\$ 71,485,889</u></b>	<b><u>\$ 52,773,777</u></b>

The County’s infrastructure assets are recorded at historical cost or estimated historical cost 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.

Additional information on the County’s capital assets can be found in the notes to the financial statements.

**LONG-TERM LIABILITIES**

At December 31, 2019 the County’s governmental activities had total long-term liabilities outstanding of \$189 million, as compared to \$164 million in the prior year. This includes serial bonds and bonds with accreted interest issued by Chautauqua Tobacco Asset Corporation (CTASC). The County’s business-type activities had total long-term debt outstanding of \$70 million, as compared to \$44 million in the prior year.



**COUNTY OF CHAUTAUQUA, NEW YORK**

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**Table 8 - Summary of Long-Term Liabilities**

	<u>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>	<u>Percent</u>
<b>Governmental Activities</b>				
Serial bonds	\$ 34,738,310	\$ 32,384,730	\$ 2,353,580	7.27%
Premium on bonds	294,503	322,775	(28,272)	-8.76%
CTASC bonds and accreted interest, net	38,755,888	38,596,628	159,260	0.41%
Compensated absences	7,057,504	6,619,489	438,015	6.62%
Workers' Compensation	18,281,650	19,324,273	(1,042,623)	-5.40%
OPEB obligation	71,215,058	56,879,175	14,335,883	25.20%
Long-term due to other governments	200,000	280,000	(80,000)	-28.57%
Net pension liability	16,510,703	7,485,709	9,024,994	120.56%
Long-term retirement payable	<u>1,570,167</u>	<u>1,916,822</u>	<u>(346,655)</u>	<u>-18.08%</u>
<b>Total</b>	<b><u>\$ 188,623,783</u></b>	<b><u>\$ 163,809,601</u></b>	<b><u>\$ 24,814,182</u></b>	<b><u>15.15%</u></b>
<b>Business-Type Activities</b>				
Serial Bonds	\$ 29,720,408	\$ 12,405,271	\$ 17,315,137	139.58%
Premium on bonds	875,053	660,303	214,750	32.52%
Notes payable	6,924,106	666,403	6,257,703	939.03%
Compensated absences	168,531	158,826	9,705	6.11%
Landfill closure and post-closure	24,844,738	23,767,023	1,077,715	4.53%
Workers' compensation	738,841	771,577	(32,736)	-4.24%
OPEB obligation	6,261,869	5,218,986	1,042,883	19.98%
Net pension liability	<u>933,918</u>	<u>380,122</u>	<u>553,796</u>	<u>145.69%</u>
<b>Total</b>	<b><u>\$ 70,467,464</u></b>	<b><u>\$ 44,028,511</u></b>	<b><u>\$ 26,438,953</u></b>	<b><u>60.05%</u></b>

The County’s governmental activities and business-type activities repaid \$2,609,730 and \$1,021,173, respectively, in principal payments during 2019. See Note 10 for further information related to the County's long-term debt.

**ECONOMIC FACTORS**

The County’s elected and appointed officials considered many factors while setting the fiscal year 2020 budget, tax rates for governmental activities, and fees that will be charged for the business-type activities. One of these factors is the economy. Chautauqua County typically adopts their calendar year budget in November, which presents significant challenges in forecasting expense and revenue.

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Management’s Discussion and Analysis (Unaudited)  
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In mid-March 2020, the onset of the COVID-19 pandemic resulted in the shutdown of a significant part of the national, state and local economies and disruption of everyday life. As the scope and duration of the shutdowns became more apparent and enduring, the County took immediate action to enact significant budget adjustments to offset estimated losses in sales tax revenues with expense reductions in local share contractual, personal service and fringe benefit costs. The County continues to monitor the effects of the pandemic on the budget and will make further adjustments as necessary to protect fund balance.

Appropriations in the 2020 General Fund budget are \$236.9 million compared to \$233.2 million in 2019. Effective December 1, 2015, as a result of Home Rule legislation, the County’s sales tax rate was increased from 7.5% to 8%. This increase generates approximately \$8.0 million additional County income annually. The State has passed new Home Rule legislation to allow the County to continue the sales tax rate at 8% through November 30th, 2023. The new legislation does not tie the County to any requirements to reduce the real property tax levy in the future periods covered by the legislation. The County increased the full value property tax rate from \$8.375 per thousand for 2019 to \$8.458 per thousand for 2020.

The 2021 budget will present many challenges for Chautauqua County in light of the ongoing COVID-19 pandemic. Costs of operations continue to rise, and sales tax revenue is dependent on economic factors and can materially fluctuate from budget, which is derived from historical data. The pandemic has further complicated the ability to forecast sales tax revenues for the balance of 2020 and 2021. The County’s elected and appointed officials continue to look for ways to increase revenues and decrease expenses for future years.

The County has obligated \$625,735 of Road Machinery Fund fund balance to the 2020 budget. The County’s fiscal management policy is to maintain General Fund unassigned fund balance within the range of 5-15% of revenues. The County maintains bond ratings of A1 from Moody’s and A+/stable from Standard and Poor. The County has taken steps since the onset of the COVID-19 pandemic in March of 2020 to protect its fund balance and cash flow for the remainder of the year and into 2021. The 2021 budget document takes shape during the summer and fall of 2020.

**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 Kitty Crow, Director of Finance, 3 North Erie Street, Mayville, New York 14757.

COUNTY OF CHAUTAUQUA, NEW YORK

Statement of Net Position  
December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Industrial Development Agency
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,241,366	\$ 368,778	\$ 1,610,144	\$ 1,753,024
Restricted cash and cash equivalents	3,588,181	-	3,588,181	-
Investments	16,982,326	40,205,089	57,187,415	-
Receivables, net of allowance				
Taxes receivable	20,219,937	-	20,219,937	-
Accounts receivable	3,398,586	3,226,807	6,625,393	-
Other receivables	9,867,967	-	9,867,967	13,128,964
Mortgage receivable	-	-	-	2,225,592
State and federal aid receivable	41,016,160	-	41,016,160	-
Due from other governments	7,185,486	3,781	7,189,267	-
Inventories	730,123	-	730,123	-
Prepaid items	2,724,896	129,579	2,854,475	-
Security deposit paid	-	-	-	46,440
Real property held for resale	-	303,541	303,541	989,226
Capital assets not being depreciated	4,376,000	21,277,458	25,653,458	-
Capital assets, net of accumulated depreciation	193,664,477	50,208,431	243,872,908	1,791,677
<b>Total assets</b>	<b>304,995,505</b>	<b>115,723,464</b>	<b>420,718,969</b>	<b>19,934,923</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	773,216	552,931	1,326,147	-
Pension related	14,533,642	822,087	15,355,729	-
Other postemployment benefit related	5,329,854	388,525	5,718,379	-
<b>Total deferred outflows of resources</b>	<b>20,636,712</b>	<b>1,763,543</b>	<b>22,400,255</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable	12,275,508	1,399,565	13,675,073	90,214
Accrued liabilities	3,089,466	306,439	3,395,905	375,405
Internal balances	(3,525,119)	3,525,119	-	-
Due to other governments	18,042,625	-	18,042,625	-
Performance bond deposits	-	148,100	148,100	-
Unearned revenue	6,342,828	43,525	6,386,353	744,582
Long-term obligations -				
Due within one year	3,729,515	2,856,716	6,586,231	2,164,707
Due in more than one year	184,894,268	67,610,748	252,505,016	2,188,154
<b>Total liabilities</b>	<b>224,849,091</b>	<b>75,890,212</b>	<b>300,739,303</b>	<b>5,563,062</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Other postemployment benefit related	6,173,057	478,582	6,651,639	-
Pension related	7,205,263	407,561	7,612,824	-
Deferred gain on refunding	3,083,414	-	3,083,414	-
Capital grant contribution	-	3,864,000	3,864,000	-
<b>Total deferred inflows of resources</b>	<b>16,461,734</b>	<b>4,750,143</b>	<b>21,211,877</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	128,706,578	34,519,253	163,225,831	653,634
Restricted	17,031,136	974,827	18,005,963	10,899,486
Unrestricted	(61,416,322)	1,352,572	(60,063,750)	2,818,741
<b>Total net position</b>	<b>\$ 84,321,392</b>	<b>\$ 36,846,652</b>	<b>\$ 121,168,044</b>	<b>\$ 14,371,861</b>

The accompanying notes are an integral part of these statements.

COUNTY OF CHAUTAUQUA, NEW YORK

Statement of Activities  
For the Year Ended December 31, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							
	Program Revenue				Primary Government			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Industrial Development Agency
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities -								
General government support	58,453,229	\$ 10,712,941	\$ 2,926,240	\$ -	\$(44,814,048)	\$ -	\$(44,814,048)	\$ -
Education	10,833,147	-	4,502,220	-	(6,330,927)	-	(6,330,927)	-
Public safety	37,491,369	4,894,666	3,240,344	-	(29,356,359)	-	(29,356,359)	-
Public health	20,331,590	6,531,692	9,044,344	-	(4,755,554)	-	(4,755,554)	-
Transportation	33,196,254	1,274,126	-	12,107,893	(19,814,235)	-	(19,814,235)	-
Economic assistance and opportunity	92,048,593	4,003,017	37,347,663	-	(50,697,913)	-	(50,697,913)	-
Culture and recreation	520,757	2,000	459,467	-	(59,290)	-	(59,290)	-
Home and community services	1,503,526	34,943	268,814	-	(1,199,769)	-	(1,199,769)	-
Interest	2,941,319	-	-	-	(2,941,319)	-	(2,941,319)	-
Total governmental activities	257,319,784	27,453,385	57,789,092	12,107,893	(159,969,414)	-	(159,969,414)	-
Business-type activities -								
Sewer	5,083,751	4,359,496	141,987	-	-	(582,268)	(582,268)	-
Water	1,021,288	780,749	-	-	-	(240,539)	(240,539)	-
Landfill	9,049,488	9,572,511	14,678	-	-	537,701	537,701	-
Electric Plant	1,812,455	1,581,917	-	-	-	(230,538)	(230,538)	-
Land Bank Corporation	1,157,654	183,820	849,097	-	-	(124,737)	(124,737)	-
Total business-type activities	18,124,636	16,478,493	1,005,762	-	-	(640,381)	(640,381)	-
Total primary government	\$ 275,444,420	\$ 43,931,878	\$ 58,794,854	\$ 12,107,893	(159,969,414)	(640,381)	(160,609,795)	\$ -
<b>COMPONENT UNITS:</b>								
Chautauqua County Industrial Development Agency	\$ 3,834,130	\$ 1,793,567	\$ 907,340	\$ -	-	-	-	\$ (1,133,223)
Total component units	\$ 3,834,130	\$ 1,793,567	\$ 907,340	\$ -	-	-	-	\$ (1,133,223)
Real property taxes and real property tax items					65,666,794	-	65,666,794	-
Nonproperty tax items					75,783,334	-	75,783,334	-
Sale of property and compensation for loss					2,081,465	56,963	2,138,428	-
Use of money and property					3,117,548	546,862	3,664,410	457,798
Miscellaneous					5,385,546	225,777	5,611,323	870,044
Transfers					52,755	(52,755)	-	-
Total general revenues					152,087,442	776,847	152,864,289	1,327,842
Change in net position					(7,881,972)	136,466	(7,745,506)	194,619
Net position-beginning, as previously reported					91,795,588	36,669,512	128,465,100	14,177,242
Prior period adjustment (Note 17)					407,776	40,674	448,450	-
Net position-beginning, as restated					92,203,364	36,710,186	128,913,550	14,177,242
Net position-ending					\$ 84,321,392	\$ 36,846,652	\$ 121,168,044	\$ 14,371,861

The accompanying notes are an integral part of these statements.

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Balance Sheet - Governmental Funds  
December 31, 2019**

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,241,366	\$ -	\$ -	\$ 1,241,366
Restricted cash and cash equivalents	3,544,882	-	43,299	3,588,181
Restricted investments	3,686,875	3,064,619	3,197,844	9,949,338
Accounts receivable, net	3,222,159	30,000	146,427	3,398,586
Taxes receivable, net	20,219,739	-	-	20,219,739
Due from state and federal governments	33,603,255	611,414	6,801,491	41,016,160
Due from other governments	36,444	-	-	36,444
Inventories	55,741	-	674,382	730,123
Prepaid items	2,358,962	-	177,927	2,536,889
Due from other funds	5,980,007	-	-	5,980,007
Long-term loan receivable	<u>4,965,932</u>	<u>87,035</u>	<u>-</u>	<u>5,052,967</u>
<b>Total assets</b>	<u>\$ 78,915,362</u>	<u>\$ 3,793,068</u>	<u>\$ 11,041,370</u>	<u>\$ 93,749,800</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable and other current liabilities	\$ 10,594,900	\$ 349,742	\$ 1,179,599	\$ 12,124,241
Accrued liabilities	2,460,613	-	198,523	2,659,136
Due to other funds	-	-	2,454,888	2,454,888
Due to other governments	18,042,625	-	-	18,042,625
Unearned revenue	<u>6,342,828</u>	<u>-</u>	<u>-</u>	<u>6,342,828</u>
<b>Total liabilities</b>	<u>37,440,966</u>	<u>349,742</u>	<u>3,833,010</u>	<u>\$ 41,623,718</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - property taxes	<u>12,310,572</u>	<u>-</u>	<u>-</u>	<u>12,310,572</u>
<b>Total deferred inflows of resources</b>	<u>12,310,572</u>	<u>-</u>	<u>-</u>	<u>12,310,572</u>
<b>FUND BALANCES:</b>				
Nonspendable	7,380,635	-	852,309	8,232,944
Restricted	7,231,759	3,443,326	6,356,051	17,031,136
Assigned	2,066,828	-	-	2,066,828
Unassigned	<u>12,484,602</u>	<u>-</u>	<u>-</u>	<u>12,484,602</u>
<b>Total fund balances</b>	<u>29,163,824</u>	<u>3,443,326</u>	<u>7,208,360</u>	<u>39,815,510</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 78,915,362</u>	<u>\$ 3,793,068</u>	<u>\$ 11,041,370</u>	<u>\$ 93,749,800</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Reconciliation of the Balance Sheet - Governmental Funds To the Statement of Net Position  
For the Year Ended December 31, 2019**

Total fund balances - governmental funds	\$ 39,815,510
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	198,040,477
Uncollected property taxes not available to pay for current period expenditures and therefore are accounted for as deferred inflows in the governmental funds, but are recognized as revenue in the governmental activities.	12,310,572
The net position of the internal service funds are not included in the fund financial statements, but are included in the governmental activities of the statement of net position.	(4,079,917)
Long-term receivable from Jamestown Community College is not reported as a fund receivable, but rather is recognized when the resources are available. The asset is reported in the statement of net position.	4,815,000
Long-term liabilities are not due in the current period and, therefore, are not reported in the funds. They are as follows:	
Serial bonds - County	(34,738,310)
Serial bonds - CTASC	(38,755,888)
Unamortized bond premiums	(294,503)
Compensated absences	(7,057,504)
Long-term due to other governments	(200,000)
Total other postemployment benefits liability	(71,215,058)
Long-term retirement payable	(1,570,167)
Net pension liability	<u>(16,510,703)</u>
	(170,342,133)
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(413,095)
Deferred charges associated with refunding of bonds are not reported in the governmental funds. The charge is reported as a deferred outflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt.	773,216
Deferred outflows/inflows of resources are applicable to future periods; and therefore, are not reported in the funds.	
Deferred outflow - other postemployment benefits	14,533,642
Deferred outflow - pensions	5,329,854
Deferred inflow - pension related	(7,205,263)
Deferred inflow - gain on refunding (CTASC)	(3,083,414)
Deferred inflow - other postemployment benefit related	<u>(6,173,057)</u>
Total net position of governmental activities	<u>\$ 84,321,392</u>

The accompanying notes are an integral part of these statements.

COUNTY OF CHAUTAUQUA, NEW YORK

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
For the Year Ended December 31, 2019

	Capital Projects			Governmental
	General Fund	Fund	Nonmajor Funds	Funds
<b>REVENUES:</b>				
Real property taxes and tax items	\$ 60,407,554	\$ -	\$ -	\$ 60,407,554
Real property tax items	3,162,909	-	-	3,162,909
Nonproperty tax items	74,988,118	-	795,216	75,783,334
Departmental income	16,840,623	-	67	16,840,690
Intergovernmental charges	4,866,460	635,999	378,524	5,880,983
Use of money and property	2,267,237	-	556,361	2,823,598
Licenses and permits	36,135	-	2,463,125	2,499,260
Fines and forfeitures	229,175	-	-	229,175
Sale of property and compensation for loss	1,968,030	109,964	3,471	2,081,465
Miscellaneous	2,043,509	-	290,530	2,334,039
Interfund revenues	177,270	-	388,490	565,760
Tobacco settlement revenue	-	-	1,897,742	1,897,742
State and county	30,163,444	394,452	5,832,804	36,390,700
Federal aid	29,791,085	207,219	3,507,981	33,506,285
<b>Total revenues</b>	<b>226,941,549</b>	<b>1,347,634</b>	<b>16,114,311</b>	<b>244,403,494</b>
<b>EXPENDITURES:</b>				
<b>Current -</b>				
General governmental support	51,665,057	-	158,330	51,823,387
Education	10,833,147	-	-	10,833,147
Public safety	31,282,099	-	-	31,282,099
Public health	19,484,196	-	-	19,484,196
Transportation	4,017,473	-	25,568,537	29,586,010
Economic assistance and opportunity	87,334,399	-	-	87,334,399
Culture and recreation	459,340	-	-	459,340
Home and community services	1,420,068	-	-	1,420,068
<b>Debt service -</b>				
Principal	2,144,730	-	465,000	2,609,730
Interest	1,085,560	-	1,541,596	2,627,156
Capital outlay	-	6,084,216	-	6,084,216
<b>Total expenditures</b>	<b>209,726,069</b>	<b>6,084,216</b>	<b>27,733,463</b>	<b>243,543,748</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>17,215,480</b>	<b>(4,736,582)</b>	<b>(11,619,152)</b>	<b>859,746</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers - in	1,174,663	4,422,254	17,189,196	22,786,113
Operating transfers - out	(20,740,371)	(123,485)	(1,869,502)	(22,733,358)
Payments to escrow agent	-	-	(4,792,357)	(4,792,357)
Premium on refunding	-	-	70,418	70,418
Proceeds from refunding	-	-	4,815,000	4,815,000
Proceeds from issuance of debt	-	4,348,310	-	4,348,310
<b>Total other financing sources (uses)</b>	<b>(19,565,708)</b>	<b>8,647,079</b>	<b>15,412,755</b>	<b>4,494,126</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(2,350,228)</b>	<b>3,910,497</b>	<b>3,793,603</b>	<b>5,353,872</b>
<b>FUND BALANCE - beginning of year, as previously reported</b>	<b>31,514,052</b>	<b>(874,947)</b>	<b>3,414,757</b>	<b>34,053,862</b>
<b>PRIOR PERIOD ADJUSTMENT - Note 17</b>	<b>-</b>	<b>407,776</b>	<b>-</b>	<b>407,776</b>
<b>FUND BALANCE - beginning of year, as restated</b>	<b>31,514,052</b>	<b>(467,171)</b>	<b>3,414,757</b>	<b>34,461,638</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 29,163,824</b>	<b>\$ 3,443,326</b>	<b>\$ 7,208,360</b>	<b>\$ 39,815,510</b>

The accompanying notes are an integral part of these statements.

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2019**

Net change in fund balances - governmental funds \$ 5,353,872

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays	15,493,388	
Loss on disposal of assets	(16,841)	
Depreciation	<u>(15,369,092)</u>	107,455

Amortization of deferred charge on refunding. (85,913)

Certain tax and other revenue in the governmental funds is deferred or not recognized because it is not available soon enough after year end to pay for the current period's expenditures. On the accrual basis, however, this is recognized regardless of when it is collected.

Change in unavailable tax revenue	2,096,331	
Change in long-term receivable	<u>(200,000)</u>	1,896,331

Net differences between pension contributions recognized on the fund financial statements and the government wide financial statements are as follows: (2,084,901)

Internal services funds are used by management to charge the costs of health insurance and workers' compensation. The net (expense)/revenue of the internal service funds of \$1,735,345 is reported within governmental activities. 584,537

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 84,757

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any governmental funds report the effect of premiums, discounts and similar items when debt is first effect on net position. Also, issued, whereas these amounts are deferred and amortized in the statement of activities. 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 are as follows:

Principal payments on serial bonds	6,809,730	
Proceeds from the issuance of debt	(9,163,310)	
Principal payment on CTASC bonds	445,000	
Amortization of bond premium	28,272	
Amortization of bond discount on CTASC bonds	(32,546)	
Accreted interest on CTASC bonds	(571,714)	
Amortization of deferred gain on CTASC bonds	177,068	
Change in compensated absences	(438,015)	
Change in other post-employment benefits obligation	(11,419,250)	
Change in long-term due to other governments	80,000	
Change in long-term retirement payable	<u>346,655</u>	<u>(13,738,110)</u>

Change in net position of governmental activities \$ (7,881,972)

The accompanying notes are an integral part of these statements.



COUNTY OF CHAUTAUQUA, NEW YORK

Statement of Net Position - Proprietary Funds  
December 31, 2019

	Business Type Activities - Enterprise Funds						Governmental
	Sewer Districts	Water Districts	Landfill	Electric Plant	Land Bank	Total	Internal
					Corporation		Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 150	\$ -	\$ 1,150	\$ -	\$ 367,478	\$ 368,778	\$ -
Investments	4,333,288	198,222	33,365,432	1,808,147	500,000	40,205,089	7,032,988
Accounts receivable, net	1,679,767	563,986	870,210	112,844	-	3,226,807	198
Due from other governments	3,781	-	-	-	-	3,781	7,149,042
Prepaid expense	38,576	-	77,733	-	13,270	129,579	188,007
Real property held for resale	-	-	-	-	303,541	303,541	-
Total current assets	<u>6,055,562</u>	<u>762,208</u>	<u>34,314,525</u>	<u>1,920,991</u>	<u>1,184,289</u>	<u>44,237,575</u>	<u>14,370,235</u>
Noncurrent assets:							
Capital assets, not being depreciated	661,833	3,145,197	17,470,428	-	-	21,277,458	-
Capital assets, being depreciated (net of accumulated amortization/depletion)	<u>23,773,224</u>	<u>10,377,291</u>	<u>5,937,225</u>	<u>10,120,691</u>	<u>-</u>	<u>50,208,431</u>	<u>-</u>
Total noncurrent assets	<u>24,435,057</u>	<u>13,522,488</u>	<u>23,407,653</u>	<u>10,120,691</u>	<u>-</u>	<u>71,485,889</u>	<u>-</u>
Total assets	<u>30,490,619</u>	<u>14,284,696</u>	<u>57,722,178</u>	<u>12,041,682</u>	<u>1,184,289</u>	<u>115,723,464</u>	<u>14,370,235</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Bond Refunding Premium	-	-	-	552,931	-	552,931	-
Pension related	272,660	-	549,427	-	-	822,087	-
OPEB	<u>140,332</u>	<u>2,831</u>	<u>245,362</u>	<u>-</u>	<u>-</u>	<u>388,525</u>	<u>-</u>
Total deferred outflows of resources	<u>412,992</u>	<u>2,831</u>	<u>794,789</u>	<u>552,931</u>	<u>-</u>	<u>1,763,543</u>	<u>-</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	386,809	412,047	591,024	5,357	4,328	1,399,565	151,267
Accrued liabilities	68,962	22,179	84,973	130,325	-	306,439	17,235
Due to other funds	19,168	3,505,951	-	-	-	3,525,119	-
Performance bond deposits	-	-	-	-	148,100	148,100	-
Unearned revenue	-	-	-	-	43,525	43,525	-
Total current liabilities	<u>474,939</u>	<u>3,940,177</u>	<u>675,997</u>	<u>135,682</u>	<u>195,953</u>	<u>5,422,748</u>	<u>168,502</u>
Noncurrent liabilities:							
Due within one year:							
Serial bonds and notes payable - current	137,824	141,500	1,653,795	755,066	-	2,688,185	-
Compensated absences	55,723	-	112,808	-	-	168,531	-
Due in more than one year:							
Serial bonds and notes payable	3,469,982	6,172,500	16,618,792	8,570,108	-	34,831,382	-
Landfill closure and post-closure	-	-	24,844,738	-	-	24,844,738	-
Net pension liability	309,751	-	624,167	-	-	933,918	-
Total other postemployment benefit	1,690,321	6,395	4,565,153	-	-	6,261,869	-
Workers' compensation liability	<u>194,365</u>	<u>3,845</u>	<u>540,631</u>	<u>-</u>	<u>-</u>	<u>738,841</u>	<u>18,281,650</u>
Total noncurrent liabilities	<u>5,857,966</u>	<u>6,324,240</u>	<u>48,960,084</u>	<u>9,325,174</u>	<u>-</u>	<u>70,467,464</u>	<u>18,281,650</u>
Total liabilities	<u>6,332,905</u>	<u>10,264,417</u>	<u>49,636,081</u>	<u>9,460,856</u>	<u>195,953</u>	<u>75,890,212</u>	<u>18,450,152</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Capital grant contribution	-	3,864,000	-	-	-	3,864,000	-
Pension related	135,175	-	272,386	-	-	407,561	-
OPEB related	<u>144,265</u>	<u>864</u>	<u>333,453</u>	<u>-</u>	<u>-</u>	<u>478,582</u>	<u>-</u>
Total deferred inflows of resources	<u>279,440</u>	<u>3,864,864</u>	<u>605,839</u>	<u>-</u>	<u>-</u>	<u>4,750,143</u>	<u>-</u>
<b>NET POSITION</b>							
Net investment in capital assets	20,827,251	7,208,488	5,135,066	1,348,448	-	34,519,253	-
Restricted	-	-	974,827	-	-	974,827	-
Unrestricted	<u>3,464,015</u>	<u>(7,050,242)</u>	<u>2,165,154</u>	<u>1,785,309</u>	<u>988,336</u>	<u>1,352,572</u>	<u>(4,079,917)</u>
Total net position	<u>\$ 24,291,266</u>	<u>\$ 158,246</u>	<u>\$ 8,275,047</u>	<u>\$ 3,133,757</u>	<u>\$ 988,336</u>	<u>\$ 36,846,652</u>	<u>\$ (4,079,917)</u>

The accompanying notes are an integral part of these statements.

COUNTY OF CHAUTAUQUA, NEW YORK

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds  
For the Year Ended December 31, 2019

	Business Type Activities - Enterprise Funds						Governmental
	Sewer Districts	Water Districts	Landfill	Electric Plant	Land Bank Corporation	Total	Internal Service Funds
<b>REVENUES:</b>							
Charges for services	\$ 4,359,496	\$ 780,749	9,572,511	\$ 1,581,917	\$ -	\$ 16,294,673	\$ 23,751,494
Property sales	-	-	-	-	183,820	183,820	-
Total operating revenues	<u>4,359,496</u>	<u>780,749</u>	<u>9,572,511</u>	<u>1,581,917</u>	<u>183,820</u>	<u>16,478,493</u>	<u>23,751,494</u>
<b>OPERATING EXPENSES:</b>							
Personal services	1,071,104	28,992	2,237,445	-	163,023	3,500,564	-
Contractual services	1,481,244	571,111	1,971,054	1,127,998	74,937	5,226,344	-
Fringe benefits	1,069,703	17,323	2,097,939	-	11,137	3,196,102	-
Depreciation and amortization	1,386,467	403,758	1,601,767	658,593	-	4,050,585	-
Landfill closure expense	-	-	1,077,714	-	-	1,077,714	-
Insurance claims and expenses	75,233	104	63,569	25,864	-	164,770	24,690,677
Cost of real estate sold	-	-	-	-	908,557	908,557	-
Total operating expenses	<u>5,083,751</u>	<u>1,021,288</u>	<u>9,049,488</u>	<u>1,812,455</u>	<u>1,157,654</u>	<u>18,124,636</u>	<u>24,690,677</u>
Operating income (loss)	<u>(724,255)</u>	<u>(240,539)</u>	<u>523,023</u>	<u>(230,538)</u>	<u>(973,834)</u>	<u>(1,646,143)</u>	<u>(939,183)</u>
<b>NON-OPERATING REVENUES</b>							
<b>(EXPENSES):</b>							
State sources	141,987	-	14,678	-	849,097	1,005,762	-
Interest income	152,996	(131,727)	757,142	(231,549)	-	546,862	293,950
Gain (Loss) from disposal of assets held for sale	56,963	-	-	-	-	56,963	-
Other miscellaneous	11,067	96,000	86,459	-	32,251	225,777	1,229,770
Total non-operating revenues (expenses)	<u>363,013</u>	<u>(35,727)</u>	<u>858,279</u>	<u>(231,549)</u>	<u>881,348</u>	<u>1,835,364</u>	<u>1,523,720</u>
Transfers out	-	-	(52,755)	-	-	(52,755)	-
CHANGE IN NET POSITION	(361,242)	(276,266)	1,328,547	(462,087)	(92,486)	136,466	584,537
NET POSITION - beginning of year, as previously reported	<u>24,652,508</u>	<u>393,838</u>	<u>6,946,500</u>	<u>3,595,844</u>	<u>1,080,822</u>	<u>36,669,512</u>	<u>(4,664,454)</u>
PRIOR PERIOD ADJUSTMENT-(Note 17)	-	40,674	-	-	-	40,674	-
NET POSITION - beginning of year, as restated	<u>24,652,508</u>	<u>434,512</u>	<u>6,946,500</u>	<u>3,595,844</u>	<u>1,080,822</u>	<u>36,710,186</u>	<u>(4,664,454)</u>
NET POSITION - end of year	<u>\$ 24,291,266</u>	<u>\$ 158,246</u>	<u>\$ 8,275,047</u>	<u>\$ 3,133,757</u>	<u>\$ 988,336</u>	<u>\$ 36,846,652</u>	<u>\$ (4,079,917)</u>

The accompanying notes are an integral part of these statements.

COUNTY OF CHAUTAUQUA, NEW YORK

Statement of Cash Flows - Proprietary Funds  
For the Year Ended December 31, 2019

	Business Type Activity - Enterprise Funds						Governmental
	Sewer Districts	Water Districts	Landfill	Electric Plant	Land Bank Corporation	Total	Internal Service Funds
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>							
Receipts from services provided	\$ 4,028,368	\$ 419,651	\$ 9,593,242	\$ 1,586,924	\$ 238,421	\$ 15,866,606	\$ 24,429,303
Payments to suppliers and service providers	(1,453,433)	(289,759)	(1,722,967)	(1,160,303)	(835,484)	(5,461,946)	(25,839,808)
Payments to employees for salaries and benefits	(1,893,744)	(39,111)	(3,629,401)	-	(174,160)	(5,736,416)	-
Net cash flow from operating activities	<u>681,191</u>	<u>90,781</u>	<u>4,240,874</u>	<u>426,621</u>	<u>(771,223)</u>	<u>4,668,244</u>	<u>(1,410,505)</u>
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:</b>							
Advances from (to) other funds	19,168	2,723,575	-	-	-	2,742,743	(74,147)
Net transfers	-	-	(52,755)	-	-	(52,755)	-
Other income	<u>210,017</u>	<u>96,000</u>	<u>101,137</u>	-	<u>881,348</u>	<u>1,288,502</u>	<u>1,229,770</u>
Net cash flow from non-capital financing activities	<u>229,185</u>	<u>2,819,575</u>	<u>48,382</u>	-	<u>881,348</u>	<u>3,978,490</u>	<u>1,155,623</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Interest expense	(23,735)	(118,850)	-	(306,344)	-	(448,929)	-
Acquisition and reclassifications of capital assets	(1,134,741)	(12,758,407)	(9,366,982)	-	-	(23,260,130)	-
Deferred inflows of resources - capital assets (cost over lease)	-	3,864,000	-	-	-	3,864,000	-
Proceeds of debt/bond refunding	33,513	6,560,500	18,272,587	-	-	24,866,600	-
Principal payments on serial bonds and notes payable	(56,297)	(246,500)	(18,000,000)	(718,376)	-	(19,021,173)	-
Net cash flow from capital and related financing activities	<u>(1,181,260)</u>	<u>(2,699,257)</u>	<u>(9,094,395)</u>	<u>(1,024,720)</u>	-	<u>(13,999,632)</u>	-
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>							
Purchase of investments	(4,333,288)	(198,222)	(33,365,432)	(1,808,147)	(500,000)	(40,205,089)	(7,032,988)
Interest income (expense)	<u>176,731</u>	<u>(12,877)</u>	<u>757,142</u>	<u>70,039</u>	-	<u>991,035</u>	<u>293,950</u>
Net cash flow from investing activities	<u>(4,156,557)</u>	<u>(211,099)</u>	<u>(32,608,290)</u>	<u>(1,738,108)</u>	<u>(500,000)</u>	<u>(39,214,054)</u>	<u>(6,739,038)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(4,427,441)	-	(37,413,429)	(2,336,207)	(389,875)	(44,566,952)	(6,993,920)
CASH AND CASH EQUIVALENTS - beginning of year	<u>4,427,591</u>	-	<u>37,414,579</u>	<u>2,336,207</u>	<u>757,353</u>	<u>44,935,730</u>	<u>6,993,920</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ -</u>	<u>\$ 367,478</u>	<u>\$ 368,778</u>	<u>\$ -</u>

(continued)

COUNTY OF CHAUTAUQUA, NEW YORK

Statement of Cash Flows - Proprietary Funds  
For the Year Ended December 31, 2019

	Business Type Activity - Enterprise Funds						Governmental
	Sewer Districts	Water Districts	Landfill	Electric Plant	Land Bank Corporation	Total	Activities
							Internal Service Funds
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING							
Operating income (loss)	\$ (724,255)	\$ (240,539)	\$ 523,023	\$ (230,538)	\$ (973,834)	\$ (1,646,143)	\$ (939,183)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:							
Depreciation, landfill closure and postclosure	1,386,467	403,758	2,679,481	658,593	-	5,128,299	-
Changes in:							
Accounts receivable	(335,049)	(361,098)	20,731	5,007	54,601	(615,808)	(198)
Due from other governments	3,921	-	-	-	-	3,921	678,007
Prepaid expense and other assets	(38,576)	-	(77,733)	-	(13,270)	(129,579)	(11,607)
Property held for resale	-	-	-	-	110,485	110,485	-
Deferred outflows of resources - pension related	172,319	-	330,170	-	-	502,489	-
Deferred outflows of resources - OPEB related	(140,332)	(2,831)	(245,362)	-	-	(388,525)	-
Accounts payable	139,722	259,541	374,730	5,357	4,154	783,504	(84,241)
Performance bond deposits	-	-	-	-	3,450	3,450	-
Unearned revenue	-	-	-	-	43,191	43,191	-
Accrued worker's compensation	(29,138)	2,776	(6,374)	-	-	(32,736)	(1,042,623)
Compensated absences liability	5,512	-	4,193	-	-	9,705	-
Accrued liabilities	1,898	21,915	14,659	(11,798)	-	26,674	(10,660)
Total other postemployment benefits liability	317,050	6,395	719,438	-	-	1,042,883	-
Net pension liability	182,053	-	371,743	-	-	553,796	-
Deferred inflows of resources - pension related	(380,959)	-	(516,337)	-	-	(897,296)	-
Deferred inflows of resources - OPEB related	120,558	864	48,512	-	-	169,934	-
Net cash flow from operating activities	<u>\$ 681,191</u>	<u>\$ 90,781</u>	<u>\$ 4,240,874</u>	<u>\$ 426,621</u>	<u>\$ (771,223)</u>	<u>\$ 4,668,244</u>	<u>\$ (1,410,505)</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:							
Capital assets received or constructed but not yet paid in cash	\$ 158,029	\$ 262,506	\$ 393,441	\$ -	\$ -	\$ 813,976	\$ -
Amortization of bond premiums and deferred outflows related to bond refundings	-	-	-	(4,756)	-	(4,756)	-
Total noncash investing, capital and financing activities	<u>\$ 158,029</u>	<u>\$ 262,506</u>	<u>\$ 393,441</u>	<u>\$ (4,756)</u>	<u>\$ -</u>	<u>\$ 809,220</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Statement of Fiduciary Net Position  
December 31, 2019**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 3,250,746
Investments	1,076,635
Accounts receivable	<u>158,191</u>
 Total assets	 <u>\$ 4,485,572</u>
<b>LIABILITIES</b>	
Agency liabilities	4,194,892
Accounts payable	14,513
Held in escrow for County Home:	
Workers' compensation	229,509
Net employee benefit obligation	<u>46,658</u>
 Total liabilities	 <u>\$ 4,485,572</u>

The accompanying notes are an integral part of these statements.

# COUNTY OF CHAUTAUQUA, NEW YORK

## Notes to Basic Financial Statements December 31, 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County of Chautauqua, New York (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing government 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 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

Subject to the New York State Constitution, the County operates pursuant to its Charter and Administrative Code, as well as various local laws. Additionally, certain New York State laws govern the County to the extent that such laws are applicable to counties operating under a charter form of government. The Charter was enacted by local law and approved by the electorate at a general election held November 8, 1973. The Chautauqua County Legislature is the legislative body responsible for overall operations, the County Executive serves as chief executive officer, and the Director of Finance serves as chief fiscal officer.

The County provides mandated social service programs such as Medicaid, aid to dependent children, and home relief. The County also provides services and facilities in the areas of culture, recreation, police, youth, health, senior services, roads, sanitary sewage and water. These general government programs and services are financed by various taxes, state and federal aid, and departmental revenue (which is primarily comprised of service fees and various types of program related charges). Additionally, the County operates a landfill and an energy plant.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

#### Discretely Presented Component Unit

The component unit column in the basic financial statements includes the financial data of the County's discretely presented component unit. This unit is reported in a separate column to emphasize that it is legally separate from the County.

## COUNTY OF CHAUTAUQUA, NEW YORK

### Notes to Basic Financial Statements December 31, 2019

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#### **Chautauqua County Industrial Development Agency**

The Chautauqua County Industrial Development Agency (the "Agency") was created on March 22, 1972 as a public benefit corporation under Title I, Article 18A of General Municipal Law of the State of New York. The purpose of the Agency is to promote, develop, encourage and assist in acquiring, constructing and maintaining industrial manufacturing facilities. The Agency is exempt from federal and state income taxes. The Agency's annual financial report can be obtained by writing the County of Chautauqua Industrial Development Agency, 200 Harrison Street, Jamestown, New York 14701.

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

Although the following are related to the County, they are not included in the County's reporting entity.

#### **Roberts Road Development Corporation**

The Roberts Road Development Corporation (the "Corporation") was created pursuant to Section 1411 of the Not-For-Profit Corporation Law on March 19, 2009 to assist in the development of the former Roblin Steel, Edgewood, and Alumax properties located along Roberts Road in Chautauqua County. The Corporation is excluded from the financial reporting entity due to a lack of activity for the year ended December 31, 2019. Had the Corporation had activity, it would be a discretely presented component unit because the County can appoint the voting and non-voting members to the Board of Directors.

#### **Jamestown Community College**

Jamestown Community College (the "College") is a locally sponsored, two-year community college founded in 1950. The College is part of a statewide system of two-year institutions designed to provide technical, para-professional, and university parallel education. The College is one of thirty community colleges within the State University of New York ("SUNY"). SUNY Community Colleges are financed by New York State, student tuition, and sponsor contributions. In 1996, the State of New York amended Article 126 of the Education Law through Chapter 144 of the Laws of 1996. The law changed sponsorship of the College from the City of Jamestown to the Jamestown Community College Region, effective September 1, 1996. This region is made of the City of Jamestown and Chautauqua and Cattaraugus Counties. The College is excluded from the financial reporting entity because the County is unable to appoint a voting majority of the Board of Trustees and the College is not fiscally dependent on the County. Further information can be obtained by writing Jamestown Community College, Administration Office, 525 Falconer Street, Jamestown, New York 14701.

#### **Blended Component Units**

The following blended component units are legally separate entities from the County, but are, in substance, part of the County's operations and therefore, data from these units are combined with data of the primary government.

#### **Chautauqua Tobacco Asset Securitization Corporation**

The Chautauqua Tobacco Asset Securitization Corporation ("CTASC") is a special purpose, bankruptcy remote, local development corporation incorporated under the provisions of Section 1411 of the New York State Not-for-Profit Corporation Law and is an instrumentality of, but separate and apart from the County. Although legally separate and independent of the County, CTASC is considered an affiliated organization under GASB and, therefore, is reported as a blended component unit of the County. The CTASC annual financial report can be obtained by writing the Chautauqua Tobacco Asset Securitization Corporation, 3 North Erie Street, Mayville, New York 14757.

## COUNTY OF CHAUTAUQUA, NEW YORK

### Notes to Basic Financial Statements December 31, 2019

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#### **Chautauqua County Land Bank Corporation**

The Chautauqua County Land Bank Corporation (the “Land Bank”) was created in May of 2012 by the Chautauqua County Board of Legislators under the provisions of the 1973 Laws of New York State. The Land Bank is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Land Bank is a blended component unit because the County is sole corporate member of the Land Bank. The Land Bank’s annual financial report can be obtained by writing the Chautauqua County Land Bank Corporation, 200 Harrison Street, Jamestown, New York 14701.

#### **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, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

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 other charges between the government’s water and sewer functions and various other functions of the government. Elimination of these charges 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 funds 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 major individual governmental funds are reported as separate columns in the fund financial statements.

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 revenues for the General Fund are property taxes and sales tax.
- *Capital Projects Fund* —The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment other than those financed by enterprise funds.

The County reports the following nonmajor governmental funds:

- *County Road Fund*— The County Road Fund is used to account for the construction and maintenance of County roads and other transportation expenses in accordance with New York State laws.
- *Road Machinery Fund*— The Road Machinery Fund is used to account for the maintenance of heavy equipment utilized for road maintenance and construction.



## COUNTY OF CHAUTAUQUA, NEW YORK

### Notes to Basic Financial Statements December 31, 2019

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- *Debt Service Fund*—The Debt Service Fund accounts for the Chautauqua Tobacco Asset Securitization Corporation (CTASC) which is used to account for the receipt and disbursement of resources related to tobacco assets and related obligations. It also records the proceeds and payments to escrow agents for refundings.

Enterprise Funds—These funds are used to account for operations which provide goods or services to the general public. These ongoing activities are similar to those found in the private sector; therefore, the determination of net income is necessary to sound financial administration. The County maintains the following enterprise funds:

- *Sewer*— The Sewer Fund is comprised of three County sewer districts and is used to account for the operating activities of the County sewer districts.
- *Water*— The Water Fund is comprised of two County water districts and is used to account for the operating activities of the County water districts.
- *Landfill*— The Landfill Fund is used to account for the operating activities of the County landfill including transfer stations.
- *Electric Plant*— The Electric Plant Fund is used to account for the operating activities of the County electric generation plant at the County landfill.
- *Chautauqua County Land Bank Corporation* —The Land Bank Corporation, a blended component unit, is used to account for operations aimed to help communities recover from the effects of foreclosures.

Additionally, the County reports the following fund types:

*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. The County maintains the following internal service funds:

- *Workers' Compensation Fund*— This fund is used to account for the County's self-insurance program for workers' compensation claims. Additionally, the fund is utilized to account for amounts due from other local governments within the County related to their workers' compensation liabilities.
- *Health Insurance Fund*— This fund is used to account for the County's insurance program for vision and dental benefits.

*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. Trust 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 *Agency Fund*. The Agency Fund is custodial in nature and does not involve measurement of results of operations. The Agency Fund accounts, such as payroll withholdings, are reported as liabilities.

## COUNTY OF CHAUTAUQUA, NEW YORK

### Notes to Basic Financial Statements December 31, 2019

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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 fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

#### **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 and pensions 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 capital leases are reported as other financing sources.

## COUNTY OF CHAUTAUQUA, NEW YORK

### Notes to Basic Financial Statements December 31, 2019

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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 (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the County.

The proprietary funds are reported using the *economic resources measurement focus* and use the *accrual basis* of accounting. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

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

Cash and cash equivalents include cash on hand, demand deposits, time deposits and short term highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days or less from the date of acquisition. State statutes and various resolutions of the County Legislature govern the County's investment policies. Permissible investments include obligations of the U.S. Treasury and U.S. Government agencies, repurchase agreements and obligations of New York State or its localities. Investments are stated at fair value in accordance with GASB.

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

Restricted cash, cash equivalents and investments represent amounts to support fund balance restrictions, unspent proceeds of debt, cash received for items not meeting revenue recognition criteria, and amounts held on behalf of others.

##### **Inventories**

All inventories, which are comprised of general supplies are valued at the lower of cost using the first-in/first out (FIFO) method or market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

##### **Receivables**

Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the County to reimburse it for expenditures incurred pursuant to state and federally funded programs. All major revenues of the County are considered "susceptible to accrual" under the modified accrual basis. These include property tax, sales tax, State and Federal aid, and various grant program revenues.

COUNTY OF CHAUTAUQUA, NEW YORK

Notes to Basic Financial Statements  
December 31, 2019

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**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.

**Property Held for Resale**

The Land Bank Corporation reports property held for resale at cost, which totaled \$303,541 at December 31, 2019.

**Capital Assets**

Capital assets include property, buildings, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business- type activities column in the government-wide financial statements. The County defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or contracted. Donated capital assets are recorded at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as expenditures are incurred. The County depreciates capital assets using the straight-line method over their estimated useful lives as presented below.

<u>Assets</u>	<u>Years</u>
Infrastructure:	
Dams and drainage systems	100
Traffic control systems	40
Bridges and culverts	30
Roads	20
Buildings and building improvements	20-40
Machinery and equipment:	
Office equipment and furniture	10
Heavy equipment	9
Other	5
Computers	3
Vehicles	4

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routing 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 *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).

## COUNTY OF CHAUTAUQUA, NEW YORK

### Notes to Basic Financial Statements December 31, 2019

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***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, 2019, the County had three items that qualified for reporting in this category. The first item is deferred charges on refunding bonds that is recorded in the government-wide financial statements and is being amortized over the life of the refunded debt. The second 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 net pension liability, 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 final item represents the effects of the change in the County's proportion of the collective net OPEB liability and difference during the measurement period between certain of the employers' contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability and is reported on the government-wide financial statements.

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, 2019, the County had four items that qualified for reporting in this category. The first arises under the modified accrual basis of accounting. Accordingly, the item *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow of resources recorded in the government-wide financial statements for items which represent a deferred gain on CTASC refunding bonds that is being amortized over the life of the refunded debt. The third item represents the effect of the net change in 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. The final item represents the effects of the change in the County's proportion of the collective net OPEB liability and difference during the measurement period between certain of the employers' contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability and is reported on the government-wide financial statements. The final item is related to grant revenue that is unavailable for recognition and will be recognized over the life of the related debt.

***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.

## COUNTY OF CHAUTAUQUA, NEW YORK

### Notes to Basic Financial Statements December 31, 2019

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**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 an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) 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 chief fiscal officer (i.e. Director of Finance) 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 Expense/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.

## COUNTY OF CHAUTAUQUA, NEW YORK

### Notes to Basic Financial Statements December 31, 2019

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**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 Sewer, Water, Landfill, Electric Plant, Land Bank and internal services funds are charges to customers and interfund/intergovernmental entities for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Property Taxes** —The County-wide property tax is levied by the County Legislature effective January 1st of the year the taxes are recognizable as revenue. Taxes become a lien on the related property on January 1st of the year for which they are levied. In the government-wide statements, property tax receivables and related revenue include all amounts due the County regardless of when cash is received. Over time, substantially all property taxes are collected.

Delinquent property taxes not collected at year end (excluding collections in the 60 day subsequent period) are recorded as a deferred inflow of resources in fund financial statements.

Property taxes are due and payable within 30 days. Such taxes are collected by the respective collection officers in each town and in the cities of Dunkirk and Jamestown until April 1st each year, after which rolls are returned to the County. At that time settlement proceedings take place whereby the County becomes the tax collecting agency and the towns and cities receive full credit for their entire levy. The County becomes the enforcement agency for tax liens on all County real property.

Uncollected property taxes assumed by the County as a result of the settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings. The portion of the receivable that represents taxes re-levied for school (\$6,266,740) and the portion that represents taxes re-levied for the cities and villages (\$674,959) are recognized as liabilities that are included in intergovernmental payables. Also, \$12,310,572 of the receivable that is not considered available under the modified accrual basis of accounting, i.e. will not be collected within sixty days, is recorded as a deferred inflow of resources.

Tax rates are calculated using assessments prepared by individual Town and City assessors as adjusted by the New York State Board of Equalization and Assessment for the purpose of comparability. The tax levy of \$64,228,957 in the adopted budget for 2020 assumed a total taxable assessment value of real property of \$7.593 billion and an effective tax rate of \$8.458 per thousand. Final adjustments to assessed values prior to issuance of annual tax bills resulted in a total taxable assessment value of \$7.630 billion and an effective tax rate of \$8.417 per thousand.

**Unearned Revenue** —The County reports unearned revenue in its basic financial statements. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the County has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

## COUNTY OF CHAUTAUQUA, NEW YORK

### Notes to Basic Financial Statements December 31, 2019

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**Compensated Absences**—County employees are granted vacation and compensatory time in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and compensatory time. Upon retirement employees may be entitled to utilize the value of accumulated sick time to pay for health insurance coverage after retirement. Employees who retire with more than 15 years of County service are also entitled to one month of health insurance coverage for each year of County service.

Compensated absences are reported as accrued liabilities in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees and they are included in wages and benefits.

Payment of compensated absences recorded in the general government long-term debt in the government-wide financial statements is dependent upon many factors; therefore, timing of future payment is not readily determinable. However, management believes that sufficient resources will be made available for the future payment of compensated absences when such payments become due.

**Pensions**—The County is mandated by New York State law to participate in the New York State Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. 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 5.

**Other Postemployment Benefits**—In addition to providing pension benefits, the County provides health insurance coverage and/or payments health and survivor benefits for retired employees and their survivors. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. See additional information in Note 6.

#### **Other**

**Estimates**—The preparation of 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.

**Insurance**—The County assumes liability for some risk including, but not limited to, workers' compensation. Asserted and incurred but not reported claims and judgements are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Such recording is consistent with the requirements of GASB.



## COUNTY OF CHAUTAUQUA, NEW YORK

### Notes to Basic Financial Statements December 31, 2019

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Governmental fund type estimated current contingent liabilities (i.e., those to be liquidated with available financial resources in the ensuing year) for property damage and personal injury liabilities are recorded in the General Fund. The long-term portion (i.e., liabilities to be paid from future resources) is recorded within long-term debt in the government-wide financial statements.

#### ***Stewardship, Compliance and Accountability***

***Deficit Fund Balance and Net Position*** — At December 31, 2019, the County had a deficit net position of \$4,232,395 in the Workers' Compensation Fund within the Internal Service Funds. This deficit is the result of year-end case reserves and reserves for incurred but not reported claims that are related to the County's general operations, which are primarily long-term in nature. This deficit is anticipated to be remedied through future charges to the operating funds and the enterprise funds. The Workers' Compensation Fund charges the general operations of the County for actual claims paid on a pay-as-you-go basis.

#### ***Legal Compliance—Budgets***

***Budgets and Budgetary Accounting***— The County's annual procedures, as required by Article XIV of the County Charter and Administrative Code, in establishing the budgetary data reflected in the basic financial statements are as follows:

- Not later than July 1st of each year, the Budget Director must furnish department heads with the appropriate budget forms for estimation of revenues and expenditures for the ensuing fiscal year.
- Not later than August 1st, the department heads must file their completed budget requests with the Budget Director.
- The Budget Director then reviews and investigates all budget requests. The Budget Director may recommend in whole or in part the estimates as deemed appropriate. On or before September 15th, the Budget Director must submit a tentative budget to the County Executive.
- The County Executive must then formulate a tentative budget and submit such to the Clerk of the Legislature by September 25th.
- Public hearings are held. The Legislature must then take action on the budget within six calendar days following the public hearing. If the budget is passed and does not contain changes from the County Executive's tentative budget such budget is adopted; however, if the budget passed contains any changes it must be returned to the County Executive on the seventh day after the public hearing for his examination and consideration.
- If the County Executive does not object to the changes made, the Legislative passed budget becomes adopted. If the County Executive objects to any of the changes made, he must file such objections with the Clerk of the Legislature within ten days. The Legislature may, with a two-thirds vote, uphold the County Executive's objections; otherwise, the Legislative passed budget without such objected changes becomes the adopted budget.

# COUNTY OF CHAUTAUQUA, NEW YORK

## Notes to Basic Financial Statements December 31, 2019

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### 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 FDIC-insured commercial banks or trust companies, located within the State. The County Director of Finance 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.

**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, the State Statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2019, the County's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the County's name.

**Deposits with Financial Institutions**— At December 31, 2019 the County had deposits of \$8,019,936 and the bank balance was \$8,954,568. Of the bank balance \$1,250,000 was covered by federal depository insurance and \$8,297,924 was covered by collateral held in the pledging bank's trust department in the County's name, and \$131,555 was uninsured and uncollateralized. The uncollateralized amount was related to the deposits in Community Bank.

**Cash Equivalents**— Cash equivalents include money market funds with a maturity date within three months of year end, and are, therefore considered to be cash equivalents at December 31, 2019. These cash equivalents are carried at fair value as displayed below with the Debt service fund related to CTASC. The amount within the money market funds at December 31, 2019 was \$43,299.

**Restricted Cash, Cash Equivalents and Investments**— Total governmental funds restricted cash, cash equivalents and investments of \$13,537,519, of which \$2,574,629 represents amounts restricted for CTASC, \$7,229,381 supports General Fund restricted fund balance, \$3,068,119 represents amounts within the capital fund for specific projects, \$974,827 in business-type activities to support restricted net position and \$4,194,892 in the Agency Fund for amounts held on behalf of others.

**Investments**— All investments are reported using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quotes prices for identical assets or liabilities in active markets to which the County has access at the measurement date.
- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets in markets that are not active;

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- Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

Investments at December 31, 2019 are as follows:

	<u>Fair Value Measurements Using</u>		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Savings, CD's and time deposits	\$ 1,767,228	\$ -	\$ -
Mortgage backed securities	15,301	-	-
U.S. Government agency bonds	38,173,226	-	-
Municipal bonds	18,308,295	-	-
Total	<u>\$ 58,264,050</u>	<u>\$ -</u>	<u>\$ -</u>

**Interest Rate Risk** —In the case of investments, this is the risk that potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. There is the prospect of a loss should those securities be sold prior to maturity. There are no requirements limiting maturity of investments.

**Custodial Credit Risk —Investments** —In compliance with State law, the County’s investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, obligations of public authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorize such investments, time deposit accounts, certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and certain joint ventures or cooperative investment programs.

**Chautauqua County Industrial Development Agency Cash and Cash Equivalents** —Deposits for the Agency totaled \$1,753,024 and were fully collateralized or insured at December 31, 2019.

COUNTY OF CHAUTAUQUA, NEW YORK

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3. RECEIVABLES

Major revenues accrued by the County at December 31, 2019 consisted of the following:

**Accounts Receivable** —Represent amounts due from various sources. The County’s accounts receivable at December 31, 2019 are shown below:

Governmental Funds:	
General Fund	\$ 3,222,159
County Road Fund	85,751
Road Machinery Fund	60,676
Capital Projects Fund	<u>30,000</u>
Total Governmental Funds	<u>\$ 3,398,586</u>
Enterprise Funds:	
Sewer Fund	\$ 1,679,767
Water Districts Fund	563,986
Landfill Fund	870,210
Electric Fund	112,844
Land Bank Corporation	<u>-</u>
Total Enterprise Funds	<u>\$ 3,226,807</u>
Agency Fund	<u>\$ 158,191</u>

**Taxes Receivable** —Represents amounts due to the County for property taxes, property tax items and non-property tax items of \$20,219,937. These amounts are reported net of an allowance for uncollectible taxes of \$600,000.

**Other Receivables** —Represent loans due from various entities including the Chautauqua County Industrial Development Agency, North Chautauqua Lake Sewer District and Portland, Pomfret, Dunkirk Sewer District. Such loan balances are included in nonspendable fund balance because they represent net current financial resources that cannot be spent. The total amount of other receivables at December 31, 2019 is as presented below:

General Fund	\$ 4,965,932
Capital Projects Fund	<u>87,035</u>
Total governmental funds	<u>\$ 5,052,967</u>

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**State and Federal Receivables** — State and federal receivables primarily represent claims for reimbursement for expenditures in administering various mental health and social service programs. They are net of related advances from New York State. State and federal receivables also include reimbursable amounts for construction expenditures made through the Capital Projects Fund. The total amounts receivable from state and federal at December 31, 2019 are as follows:

Governmental Funds:	
General Fund	\$ 33,603,255
County Road Fund	6,801,491
Capital Projects Fund	<u>611,414</u>
Total Governmental Funds	<u>\$ 41,016,160</u>

**Due from other governments** - this primarily represents the amounts due from local governments within the County relating to their respective share of workers' compensation liabilities. The total amount due from other governments at December 31, 2019 was:

Internal Service Funds:	
Workers' Compensation Fund	<u>\$ 7,149,042</u>

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**4. CAPITAL ASSETS**

***Governmental Activities***

Capital asset activity for the primary government’s governmental activities for the year ended December 31, 2019 was as follows:

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
Capital assets not being depreciated:				
Land	\$ 748,464	\$ 33,011	\$ -	\$ 781,475
Construction in progress	<u>1,888,291</u>	<u>5,963,327</u>	<u>(4,257,093)</u>	<u>3,594,525</u>
Total capital assets, not being depreciated	<u>2,636,755</u>	<u>5,996,338</u>	<u>(4,257,093)</u>	<u>4,376,000</u>
Capital assets being depreciated:				
Infrastructure	251,335,551	9,546,475	-	260,882,026
Buildings and building improvements	88,621,234	227,622	-	88,848,856
Machinery and equipment	38,045,877	2,185,196	(3,725,787)	36,505,286
Vehicles	<u>19,823,378</u>	<u>1,794,850</u>	<u>(644,848)</u>	<u>20,973,380</u>
Total capital assets, being depreciated	<u>397,826,040</u>	<u>13,754,143</u>	<u>(4,370,635)</u>	<u>407,209,548</u>
Less accumulated depreciation:				
Infrastructure	118,434,744	9,023,578	-	127,458,322
Buildings and building improvements	39,976,849	3,159,983	-	43,136,832
Machinery and equipment	29,288,589	1,609,352	(3,725,787)	27,172,154
Vehicles	<u>14,829,591</u>	<u>1,576,179</u>	<u>(628,007)</u>	<u>15,777,763</u>
Total accumulated depreciation	<u>202,529,773</u>	<u>15,369,092</u>	<u>(4,353,794)</u>	<u>213,545,071</u>
Total capital assets, being depreciated, net	<u>195,296,267</u>	<u>(1,614,949)</u>	<u>(16,841)</u>	<u>193,664,477</u>
Governmental activities capital assets, net	<u>\$197,933,022</u>	<u>\$ 4,381,389</u>	<u>\$ (4,273,934)</u>	<u>\$198,040,477</u>

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

Governmental Activities:	
General government support	\$ 1,775,514
Public safety	2,186,760
Health	89,826
Transportation	10,541,673
Economic assistance and opportunity	742,235
Culture and recreation	20,723
Home and community services	<u>12,361</u>
Total depreciation expense—governmental activities	<u>\$ 15,369,092</u>

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***Business-type Activities***

Capital asset activity for the primary government’s business-type activities for the fiscal year ending December 31, 2019 is presented below:

	Balance 1/1/2019	Increases and Reclassifications	Decreases and Reclassifications	Balance 12/31/2019
Capital assets, not being depreciated:				
Construction in progress	\$ 10,608,710	\$ 11,274,597	\$ (605,849)	\$ 21,277,458
Total capital assets, not being depreciated	<u>10,608,710</u>	<u>11,274,597</u>	<u>(605,849)</u>	<u>21,277,458</u>
Capital assets, being depreciated or depleted:				
Infrastructure	49,777,973	195,443	-	49,973,416
Buildings and building improvements	17,517,108	-	(17,187)	17,499,921
Machinery and equipment	28,398,007	1,250,802	(17,509)	29,631,300
Vehicles	3,433,378	85,686	(23,408)	3,495,656
Landfill	40,552,740	-	-	40,552,740
Water treatment facilities	1,504,281	10,584,060	-	12,088,341
Total capital assets, being depreciated	<u>141,183,487</u>	<u>12,115,991</u>	<u>(58,104)</u>	<u>153,241,374</u>
Less accumulated depreciation or depletion for:				
Infrastructure	29,790,974	789,083	-	30,580,057
Buildings and building improvements	10,452,380	343,041	-	10,795,421
Machinery and equipment	17,591,093	1,359,670	(12,654)	18,938,109
Vehicles	2,477,547	244,993	(23,408)	2,699,132
Landfill	37,399,135	910,040	-	38,309,175
Water treatment facilities	1,307,291	403,758	-	1,711,049
Total accumulated depreciation or depletion	<u>99,018,420</u>	<u>4,050,585</u>	<u>(36,062)</u>	<u>103,032,943</u>
Total capital assets, being depreciated, net	<u>42,165,067</u>	<u>8,065,406</u>	<u>(22,042)</u>	<u>50,208,431</u>
Business-type activities capital assets, net	<u>\$ 52,773,777</u>	<u>\$ 19,340,003</u>	<u>\$ (627,891)</u>	<u>\$ 71,485,889</u>

Depreciation expense was charged to the functions and programs of the primary government’s business type activities as follows:

Business-type activities:	
Sewer	\$ 1,386,467
Water	403,758
Landfill	1,601,767
Electric Plant	658,593
Total depreciation expense—business-type activities	<u>\$ 4,050,585</u>

**COUNTY OF CHAUTAUQUA, NEW YORK**

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**Chautauqua County Industrial Development Agency**

Capital asset activity for the Agency for the fiscal year ended December 31, 2019 was as follows:

	Balance
	<u>12/31/2019</u>
Buildings and building improvements	\$ 2,348,741
Furniture and equipment	<u>128,691</u>
Total capital assets	2,477,432
Less: accumulated depreciation	<u>(685,755)</u>
Total capital assets, net	<u>\$ 1,791,677</u>

**5. PENSION OBLIGATIONS**

The County participates in the New York State and Local Employees' Retirement System (the System) and the Public Employees' Group Life Insurance Plan. This is a cost sharing multiple employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

**Funding Policy**

Membership, benefits, and employer and employee obligations to contribute are described in the NYSRSSL using the tier concept. Pension legislation established tier membership by the date a member last joined the System. They are as follows:

- Tier 1 - Those persons who last became members of the System before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally those persons who are State correction officers who last became members on or after July 27, 1976, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983.
- Tier 5 - Those persons who last became members of the System on or after January 1, 2010.
- Tier 6 - Those persons who last became members of the System on or after April 1, 2012.



**COUNTY OF CHAUTAUQUA, NEW YORK**

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The System is noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in the System contribute 3% of their salary throughout their active membership. The Comptroller certifies the rates expressed as proportions of members’ payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund. Employees who joined on or after April 1, 2012 contribute 3% of their reportable salary. Beginning April 1, 2013, the contribution rate for Tier 6 members varies between 3-6% based on each member’s annual compensation.

The System cannot be diminished or impaired. Benefits can be reduced for future membership only by an act of the New York State Legislature. The County’s contributions for the years 2019, 2018 and 2017 were equal to the required contributions for the plan fiscal year as follows:

	ERS
2019	8,690,153
2018	8,862,599
2017	8,818,608

The County makes the payment to the System on behalf of the County and CNR. Since the CNR is a department of the County, the pension related costs are allocated to the CNR on a basis of total salaries paid compared to the total.

***Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** — At December 31, 2019, the County reported the following liabilities for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to the measurement date. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS Systems in reports provided to the County.

	ERS	
	Governmental Activities	Business-type Activities
	March 31, 2019	March 31, 2019
Measurement date		
Net pension liability	16,510,703	\$ 933,918
County's portion of the Plan's total net pension liability	0.2330360%	0.0131725%

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For the year ended December 31, 2019, the County recognized pension expenses of \$16,511,334 and \$933,287 for ERS for governmental activities and business-type activities, respectively. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Differences between expected and actual experiences	\$ 3,251,303	\$ 183,908	\$ 1,108,333	\$ 62,692
Changes of assumptions	4,150,117	234,748	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	4,237,559	239,695
Changes in proportion and differences between the County's contributions and proportionate share of contributions	963,536	54,502	1,859,371	105,174
County contributions subsequent to the measurement date	<u>6,168,686</u>	<u>348,929</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 14,533,642</u>	<u>\$ 822,087</u>	<u>\$ 7,205,263</u>	<u>\$ 407,561</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, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	
	Governmental Activities	Business-type Activities
Year Ending December 31,		
2020	\$ 2,960,831	\$ 167,358
2021	(3,275,465)	(185,142)
2022	(563,222)	(31,836)
2023	<u>2,037,549</u>	<u>115,217</u>
	<u>\$ 1,159,693</u>	<u>\$ 65,597</u>

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**Actuarial Assumptions** — The total pension liability as of the measurement date was determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the actuarial assumptions presented below:

	<u>ERS</u>
Measurement date	March 31, 2019
Actuarial valuation date	April 1, 2018
Investment rate of return	7.00%
Salary scale	4.20%
Decrement tables	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Inflation rate	2.50%
Cost-of-living adjustment	1.30%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term expected 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 return, net of investment expenses 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 the target asset allocation percentage and by adding expected inflation.

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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Measurement Date Asset Class:	ERS	
	Target	Long-Term
	Allocation	Expected Real Rate of Return
	<u>March 31, 2019</u>	
Domestic equities	36%	4.55%
International equities	14%	6.35%
Private equity	10%	7.50%
Real estate	10%	5.55%
Absolute return strategies	2%	3.75%
Opportunistic portfolio	3%	5.68%
Real assets	3%	5.29%
Bonds and mortgages	17%	1.31%
Cash	1%	-2.50%
Inflation-indexed bonds	<u>4%</u>	1.25%
Total	<u>100%</u>	

**Discount Rate** — The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption** — The chart below presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.0%) or one percentage-point higher (8.0%) than the current assumption.

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
<b>Governmental Activities:</b>			
Employer's proportionate share of the net pension liability/(asset)—ERS	72,209,117	16,510,703	(30,262,852)
<b>Business-type Activities:</b>			
Employer's proportionate share of the net pension liability/(asset)—ERS	4,061,551	933,918	(1,710,579)

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

	(Dollars in Thousands)
	ERS
	April 1, 2018
Valuation date	
Employers' total pension liability	\$ 189,803,429
Plan fiduciary net position	\$ (182,718,124)
Employers' net pension liability	\$ 7,085,305
 System fiduciary net position as a percentage of total	 96.27%

**6. OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

The County administers a single-employer defined benefit postemployment health care plan (“the Retiree Health Plan”). The Retiree Health Plan provides health care benefits to eligible retirees who retire from the County and are eligible to receive a pension from the New York State and Local Employees’ Retirement System. Eligible retirees may elect to continue health care coverage in the County health plan and convert their sick leave balance at retirement at a rate of five days per month, to a County paid monthly benefit that will partially or fully cover their retiree health premiums. The duration, amount and type of County paid benefits depend on the amount of sick leave at retirement. Upon retirement, a non-management employee may use sick leave accruals up to a maximum of 180 days as a credit for health, vision and dental insurance. In addition, an employee who retires with 15 or more years of employment with the County shall be credited one full month of coverage for every full year of employment. Said employee shall continue to pay premiums equivalent to the active employee payroll deduction for such insurance. Said benefit shall be utilized only after all sick leave accruals are utilized. Management employees receive a benefit 3.25 months of health insurance per year of service upon retirement.

The County contracts with various health plans to provide health coverage to its active and retired members. The retirees may continue coverage in the County health plans at their own expense after their sick leave balances are fully exhausted. The insurers charge the same premium for active and retired members; therefore, an implicit County subsidy of retiree premiums exists. Benefit provisions are established and may be amended through negotiations between the County and the bargaining units during each bargaining period. The Retiree Health Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4.

**Employees Covered by Benefit Terms**

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	182
Active employees	903
Total	1,085

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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.

**Total OPEB Liability**

The County’s total OPEB liability for governmental activities and business-type activities of \$71,215,058 and \$6,261,869, respectively, was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Reporting date	12/31/2019
Measurement date	12/31/2019
Actuarial valuation date	1/1/2019
Discount rate	2.75%
Rate of Compensation Increase	2.00%
Inflation Rate (CPI)	2.25%
Inflation Rate (Chained CPI)	2.00%
Actuarial Cost Method	Entry Age Normal
Healthcare trend rate	4.50% to 6.75%

The discount rate was based on the Fidelity General Obligation 20-Year AA Municipal Bond Index.

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

The discount rate was updated from 3.71% to 2.75% as of December 31, 2019 based on a review of the Fidelity General Obligation 20-Year AA Municipal Bond Index. The change in discount rate resulted in an increase in liabilities. The annual rate of increase in healthcare costs was revised as of December 31, 2019 to better reflect future expectations, including updating long-term rates based on the SOA Long Term Healthcare Cost Trends Model v2020)\_b (the Getzen model). A review of published National trend survey data in relation to the retiree health plan offerings was the basis for this change. The revised assumption resulted in a decrease in liabilities. The base mortality assumption was revised as of December 31, 2019 to the sex-distinct and job category-specific headcount-weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees. The revised assumption resulted in an increase in liabilities. The mortality improvement scale assumption was revised as of December 31, 2019 from Scale MP-2018 on a generational basis to Scale MP-2019 on a generational basis in order to reflect the most recent experience available as of the measurement date. The revised assumption resulted in a decrease in liabilities.

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Plan changes were ratified during 2019 for certain bargaining units. These changes included the elimination of the PPO H plan for future retirees, increases in sick pay conversion factors, and changes to the HSA contributions. These changes resulted in a net increase in liabilities.

**Changes in the Total OPEB Liability**

The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	<u>Total OPEB Liability</u>	
	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
Balances at December 31, 2018	<u>\$ 56,879,175</u>	<u>\$ 5,218,986</u>
Changes for the year:		
Service cost	3,000,860	186,804
Interest	2,115,548	193,836
Change of benefit terms	8,755,178	626,870
Differences between expected and actual experience	(3,171,202)	(243,724)
Changes of assumptions or other inputs	5,953,446	441,525
Benefit payments	<u>(2,317,947)</u>	<u>(162,428)</u>
Net changes	<u>14,335,883</u>	<u>1,042,883</u>
Balances at December 31, 2019	<u>\$ 71,215,058</u>	<u>\$ 6,261,869</u>

**Sensitivity of the Total OPEB Liability to the Change in the Discount Rate**

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) than the current discount rate of 2.75%:

	1% Decrease	Current	1% Increase
	<u>(1.75%)</u>	<u>Discount</u>	<u>(3.75%)</u>
		<u>(2.75%)</u>	
<b>Governmental Activities:</b>			
Total OPEB Liability	\$ 79,739,275	\$ 71,215,058	\$ 63,970,057
<b>Business-type Activities:</b>			
Total OPEB Liability	\$ 7,011,395	\$ 6,261,869	\$ 5,624,823

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**Sensitivity of the Total OPEB Liability to the Change in the Healthcare Cost Trend Rate**

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trends that is 1 percentage point lower or 1 percentage point higher than the current discount rate of 4.5% to 6.75%:

	1% Decrease (3.5%-5.75%)	Current Health Care Rate (4.5%-6.75%)	1% Increase (5.5%-7.75%)
<b>Governmental Activities:</b>			
Total OPEB Liability	\$ 62,560,924	\$ 71,215,058	\$ 82,111,403
<b>Business-type Activities:</b>			
Total OPEB Liability	\$ 5,500,920	\$ 6,261,869	\$ 7,219,974

**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 Legislature. The County recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. County governmental activities and business-type activities contributed \$2,317,947 and \$162,428 for the fiscal year ended December 31, 2019, respectively. The County's contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 13. 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**

For the year ended December 31, 2019, the County recognized OPEB expense of \$13,737,197 and \$986,720 for the governmental activities and business-type funds. At December 31, 2019, the County reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Changes of assumptions	\$ 5,329,854	\$ 388,525
Total	<u>\$ 5,329,854</u>	<u>\$ 388,525</u>
	<u>Deferred Inflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Actual vs. expected experience	\$ 2,840,475	\$ 212,853
Changes of assumptions	<u>3,332,582</u>	<u>265,729</u>
Total	<u>\$ 6,173,057</u>	<u>\$ 478,582</u>



**COUNTY OF CHAUTAUQUA, NEW YORK**

**Notes to Basic Financial Statements  
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The amounts reported as deferred outflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ending December 31,	Governmental Activities	Business-type Activities
2020	\$ 614,555	\$ 44,799
2021	614,555	44,799
2022	614,555	44,799
2023	614,555	44,799
2024	614,555	44,799
Thereafter	2,257,079	164,530

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

Year Ending December 31,	Governmental Activities	Business-type Activities
2020	\$ 764,893	\$ 59,300
2021	764,893	59,300
2022	764,893	59,300
2023	764,893	59,300
2024	764,893	59,300
Thereafter	2,348,592	182,082

**7. RISK MANAGEMENT**

The County is exposed to various risks of loss related to damage and destruction of assets, vehicle liability, injuries to employees, health insurance, and unemployment insurance. These risks are covered by commercial insurance purchased from independent third parties.

The County assumes the liability for most risk including, but not limited to, dental and vision claims for employees, workers' compensation, property damage, and personal injury liability. The County has purchased insurance for bodily injury, property damage, employee liability, public official liability, automobile, network security, business and business personal property with deductibles ranging from \$25,000 to \$100,000 per occurrence. Upper limits are extended via an excess umbrella policy to \$30,000,000. The County has purchased a Workers' Compensation Excess Policy to cover claims in excess of \$1,500,000. During the current year the County obtained an actuarial study of its workers' compensation claims. The liability totaling \$19,250,000 in the Workers' Compensation Fund, Enterprise Funds, and in escrow in the Agency Fund reflects the results of this study. The Workers' Compensation Fund has recorded a receivable from other governments totaling \$7,149,042 representing those other governments' respective share of the aforementioned liability. The liability has been allocated between the Enterprise Funds, the Workers' Compensation Fund and is held in escrow in the Agency Fund on behalf of the County Home. The County has had no claims in excess of its coverage in the last four fiscal years.

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Notes to Basic Financial Statements  
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Changes in the reported workers' compensation liability since January 1, 2017 are summarized as follows:

Year Ended December 31,	Liability, Beginning of Year	Claims and Adjustments	Claim Payments	Liability, End of Year
2019	20,750,000	3,296,714	4,796,714	19,250,000
2018	17,993,469	7,012,552	4,256,021	20,750,000
2017	18,530,000	4,257,788	4,794,319	17,993,469

**8. LEASE OBLIGATIONS**

The County leases certain property and equipment. Leased property having elements of ownership is recorded in the government-wide financial statements as a capital lease. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the lease, is also recorded in the government-wide financial statements. The County had no capital leases outstanding at December 31, 2019. Other leased property, not having elements of ownership, is classified as operating leases. Both capital and operating lease payments are recorded as expenditures when payable in the fund financial statements. Total expenditures on operating leases for the fiscal year ended December 31, 2019 were approximately \$1,708,219.

The County has future minimum payments under operating leases with a remaining term in excess of one year for its governmental activities as follows:

Year Ending December 31,	Governmental Activities
2020	\$ 937,669
2021	769,432
2022	206,414
2023	113,667
2024	105,978
2025 and beyond	114,978
Future minimum payments	\$ 2,248,138

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Notes to Basic Financial Statements  
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**9. SHORT-TERM DEBT**

Liabilities for bond anticipation notes (“BANs”) are accounted for in the General Fund and Landfill Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes must be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the life of permanent financing, provided that annual reductions of principal are made.

During the year bond anticipation notes in the amount of \$19,000,000 at 3.0% interest matured on December 27, 2019. The purpose of the BAN was for renovations of at Jamestown Community College and construction and expansion of the County’s sanitary landfill.

The following is a summary of the County’s short-term debt for the year ended December 31, 2019:

	<u>Interest Rate</u>	<u>Balance 1/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2019</u>
Bond anticipation notes:					
Jamestown Community College renovations	3.00%	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
Landfill construction and expansion	3.00%	18,000,000	-	18,000,000	-
Total		<u>\$ 19,000,000</u>	<u>\$ -</u>	<u>\$ 19,000,000</u>	<u>\$ -</u>

**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, 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, CTASC bonds and accreted interest, compensated absences, workers’ compensation, total other postemployment benefits (OPEB) liability, notes payable, landfill closure and post-closure liability, net pension liability, and long-term retirement payable.

During the year ended December 31, 2014, the County Home transferred its remaining long-term liabilities and assets used to liquidate these liabilities to the County’s Agency Fund. At December 31, 2019, certain items continue to be held in escrow in the Agency Fund.

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Notes to Basic Financial Statements  
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A summary of the County's long-term obligations at December 31, 2019 follows:

	Balance 1/1/2019	Additions	Reductions	Balance 12/31/2019	Due Within One Year
<b>Governmental Activities:</b>					
Serial bonds	\$ 32,384,730	\$ 9,163,310	\$ (6,809,730)	\$ 34,738,310	\$ 2,614,515
Premium on serial bonds	322,775	-	(28,272)	294,503	-
CTASC bonds and accreted interest, net	38,596,628	604,260	(445,000)	38,755,888	1,035,000
Compensated absences*	6,619,489	438,015	-	7,057,504	-
Workers' compensation	19,324,273	457,377	(1,500,000)	18,281,650	-
Total other postemployment benefit liability	56,879,175	19,825,032	(5,489,149)	71,215,058	-
Long-term due to other governments	280,000	-	(80,000)	200,000	80,000
Net pension liability*	7,485,709	9,024,994	-	16,510,703	-
Long-term retirement payable	1,916,822	-	(346,655)	1,570,167	-
Total governmental activities	<u>\$163,809,601</u>	<u>\$ 39,512,988</u>	<u>\$(14,698,806)</u>	<u>\$188,623,783</u>	<u>\$ 3,729,515</u>
<b>Business-type Activities:</b>					
Serial bonds and EFC notes payable	\$ 12,405,271	\$ 18,033,513	\$ (718,376)	\$ 29,720,408	\$ 2,488,361
Premium on serial bonds	660,303	272,587	(57,837)	875,053	-
Notes payable	666,403	6,560,500	(302,797)	6,924,106	199,824
Compensated absences*	158,826	9,705	-	168,531	168,531
Landfill closure and post-closure	23,767,023	1,077,715	-	24,844,738	-
Workers' compensation	771,577	-	(32,736)	738,841	-
Total other postemployment benefit liability	5,218,986	1,449,035	(406,152)	6,261,869	-
Net pension liability*	380,122	553,796	-	933,918	-
Total business-type activities	<u>\$ 44,028,511</u>	<u>\$ 27,956,851</u>	<u>\$ (1,517,898)</u>	<u>\$ 70,467,464</u>	<u>\$ 2,856,716</u>
<b>Agency Fund (held in escrow for County Home)</b>					
Workers' compensation	\$ 654,150	\$ -	\$ (424,641)	\$ 229,509	\$ -
Total Agency Fund	<u>\$ 654,150</u>	<u>\$ -</u>	<u>\$ (424,641)</u>	<u>\$ 229,509</u>	<u>\$ -</u>

\*Additions and reductions to compensated absences and net pension liability, respectively, are shown net of reductions and additions.

## COUNTY OF CHAUTAUQUA, NEW YORK

### Notes to Basic Financial Statements December 31, 2019

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**Serial Bonds**—The County issues bonds to provide funds for the acquisition and construction of major capital facilities. Bonds have been issued for both governmental and business-type activities.

On December 26, 2019, the County issued \$22,348,310 in serial bonds. \$4,348,310 of this issuance is recorded in governmental activities as public improvement bonds related to various purposes including community college renovations, airport fuel farm, road machinery, and information technology. \$18,000,000 are recorded as business-type activities, specifically in the Landfill fund, related to the construction and expansion of the sanitary landfill. The bonds were issued at a 2% interest rate with a premium of \$272,587.

On December 26, 2019, the County issued \$4,815,000 in serial bonds related to the Jamestown Community College "JCC" dormitory building, recorded in governmental activities. This issuance refunded the principal balance maturing in the years 2020 - 2032 of the 2012 JCC dormitory building serial bonds. This total principal defeased amounted to \$4,725,000. The new serial bonds have an interest rate ranging from 2.75 - 3.00% and mature in 2032. The County has an agreement with JCC whereby JCC reimburses the County for this debt. The \$4,815,000 outstanding is recorded as a long-term loan receivable at the government-wide level. The outstanding amount of principal for the defeased bonds was \$4,725,000.

On January 4, 2018, the County entered into an agreement with the Environmental Facilities Corporation to issue bond anticipation notes at an amount not to exceed \$2,997,700. The long-term bond anticipation notes mature on January 4, 2021 at an initial interest rate of 0.0%. As of December 31, 2019, the County has drawn down \$2,997,700, which has been recorded as a long-term liability within business-type activities.

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Notes to Basic Financial Statements  
December 31, 2019**

A summary of additions and payments of serial bonds for the year ended December 31, 2019 is shown below:

	Year of Maturity	Interest Rate	Balance 1/1/2019	Additions	Decreases	Balance 12/31/2019	Due Within One Year
<b>Governmental activities</b>							
DPF salt storage shed	2020	2.98/4.32	\$ 40,000	\$ -	\$ (20,000)	\$ 20,000	\$ 20,000
Jail construction refunded bonds	2029	2.00/4.00	8,515,000	-	(645,000)	7,870,000	665,000
Jail & courts construction- refunded	2029	2.00/4.00	3,640,000	-	(395,000)	3,245,000	410,000
Helicopters	2019	0.70/4.50	224,000	-	(224,000)	-	-
Helicopters- refunding	2025	4.00	1,550,000	-	-	1,550,000	235,000
JCC science building	2019	0.70/4.50	141,000	-	(141,000)	-	-
JCC science building- refunding	2030	2.13/4.00	1,950,000	-	-	1,950,000	150,000
JCC dormitory building	2019	2.50/3.75	5,015,000	-	(5,015,000)	-	-
JCC dormitory building - refunding	2032	2.0/2.13	-	4,815,000	-	4,815,000	355,000
Public improvements	2039	2.50/3.75	8,350,000	-	(280,000)	8,070,000	285,000
Public improvements	2040	3.25/4.00	2,959,730	-	(89,730)	2,870,000	95,000
Public improvements	2029	2.00	-	4,348,310	-	4,348,310	399,515
Total governmental activities			<u>\$ 32,384,730</u>	<u>\$ 9,163,310</u>	<u>\$ (6,809,730)</u>	<u>\$ 34,738,310</u>	<u>\$ 2,614,515</u>

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Notes to Basic Financial Statements  
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	Year of Maturity	Interest Rate	Balance 1/1/2019	Additions	Decreases	Balance 12/31/2019	Due Within One Year
<b>Business-type activities</b>							
Energy fund power plant	2030	3.00/4.50	\$ 490,000	\$ -	\$ (490,000)	\$ -	\$ -
Energy fund power plant	2025	4.25/5.25	995,000	-	(135,000)	860,000	140,000
Qualified energy performance bonds	2026	5.66%	796,084	-	(93,376)	702,708	95,066
Energy fund power plant-refunding	2030	2.13/4.00	7,160,000	-	-	7,160,000	520,000
EFC Notes 2018	2021	-	2,964,187	33,513	-	2,997,700	79,500
Landfill cell construction	2029	2.00%	-	18,000,000	-	18,000,000	1,653,795
Total business-type activities			<u>\$ 12,405,271</u>	<u>\$ 18,033,513</u>	<u>\$ (718,376)</u>	<u>\$ 29,720,408</u>	<u>\$ 2,488,361</u>

The annual repayment of principal and interest on serial bonds are as follows:

Year Ending December 31,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Principal	Interest	Principal	Interest
2020	\$ 2,614,515	\$ 995,309	\$ 2,488,361	\$ 638,593
2021	2,639,695	962,495	2,531,592	586,333
2022	2,722,490	875,163	2,590,549	521,707
2023	2,821,240	783,963	2,668,582	454,984
2024	2,914,025	688,764	2,727,613	393,515
2025-2029	13,136,345	2,183,526	13,736,011	924,517
2030-2034	4,285,000	973,522	2,977,700	8,719
2035-2039	3,415,000	192,463	-	-
2040	190,000	197,600	-	-
Total	<u>\$ 34,738,310</u>	<u>\$ 7,852,804</u>	<u>\$ 29,720,408</u>	<u>\$ 3,528,368</u>

Debt service expenditures are recorded in the fund that benefitted from the capital project financed by the debt.

The County issues debt for Jamestown Community College ("JCC") purposes. Regular debt service related to bonds issued for JCC are funded by JCC and are reported in the General Fund as departmental revenue. Regular payments funded in the current year amounted to \$290,000 in principal and \$145,750 in interest.

**COUNTY OF CHAUTAUQUA, NEW YORK**

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**Chautauqua County Tobacco Asset Securitization Corporation (“CTASC”)**

Changes in CTASC’s long-term debt for the year ended December 31, 2019 is shown below:

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019	Due Within One Year
CTASC bonds:					
Series 2014	\$ 31,365,000	\$ -	\$ (445,000)	\$ 30,920,000	\$ 1,035,000
Series 2005 and accreted interest, net	7,639,486	582,290	-	\$ 8,221,776	-
Less bond discount	<u>(407,858)</u>	-	<u>21,970</u>	<u>(385,888)</u>	-
Total CTASC bonds and accreted interest, net	<u>\$ 38,596,628</u>	<u>\$ 582,290</u>	<u>\$ (423,030)</u>	<u>\$ 38,755,888</u>	<u>\$ 1,035,000</u>

**Series 2014**

On November 6, 2014 CTASC refunded the Series 2000 Bonds and reissued Series 2014 Bonds in the amount of \$34,765,000. The sale of the bonds provided for the complete refunding of the Series 2000 bonds, provided \$600,000 of excess proceeds to Chautauqua County for the capital expansion of the Sherman Department of Public Facilities maintenance facility, and created a \$120,000 operating reserve.

The Series 2014 Bonds are issued in fully registered form in the name of Cede & CO. as a nominee of the Depository Trust Company, New York, New York (“DTC”) who acts as Securities Depository for the Series 2014 Bonds. Individual purchases are in book-entry form only, in the principal amount of \$5,000, or integral multiples thereof. Purchasers do not receive certificates representing their ownership interest in the 2014 Bonds.

Interest on the Series 2014 Bonds is payable semi-annually on June 1 and December 1 each year until maturity or prior redemption. Principal of and interest on the Series 2014 Bonds will be paid by the Indenture Trustee to DTC which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Series 2014 Bonds.

Pursuant to a Purchase and Sale Agreement, dated September 1, 2000 (the “TSR Purchase Agreement”), the County sold to CTASC all of its rights, title and interest under the MSA and the Decree, including the County’s right to be paid its portion of the State of New York’s (the “State”) allocable shares of future initial Payments and Annual Payments under the MSA (the “Tobacco Settlement Revenues”).

Under the Indenture, the Indenture Trustee has established and holds a Debt Service Reserve Account which is funded from Series 2014 Bond proceeds. Except after an Event of Default, CTASC is required to maintain a balance in the Debt Service Reserve Account to the extent of available funds equal to the maximum annual debt service on the Series 2014 Bonds in the current year or any future year. The amount in this account at December 31, 2019 was \$2,394,999.

As a result of the refunding, CTASC has recorded a deferred gain on refunding in the amount of \$3,083,414. The gain is classified as a deferred inflow of resources within governmental activities and will be amortized over the life of the refunded bond.



**COUNTY OF CHAUTAUQUA, NEW YORK**

**Notes to Basic Financial Statements  
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**Series 2005**

The New York Counties Tobacco Trust V issued \$202,792,505 aggregate principal amount of Tobacco Settlement Pass-Through Bonds in four series. These Series 2005 NYCTT Bonds represent direct, pass-through interest in corresponding bonds of certain series of tobacco settlement asset-backed bonds issued by one or more of the 24 tobacco asset securitization corporations (“TASC”) of which CTASC is one. These bonds are subordinate to the Series 2014 bonds discussed above.

There are no scheduled payments of principal or interest on the Series 2005 NYCTT Bonds other than on their respective maturity dates because the bonds are Capital Appreciation Bonds. All interest accrues until both principal and accreted interest is paid. Turbo (accelerated) amortization payments are required to be made against the outstanding principal providing that CTASC receives sufficient Tobacco Settlement Revenues (“TSR”) to make the Turbo payments. Since there is no certainty that CTASC will receive sufficient TSRs to make these Turbo payments, the outstanding amount of the bonds and the related discount have not been reduced on the statement of net deficits.

In order to secure payment of its Prior Bonds and Series 2005 TASC Bonds, each TASC has pledged to the TASC Trustee all of the TASC’s rights, title, and interest whether now owned or hereafter acquired, in (i) the TSR Purchase Agreement and the TSRs (ii) the Pledged Series 2005 Accounts, and all investment earnings on amounts on deposit in or credited to the Pledged Series 2005 Accounts; and (iii) all present and future claims, demands, and causes in action in respect to the foregoing.

A Series 2005 Bond Fund will be established with the Trustee and money will be deposited therein as provided in the Series 2005 Supplemental Indenture. The money in the Bond Fund will be held in trust and, except as otherwise provided in the Series 2005 Supplemental Indenture, will be applied solely to the payment of Debt Service. The Series 2005 Bond Fund includes a Series 2005 Turbo Redemption Account, a Series 2005 Lump Sum Redemption Account and a Series 2005 Extraordinary Payment Account.

CTASC debt service requirements based upon planned principal payments for Tobacco Settlement Bonds, Series 2014, are shown on the following page.

Year Ending December 31,	Principal	Interest	Total
2020	1,035,000	1,504,150	2,539,150
2021	1,080,000	1,451,275	2,531,275
2022	1,125,000	1,396,150	2,521,150
2023	1,180,000	1,338,525	2,518,525
2024	1,235,000	1,278,150	2,513,150
2025-2029	7,300,000	5,368,438	12,668,438
2030-2034	9,545,000	3,337,200	12,882,200
2035-2037	8,420,000	711,750	9,131,750
Total	<u>\$ 30,920,000</u>	<u>\$ 16,385,638</u>	<u>\$ 47,305,638</u>

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Notes to Basic Financial Statements  
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**Subordinate Turbo CABs** —The total bonds issued and their maturity terms are summarized as follows:

Series	Issuance Amount	Maturity Amount	Interest Rate	Maturity
Series S2	\$ 2,400,150	\$ 3,481,000	6.10%	June 1, 2050
Series S3	\$ 1,820,337	\$ 51,090,000	6.85%	June 1, 2055

**Notes Payable** —In 2010, the County and the North Chautauqua Lake Sewer District entered into an agreement by which the County’s General Fund issued a note to the District in the amount of \$1,402,234. *The note carries an annual interest rate of 4.0% and will mature in 2030.*

On April 22, 2013, the County and the Portland, Pomfret, Dunkirk Sewer District entered into an agreement by which the County’s General Fund issued a note to the District in the amount of \$250,000. The note carries an interest rate of 2.5% and will mature in 2024.

In, July of 2017 and May 2018, the North Chautauqua County Water District (a County water district) and the Village of Brocton entered into intermunicipal agreements for Phase I and Phase II of the water infrastructure improvement projects, by which the County’s water fund will pay the principal payments on debt owed for the water project within the Village. The infrastructure assets will become the full assets of the County once the note is paid in full. The cost to construct the assets included a grant which was recorded as a deferred inflow within the water fund and will be recongized as the debt is paid. Phase I has a principal amount of \$1,990,000 and total interest of \$1,004,660. Phase II has a principal amount of \$4,570,500 with no interest payments required. Principal payments of \$246,500 and interest payments of \$143,560 were made on the Village of Brocton note. The remaining principal for the Village of Brocton consists of \$6,314,000 and interest of \$885,645.

The following table summarizes the future payment schedule on the notes payable as of December 31, 2019:

Year Ending December 31,	Principal	Interest	Total
2020	\$ 108,324	\$ 24,740	\$ 133,064
2021	110,426	22,712	133,138
2022	112,607	20,610	133,217
2023	119,869	18,430	138,299
2024	112,957	16,167	129,124
2025-2029	555,277	48,112	603,389
2030-2036	<u>1,325,646</u>	<u>3,630</u>	<u>1,329,276</u>
Total	<u>\$ 2,445,106</u>	<u>\$ 154,401</u>	<u>\$ 2,599,507</u>

## COUNTY OF CHAUTAUQUA, NEW YORK

### Notes to Basic Financial Statements December 31, 2019

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**Compensated Absences**—As explained in Note 1, compensated absences are recorded in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees which are included in wages and benefits. The payment of compensated absences is dependent on many factors and, therefore, cannot be reasonably estimated as to future timing of payment. The annual budgets of operating funds provide for such as amounts become payable.

**Long-term Due to Other Governments**—The County reports an amount owed to New York State for the repayment of certain unspent grant funds for which the State has not invoiced the County for repayment. At December 31, 2019, the County reports a long-term liability of \$200,000.

**Long-term Retirement Payable**—The County reports a liability for past service costs owed to the Employees' Retirement System as a result of a contract settlement. The County has elected to amortize this payment over 10 years. At December 31, 2019, the County reported a liability of \$1,570,167.

#### **Chautauqua County Industrial Development Agency**

The IDA has the following outstanding long-term debt:

A bond payable to the County which enabled the IDA to acquire land. It is non-interest bearing and payable upon disposition of the acquired land. The outstanding balance is \$10,700.

A bond payable to the County with an interest rate of 3%. Proceeds from this bond are to be used to acquire property. It is payable upon disposition of the acquired property. The outstanding balance is \$2,000,000.

A bond payable to the County. Proceeds were used for the construction of a building. It was payable semi-annually beginning February 20, 2002, including interest at 3%-5% accruing as of August 20, 2001, compounded semi-annually. The IDA made interest only payments during 2002-2004. The IDA made interest only payments during 2011. The bond matures on August 20, 2021 and has an outstanding balance of \$940,978.

A bond payable to the County with an annual interest rate of 5%. Proceeds were used for the construction of an aircraft storage hangar. The bond is payable in March 2022 or upon disposition of the property and has an outstanding balance of \$87,035.

A bond payable to the County with an interest rate of 2.274%. Proceeds were used for the construction of a building. The IDA made interest only payments from March 22, 2012 through June 25, 2013. Monthly principal and interest payments totaling \$9,428 began July 25, 2013. The bond matures July 25, 2033 and has an outstanding balance of \$1,314,148.

**COUNTY OF CHAUTAUQUA, NEW YORK**

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The following table summarizes the future payment schedule on the bonds payable of the IDA as of December 31, 2019:

Year Ending December 31,	Principal	Interest	Total
2020	\$ 2,164,707	\$ 56,419	\$ 2,221,126
2021	181,062	52,660	233,722
2022	195,783	48,802	244,585
2023	155,725	44,840	200,565
2025	159,792	40,774	200,566
2025-2029	863,857	138,973	1,002,830
2030-2034	631,935	27,555	659,490
Total	<u>\$ 4,352,861</u>	<u>\$ 410,023</u>	<u>\$ 4,762,884</u>

**Interest expense:**

Governmental fund interest paid	\$ 2,627,156
CY accreted interest	427,192
CY amortization of bond premium	(28,272)
CY accrued interest	292,206
PY accrued interest	<u>(376,963)</u>
Total interest expense	<u>\$ 2,941,319</u>

**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 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 and business-type activities net investment in capital assets is presented on the following page.

Governmental activities:

Capital assets, net of accumulated depreciation	\$198,040,477
Related debt:	
Serial bonds issued	(34,738,310)
Unamortized bond premium	(294,503)
CTASC net bonds issued	(38,755,888)
Debt issued on behalf of JCC	6,765,000
Deferred gain on CTASC refunding	(3,083,414)
Deferred charge on refunding	<u>773,216</u>
Net investment in capital assets—governmental activities	<u>\$128,706,578</u>

COUNTY OF CHAUTAUQUA, NEW YORK

Notes to Basic Financial Statements  
December 31, 2019

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Business-type activities:	
Capital assets, net of accumulated depreciation	\$ 71,485,889
Related debt:	
Serial bonds issued	(29,720,408)
Unamortized bond premium	(875,053)
Notes payable issued	(6,924,106)
Deferred charge on refunding debt	552,931
Net investment in capital assets—business-type activities	<u>\$ 34,519,253</u>

- **Restricted Net Position**— This category represents external restrictions imposed by creditors, grants, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** —This category represents net investment in assets 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, 2019 includes:

- **Prepaid Items** —Represents amounts of \$2,536,889 prepaid to vendors and employees that are applicable to future accounting periods.
- **Inventories** —Represents the portion of fund balance, \$730,123, composed of inventory and is nonspendable because inventory is not an available spendable resource.
- **Loans Receivable** —Represents the portion of fund balance, \$5,052,967, composed of loans receivable through the year ended December 31, 2033 and are nonspendable because they are not an available resource of the next fiscal year.
- **Long-term Due from Other Funds** —Represents the long-term portion of funds, \$4,528,218, reported within the County’s General Fund as receivable from the County Road Fund.

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Notes to Basic Financial Statements  
December 31, 2019**

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In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grants, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. As of December 31, 2019, the County had the following restricted amounts within its governmental funds:

	General Fund	Capital Projects Fund	Nonmajor Funds	Total
Insurance	\$ 2,162,729	\$ -	\$ -	\$ 2,162,729
Capital projects	3,028,881	3,443,326	178,170	6,650,377
Tax stabilization	100,060	-	-	100,060
Occupancy tax	371,352	-	-	371,352
E911 and W911	673,599	-	-	673,599
Fire services	547,911	-	-	547,911
Lakes and waterways	347,227	-	-	347,227
County road	-	-	3,180,442	3,180,442
Road machinery	-	-	600,980	600,980
Debt service	-	-	2,396,459	2,396,459
Total restricted fund balance	<u>\$ 7,231,759</u>	<u>\$ 3,443,326</u>	<u>\$ 6,356,051</u>	<u>\$ 17,031,136</u>

- **Restricted for Insurance** — Represents resources that have been legally restricted for payments under the County’s self-insurance program.
- **Restricted for Capital Projects**— Represents funds accumulated to finance all or part of the cost of construction, reconstruction or acquisition of specific items. The County has budgeted to use none of this restriction during its 2020 fiscal year.
- **Restricted for Tax Stabilization**— Represents resources appropriated by the Legislature to maintain future tax increases at a maximum of 2.5% in any fiscal year.
- **Restricted for Occupancy Tax**— Effective January 1, 2004, the County established this reserve funded by the occupancy tax which is restricted to fund tourism.
- **Restricted for E911 and W911**— Represents resources that are restricted for the County’s Emergency 911 and Wireless 911 communication systems.
- **Restricted for Fire Services**— Represents resources that are restricted to ensure the viability and vitality of the County’s fire services.
- **Restricted for Lakes and Waterways**— Represents resources that are dedicated for the County’s lakes and waterways.
- **Restricted for Debt Service**— Restricted for debt payments of the Chautauqua County Tobacco Asset Securitization Corporation.

COUNTY OF CHAUTAUQUA, NEW YORK

Notes to Basic Financial Statements  
December 31, 2019

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- **Restricted for County Road and for Road Machinery** — Restricted for the purposes of each of these special revenue funds.

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, or by its designated body or official. As of December 31, 2019 the County had no committed fund balance.

In the fund financial statements, assignments are not legally required segregations, but are subject to a purpose constraint that represents an intended use established by the County’s Legislature, or by its 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, 2019, the following balances were considered to be assigned:

	<u>General Fund</u>
Subsequent year's appropriations	\$ -
Encumbrances	344,924
Helicopter debt service	<u>1,721,904</u>
Total assigned fund balance	<u>\$ 2,066,828</u>

- **Assigned to Subsequent Year’s Appropriations**— Represents available fund balance being appropriated to meet expenditure requirements in the 2019 fiscal year.
- **Assigned to Encumbrances**— Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures of monies are recorded, is employed as part of the County’s budgetary control mechanism for all funds. Unencumbered appropriations lapse at fiscal year-end.

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.

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Notes to Basic Financial Statements  
December 31, 2019**

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**12. INTERFUND ACTIVITY**

Interfund balances are short-term in nature and exist because of temporary advances made on behalf of other funds. Interfund transfers are routine annual events for both the budget and the accounting process and are necessary to present funds in their proper fund classification.

Interfund balances at December 31, 2019 consisted of the following:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 5,980,007	\$ -
County Road Fund	-	2,454,888
Capital Projects Fund	-	-
Road Machinery Fund	-	-
Water Districts Fund	-	3,505,951
Sewer Districts Fund	-	19,168
Total	<u>\$ 5,980,007</u>	<u>\$ 5,980,007</u>

Interfund transfers for the year ended December 31, 2019 consisted of the following:

	<u>In</u>	<u>Out</u>
General Fund	\$ 1,174,663	\$ 20,740,371
County Road Fund	13,273,398	-
Capital Projects Fund	4,422,254	123,485
Road Machinery Fund	2,059,585	-
Debt Service - TASC	1,856,213	1,869,502
Landfill Fund	-	52,755
Total	<u>\$ 22,786,113</u>	<u>\$ 22,786,113</u>

**13. LABOR CONTRACTS**

Five bargaining units represent the unionized County employees. The Civil Service Employees Association Unit 6322, the Chautauqua County Sheriff's Supervisors' Association (CCSSA) and the Deputy Sheriffs' Association of Chautauqua County (DSACC) all have settled contracts through December 31, 2021. Civil Service Employees Association Unit 6300 have a settled contract through December 31, 2022. The Chautauqua County Sheriffs Employees Association (CCSEA) have a settled contract thorough December 31, 2023.



# COUNTY OF CHAUTAUQUA, NEW YORK

## Notes to Basic Financial Statements December 31, 2019

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### 14. TAX ABATEMENTS

The County is subject to tax abatements granted by the Chautauqua County Industrial Development Agency (“CCIDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the CCIDA 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 CCIDA, the County collected \$379,534 during 2019 in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$3,870,449 in property taxes.

### 15. CONTINGENCIES

**Grants**— In the normal course of operations, the County receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. The amount of disallowance, if any, cannot be determined at this time, although the County expects any such amounts to be immaterial.

**Pending Litigation**— The County is involved in litigation arising in the ordinary course of its operations. Claims incurred prior to July 15, 1986 are covered through general liability insurance. It is the opinion of management and legal counsel that such claims prior to July 15, 1986 will be settled within insured limits. Effective July 15, 1986 the County’s general liability insurance was terminated and the County became self-insured for all such risks. While claims currently at various stages of litigation substantially exceed the restricted for self-insurance balance of \$2,162,729, the ultimate amount of the outcome is dependent on many factors, and County management believes such restriction for self-insurance to be adequate to cover such losses. The County elected to purchase general liability insurance with a self-insured reserve of \$250,000.

### 16. LANDFILL CLOSURE AND POST-CLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on a section of the landfill site when it reaches final elevation and to perform certain maintenance and monitoring functions at the site for a minimum of thirty years after closure. Although both closure and post-closure care costs will be paid in the future, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

Remaining cell closure liability, projected at \$8,442,034 as of December 31, 2019, and post closure care liability, projected at \$16,402,704 as of December 31, 2019 (totaling \$24,844,738), represent the cumulative amount reported to date based on the use of 96.11% of the estimated permitted space less areas where the final cover has been placed.

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Notes to Basic Financial Statements  
December 31, 2019**

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Total remaining closure cost is projected at \$9,556,900 and total post-closure care cost is projected at \$16,950,000, totaling \$26,506,900. The County will recognize the remaining projected closure cost of \$1,114,866 and the remaining projected post-closure care cost of \$547,296 (totaling \$1,662,162) as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2020. The County currently projects a landfill life of 2 years for permitted areas, which includes permitted air space over the existing landfills with closure in 2021. A new cell (Phase 4) is under construction and nearing completion, but was not yet in use as of December 31, 2019. Ongoing research regarding the construction of additional cells could significantly extend landfill life. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The landfill is reported as an enterprise fund and the \$24,844,738 liability is reported in that fund as well as a \$974,827 reserve of net position for post-closure costs pertaining to the methane gas collection system.

**17. PRIOR PERIOD ADJUSTMENT**

In 2018, the North Chautauqua County Water District had activity that resulted in \$40,674 of net income that was not recorded in the 2018 financial statements. As a result, beginning net position of the Water Districts and Business-Type Activities were increased as follows:

	Business-type Activities	Water Districts
Net position—December 31, 2018, as previously stated	\$ 36,669,512	\$ 393,838
To record income related to North Chautauqua County Water District	<u>40,674</u>	<u>40,674</u>
Net position—December 31, 2018, as restated	<u>\$ 36,710,186</u>	<u>\$ 434,512</u>

The effect on 2018 change in net position would have been an increase of \$40,674.

In the capital projects fund, work was done on the West Dutch Hollow Creek and Dutch Hollow Creek projects in 2018. These projects were 75% funded by a Water Quality Improvement Program (WQIP) Grant; however, revenue earned during 2018 was not recorded in the 2018 financial statements. As such, fund balance of the capital projects fund and net position of the County’s governmental activities at December 31, 2018 have been restated as follows:

	Governmental Activities	Capital Projects Fund
Net position/fund balance—December 31, 2018, as previously stated	\$ 91,795,588	\$ (874,947)
To record revenue related to WQIP Grant	<u>407,776</u>	<u>407,776</u>
Net position/fund balance—December 31, 2018, as restated	<u>\$ 92,203,364</u>	<u>\$ (467,171)</u>

The effect on 2018 change in fund balance/net position would have been an increase of \$407,776.

## COUNTY OF CHAUTAUQUA, NEW YORK

### Notes to Basic Financial Statements December 31, 2019

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#### 18. SUBSEQUENT EVENTS

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the County and its future results and financial position is not presently determinable.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund (Unaudited)  
For the Year Ended December 31, 2019**

	Original Budget (Including Carryover <u>Encumbrances</u> )	Budget ( <u>Amended</u> )	<u>Actual</u>	<u>Encumbrances</u>	Favorable (Unfavorable) <u>Variance</u>
<b>REVENUES:</b>					
Real property taxes and tax items	\$ 64,119,450	\$ 64,675,443	\$ 63,570,463	\$ -	\$ (1,104,980)
Non-property tax items	72,668,607	73,988,048	74,988,118	-	1,000,070
Departmental income	19,569,832	20,512,110	16,840,623	-	(3,671,487)
Intergovernmental charges	4,789,661	5,414,812	4,866,460	-	(548,352)
Use of money and property	1,002,945	1,041,189	2,267,237	-	1,226,048
Licenses and permits	115,000	55,000	36,135	-	(18,865)
Fines and forfeitures	365,400	290,400	229,175	-	(61,225)
Sale of property and compensation for loss	130,635	157,049	1,968,030	-	1,810,981
Miscellaneous	1,533,298	1,606,961	2,043,509	-	436,548
Interfund revenues	177,270	177,270	177,270	-	-
State aid	30,805,827	33,250,119	30,163,444	-	(3,086,675)
Federal aid	<u>32,787,816</u>	<u>34,580,659</u>	<u>29,791,085</u>	-	<u>(4,789,574)</u>
<b>Total revenues</b>	<u>228,065,741</u>	<u>235,749,060</u>	<u>226,941,549</u>	-	<u>(8,807,511)</u>
<b>EXPENDITURES:</b>					
Current -					
General governmental support	51,747,802	53,371,743	51,665,057	94,744	1,611,942
Education	10,557,724	10,843,234	10,833,147	-	10,087
Public safety	32,115,707	32,897,240	31,282,099	124,102	1,491,039
Public health	22,793,406	23,996,163	19,484,196	45,486	4,466,481
Transportation	4,053,302	4,037,311	4,017,473	233	19,605
Economic assistance and opportunity	90,101,777	92,687,066	87,334,399	80,359	5,272,308
Culture and recreation	450,737	469,747	459,340	-	10,407
Home and community services	14,178,345	1,548,980	1,420,068	-	128,912
Debt service -					
Principal - bonds	1,855,000	2,145,000	2,144,730	-	270
Interest	<u>909,894</u>	<u>1,085,561</u>	<u>1,085,560</u>	-	<u>1</u>
<b>Total expenditures</b>	<u>228,763,694</u>	<u>223,082,045</u>	<u>209,726,069</u>	<u>344,924</u>	<u>13,011,052</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(697,953)</u>	<u>12,667,015</u>	<u>17,215,480</u>	<u>(344,924)</u>	<u>4,203,541</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers - in	802,755	1,924,663	1,174,663	-	(750,000)
Operating transfers - out	<u>(17,864,077)</u>	<u>(20,753,660)</u>	<u>(20,740,371)</u>	-	<u>13,289</u>
<b>Total other financing sources (uses)</b>	<u>(17,061,322)</u>	<u>(18,828,997)</u>	<u>(19,565,708)</u>	-	<u>(736,711)</u>
<b>CHANGE IN FUND BALANCE</b>	<u>\$ (17,759,275)</u>	<u>\$ (6,161,982)</u>	<u>(2,350,228)</u>	<u>\$ (344,924)</u>	<u>\$ 3,466,830</u>
<b>FUND BALANCE - beginning of year</b>			<u>31,514,052</u>		
<b>FUND BALANCE - end of year</b>			<u>\$ 29,163,824</u>		

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Required Supplementary Information  
Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)  
For the Year Ended December 31, 2019**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total OPEB Liability</b>										
Service cost	\$ 3,188	\$ 3,700								
Interest	2,310	2,172								
Change of benefit terms	9,382	-								
Differences between expected and actual experience	(3,415)	-								
Changes of assumptions or other inputs	6,395	(4,550)								
Benefit payments	(2,480)	(2,289)								
<b>Total change in total OPEB liability</b>	<b>15,380</b>	<b>(967)</b>								
<b>Total OPEB liability - beginning</b>	<b>62,097</b>	<b>63,064</b>								
<b>Total OPEB liability - ending</b>	<b>\$ 77,477</b>	<b>\$ 62,097</b>								
<b>Covered-employee payroll</b>	<b>\$ 47,478</b>	<b>46,035</b>								
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>163.2%</b>	<b>134.9%</b>								

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

**Notes to schedule:**

**Changes of assumptions.** Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	2.75%	3.71%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The change in discount rate resulted in an increase in liabilities. The annual rate of increase in healthcare costs was revised as of December 31, 2019 to better reflect future expectations. The revised assumption resulted in a decrease in liabilities. The base mortality assumption was revised as of December 31, 2019. The revised assumption resulted in an increase in liabilities. The mortality improvement scale assumption was revised as of December 31, 2019 in order to reflect the most recent experience available as of the measurement date. The revised assumption resulted in a decrease in liabilities.

**Change of benefit terms.** Plan changes were ratified during 2019 for certain bargaining units. These changes included the elimination of the PPO H plan for future retirees, increases in sick pay conversion factors, and changes to the HSA contributions. These changes resulted in a net increase in liabilities.

- Plan Assets.** No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:
- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
  - Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
  - Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Required Supplementary Information  
Schedule of Proportionate Share of Net Pension Liability (Unaudited)  
For the Year Ended December 31, 2019**

<b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN</b>	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion of the net pension liability (asset)	0.2462%	0.2437%	0.2351%	0.2439%	0.2552%	0.2552%				
Proportionate share of the net pension liability (asset)	\$ 17,445	\$ 7,865	\$ 22,090	\$ 39,151	8,620	11,531				
Covered-employee payroll	\$ 56,638	\$ 55,865	\$ 54,616	\$ 53,950	\$ 56,601	\$ 57,986				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	30.80%	14.08%	40.45%	72.57%	15.23%	19.89%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.27%	98.24%	94.70%	90.70%	97.90%	97.20%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Required Supplementary Information  
Schedule of Contributions - Pension Plans (Unaudited)  
For the Year Ended December 31, 2019**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 8,419	\$ 8,781	\$ 10,849	\$ 8,582	10,926	11,384				
Contributions in relation to the contractually required contribution	<u>8,419</u>	<u>8,781</u>	<u>10,849</u>	<u>8,582</u>	<u>10,926</u>	<u>11,384</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Covered-employee payroll	\$ 56,638	\$ 55,865	\$ 54,616	\$ 53,950	\$ 56,601	\$ 57,986				
Contributions as a percentage of covered-employee payroll	14.86%	15.72%	19.86%	15.91%	19.30%	19.63%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.



**SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Combining Balance Sheet - Nonmajor Governmental Funds  
December 31, 2019**

	Debt Service Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	43,299	-	43,299
Restricted Investments	2,531,330	666,514	3,197,844
Accounts receivable, net	-	146,427	146,427
Due from other funds	-	-	-
State and federal receivables	-	6,801,491	6,801,491
Other assets	-	-	-
Inventories	-	674,382	674,382
Prepaid items	-	177,927	177,927
	<u>2,574,629</u>	<u>8,466,741</u>	<u>11,041,370</u>
Total assets	<u>\$ 2,574,629</u>	<u>\$ 8,466,741</u>	<u>\$ 11,041,370</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ -	\$ 1,179,599	\$ 1,179,599
Accrued liabilities	-	198,523	198,523
Due to other funds	-	2,454,888	2,454,888
	<u>-</u>	<u>3,833,010</u>	<u>3,833,010</u>
Total liabilities	<u>-</u>	<u>3,833,010</u>	<u>3,833,010</u>
<b>FUND BALANCES:</b>			
Nonspendable	-	852,309	852,309
Restricted	2,574,629	3,781,422	6,356,051
	<u>2,574,629</u>	<u>4,633,731</u>	<u>7,208,360</u>
Total fund balances	<u>2,574,629</u>	<u>4,633,731</u>	<u>7,208,360</u>
	<u>\$ 2,574,629</u>	<u>\$ 8,466,741</u>	<u>\$ 11,041,370</u>
Total liabilities and fund balances	<u>\$ 2,574,629</u>	<u>\$ 8,466,741</u>	<u>\$ 11,041,370</u>

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds  
For the Year Ended December 31, 2019**

	Debt Service Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
Non property tax items	\$ -	\$ 795,216	\$ 795,216
Departmental income	-	67	67
Intergovernmental charges	-	378,524	378,524
Use of money and property	213,625	342,736	556,361
Sale of property and compensation for loss	-	3,471	3,471
Miscellaneous	-	290,530	290,530
Licenses and permits	-	2,463,125	2,463,125
Interfund revenues	-	388,490	388,490
State aid	-	5,832,804	5,832,804
Federal aid	-	3,507,981	3,507,981
Tobacco settlement revenue	<u>1,897,742</u>	<u>-</u>	<u>1,897,742</u>
 Total revenues	 <u>2,111,367</u>	 <u>14,002,944</u>	 <u>16,114,311</u>
<b>EXPENDITURES:</b>			
General governmental support	158,330	-	158,330
Transportation	-	25,568,537	25,568,537
Debt service -			
Principal	445,000	20,000	465,000
Interest	<u>1,541,275</u>	<u>321</u>	<u>1,541,596</u>
 Total expenditures	 <u>2,144,605</u>	 <u>25,588,858</u>	 <u>27,733,463</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>(33,238)</u>	 <u>(11,585,914)</u>	 <u>(11,619,152)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers - in	1,856,213	15,332,983	17,189,196
Operating transfers - out	(1,869,502)	-	(1,869,502)
Payments to escrow for refunding	(4,792,357)	-	(4,792,357)
Premium on refunding	70,418.00	-	70,418
Proceeds from refunding	<u>4,815,000</u>	<u>-</u>	<u>4,815,000</u>
 Total other financing sources	 <u>79,772</u>	 <u>15,332,983</u>	 <u>15,412,755</u>
 CHANGE IN FUND BALANCE	 46,534	 3,747,069	 3,793,603
 FUND BALANCE - beginning of year	 <u>2,528,095</u>	 <u>886,662</u>	 <u>3,414,757</u>
 FUND BALANCE - end of year	 <u>\$ 2,574,629</u>	 <u>\$ 4,633,731</u>	 <u>\$ 7,208,360</u>

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Combining Balance Sheet - Nonmajor Special Revenue Funds  
December 31, 2019**

	County Road Fund	Road Machinery	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>			
Restricted Investments	\$ -	\$ 666,514	\$ 666,514
Accounts receivable, net	85,751	60,676	146,427
Due from other funds	-	-	-
State and Federal receivables	6,801,491	-	6,801,491
Inventories	162,424	511,958	674,382
Prepaid items	154,864	23,063	177,927
	<u>7,204,530</u>	<u>1,262,211</u>	<u>8,466,741</u>
Total assets	<u>\$ 7,204,530</u>	<u>\$ 1,262,211</u>	<u>\$ 8,466,741</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 1,081,419	\$ 98,180	\$ 1,179,599
Accrued liabilities	170,493	28,030	198,523
Due to other funds	2,454,888	-	2,454,888
	<u>3,706,800</u>	<u>126,210</u>	<u>3,833,010</u>
Total liabilities	<u>3,706,800</u>	<u>126,210</u>	<u>3,833,010</u>
<b>FUND BALANCES:</b>			
Nonspendable	317,288	535,021	852,309
Restricted	3,180,442	600,980	3,781,422
	<u>3,497,730</u>	<u>1,136,001</u>	<u>4,633,731</u>
Total fund balances	<u>3,497,730</u>	<u>1,136,001</u>	<u>4,633,731</u>
Total liabilities and fund balances	<u>\$ 7,204,530</u>	<u>\$ 1,262,211</u>	<u>\$ 8,466,741</u>

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2019**

	County Road Fund	Road Machinery	Total Nonmajor Special Revenue Funds
<b>REVENUES:</b>			
Non property tax items	\$ 795,216	\$ -	\$ 795,216
Departmental income	67	-	67
Intergovernmental charges	28,608	349,916	378,524
Use of money and property	234,217	108,519	342,736
Sale of property and compensation for loss	-	3,471	3,471
Miscellaneous	290,530	-	290,530
Licenses and permits	2,463,125	-	2,463,125
Interfund revenues	-	388,490	388,490
State aid	5,832,804	-	5,832,804
Federal aid	3,507,981	-	3,507,981
Total revenues	<u>13,152,548</u>	<u>850,396</u>	<u>14,002,944</u>
<b>EXPENDITURES:</b>			
Transportation	21,847,332	3,721,205	25,568,537
Debt service -			
Principal	-	20,000	20,000
Interest	-	321	321
Total expenditures	<u>21,847,332</u>	<u>3,741,526</u>	<u>25,588,858</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(8,694,784)</u>	<u>(2,891,130)</u>	<u>(11,585,914)</u>
<b>OTHER FINANCING SOURCES:</b>			
Operating transfers - in	13,273,398	2,059,585	15,332,983
Operating transfers - out	-	-	-
Total other financing sources	<u>13,273,398</u>	<u>2,059,585</u>	<u>15,332,983</u>
<b>CHANGE IN FUND BALANCE</b>	4,578,614	(831,545)	3,747,069
<b>FUND BALANCE - beginning of year</b>	<u>(1,080,884)</u>	<u>1,967,546</u>	<u>886,662</u>
<b>FUND BALANCE - end of year</b>	<u>\$ 3,497,730</u>	<u>\$ 1,136,001</u>	<u>\$ 4,633,731</u>

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Combining Statement of Net Position - Internal Service Funds  
December 31, 2019**

	Workers' Compensation	Health Insurance	Total Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Investments	\$ 6,979,120	\$ 53,868	\$ 7,032,988
Accounts receivable, net	-	198	198
Due from other governments	7,149,042	-	7,149,042
Prepaid expense	-	188,007	188,007
Total current assets	<u>14,128,162</u>	<u>242,073</u>	<u>14,370,235</u>
Total assets	<u>14,128,162</u>	<u>242,073</u>	<u>14,370,235</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	78,907	72,360	151,267
Accrued liabilities	-	17,235	17,235
Total current liabilities	<u>78,907</u>	<u>89,595</u>	<u>168,502</u>
Noncurrent liabilities:			
Due in more than one year:			
Workers' compensation liability	18,281,650	-	18,281,650
Total noncurrent liabilities	<u>18,281,650</u>	<u>-</u>	<u>18,281,650</u>
Total liabilities	<u>18,360,557</u>	<u>89,595</u>	<u>18,450,152</u>
<b>NET POSITION</b>			
Unrestricted	<u>(4,232,395)</u>	<u>152,478</u>	<u>(4,079,917)</u>
Total net position	<u>\$ (4,232,395)</u>	<u>\$ 152,478</u>	<u>\$ (4,079,917)</u>

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds  
For the Year Ended December 31, 2019**

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total Internal</u> <u>Service Funds</u>
<b>REVENUES:</b>			
Charges for services	\$ 3,595,667	\$ 20,155,827	\$ 23,751,494
Total operating revenues	<u>3,595,667</u>	<u>20,155,827</u>	<u>23,751,494</u>
<b>OPERATING EXPENSES:</b>			
Insurance claims and expenses	<u>3,815,697</u>	<u>20,874,980</u>	<u>24,690,677</u>
Total operating expenses	<u>3,815,697</u>	<u>20,874,980</u>	<u>24,690,677</u>
Operating income (loss)	<u>(220,030)</u>	<u>(719,153)</u>	<u>(939,183)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest income	293,943	7	293,950
Other miscellaneous	<u>278,600</u>	<u>951,170</u>	<u>1,229,770</u>
Total non-operating revenues (expenses)	<u>572,543</u>	<u>951,177</u>	<u>1,523,720</u>
CHANGE IN NET POSITION	<u>352,513</u>	<u>232,024</u>	<u>584,537</u>
NET POSITION - beginning of year	<u>(4,584,908)</u>	<u>(79,546)</u>	<u>(4,664,454)</u>
NET POSITION - end of year	<u>\$ (4,232,395)</u>	<u>\$ 152,478</u>	<u>\$ (4,079,917)</u>

**COUNTY OF CHAUTAUQUA, NEW YORK**

**Combining Statement of Cash Flows - Internal Service Funds  
For the Year Ended December 31, 2019**

	Workers' Compensation	Health Insurance	Total Internal Service Funds
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Receipts from services provided	\$ 4,273,674	\$ 20,155,629	\$ 24,429,303
Payments to suppliers and service providers	<u>(4,861,017)</u>	<u>(20,978,791)</u>	<u>(25,839,808)</u>
Net cash flow from operating activities	<u>(587,343)</u>	<u>(823,162)</u>	<u>(1,410,505)</u>
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Advances from (to) other funds	\$ -	\$ (74,147)	\$ (74,147)
Other income	<u>278,600</u>	<u>951,170</u>	<u>1,229,770</u>
Net cash flow from non-capital financing activities	<u>278,600</u>	<u>877,023</u>	<u>1,155,623</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchases of investments	(6,979,120)	(53,868)	(7,032,988)
Interest income	<u>293,943</u>	<u>7</u>	<u>293,950</u>
Net cash flow from investing activities	<u>(6,685,177)</u>	<u>(53,861)</u>	<u>(6,739,038)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(6,993,920)	-	(6,993,920)
CASH AND CASH EQUIVALENTS - beginning of year	<u>6,993,920</u>	<u>-</u>	<u>6,993,920</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (220,030)	\$ (719,153)	\$ (939,183)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Changes in:			
Accounts receivable	-	(198)	(198)
Due from other governments	678,007	-	678,007
Prepaid expense and other assets	-	(11,607)	(11,607)
Accounts payable	(2,697)	(81,544)	(84,241)
Accrued worker's compensation	(1,042,623)	-	(1,042,623)
Accrued liabilities	<u>-</u>	<u>(10,660)</u>	<u>(10,660)</u>
Net cash flow from operating activities	<u>\$ (587,343)</u>	<u>\$ (823,162)</u>	<u>\$ (1,410,505)</u>



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

August 26, 2020

To the Honorable County Executive and Members of the County Legislature  
County of Chautauqua, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Chautauqua, New York (the County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 26, 2020. Our report includes references to other auditors who audited the financial statements of the Chautauqua County Industrial Development Agency (CCIDA), the Chautauqua County Tobacco Asset Securitization Corporation (CTASC), and the Chautauqua County Land Bank Corporation (CCLBC), as described in our report on the County's financial statements. This report does not include the results of the auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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