PRELIMINARY OFFICIAL STATEMENT DATED MARCH 11, 2019

NEW ISSUE **SERIAL BONDS**

BOND RATING: Moody's: "Aa1" **RATING: See "BOND RATING" herein**

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended. Bond Counsel is also of the opinion that the interest on the Bonds is not treated as an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See "TAX MATTERS" herein.

The Bonds will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

$4,600,000

COUNTY OF ONTARIO, NEW YORK

GENERAL OBLIGATIONS

$4,600,000 Public Improvement Serial Bonds, 2019

(the "Bonds")

Dated: April 3, 2019 **Due: April 1, 2020-2029**

The Bonds are general obligations of the County of Ontario, New York, all the taxable real property within which is subject to the levy of *ad valorem* taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on April 1, 2020, October 1, 2020 and semi-annually thereafter on April 1 and October 1 in each year until maturity (or earlier redemption). Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of $5,000 or any integral multiple thereof. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Proposals for the Bonds shall be for not less than $4,600,000 and accrued interest, if any, on the total principal amount of the Bonds. A good faith deposit will not be required.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel,. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey or such other place as may be agreed upon with the Purchaser on or about April 3, 2019.

ELECTRONIC BIDS for the Bonds must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on March 20, 2019 until 11:00 A.M., Prevailing Time, pursuant to the Notice of Bond Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the County, each bid will constitute an irrevocable offer to purchase the Bonds pursuant to the terms provided in the Notice of Bond Sale.

March 11, 2019

THE COUNTY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF BOND SALE WITH RESPECT TO THE BONDS. FOR A DESCRIPTION OF THE COUNTY'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AS DESCRIBED IN THE RULE, SEE "APPENDIX-D – CONTINUING DISCLOSURE UNDERTAKING" HEREIN.

$4,600,000 Public Improvement Serial Bonds, 2019

(the "Bonds")

Dated: April 3, 2019 **Due: April 1, 2020-2029**

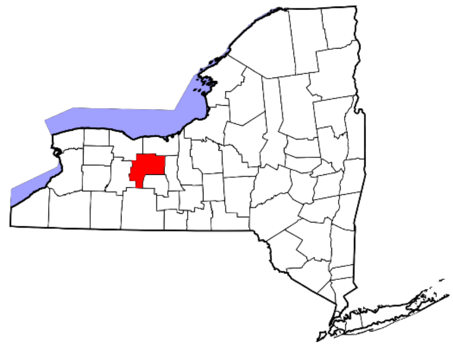
MATURITIES****

Year	Amount	Rate	Yield	CUSIP	Year	Amount	Rate	Yield	CUSIP
2020	$ 315,000				2025	$ 475,000			
2021	420,000				2026	490,000			
2022	430,000				2027	505,000			
2023	445,000				2028	520,000 *			
2024	460,000				2029	540,000 *			

* The Bonds maturing on or after April 1, 2028 are subject to redemption prior to maturity as described herein under the heading "THE BONDS - Optional Redemption".

** Subject to change pursuant to the accompanying Notice of Bond Sale in order to achieve substantially level or declining annual debt service as provided by Local Finance Law.

COUNTY OF ONTARIO, NEW YORK



BOARD OF SUPERVISORS

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ROBERT A. GREEN, JR.
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* * * * * * *

MARY A. KRAUSE
County Administrator

BRIAN H. YOUNG
Deputy County Administrator

GARY G. BAXTER
County Treasurer

HEIDI BAREND-GUERRIE
Deputy Treasurer

ROBIN L. JOHNSON
2nd Deputy Treasurer

KRISTIN A. MUELLER
Clerk, Board of Supervisors

MARY GATES
Director of Finance

LORRIE K. SCARROTT
Deputy Director of Finance

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No person has been authorized by the County to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County.

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

COUNTY OF ONTARIO, NEW YORK

Relating To

$4,600,000 Public Improvement Serial Bonds, 2019

This Official Statement, which includes the cover page and inside cover page, has been prepared by the County of Ontario, New York (the "County" and "State", respectively) in connection with the sale by the County of $4,600,000 principal amount of its Public Improvement Serial Bonds, 2019 (the "Bonds").

The factors affecting the County's financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the County tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the County contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Bonds and the proceedings of the County relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

NATURE OF OBLIGATION

Each of the Bonds when duly issued and paid for will constitute a contract between the County and the holder thereof.

Holders of any series of notes or bonds of the County may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds will be general obligations of the County and will contain a pledge of the faith and credit of the County for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, unless paid from other sources, the County has the power and statutory authorization to levy *ad valorem* taxes on all real property within the County subject to such taxation by the County, without limitation as to rate or amount (subject to certain applicable statutory limitations imposed by Chapter 97 of the 2011 Laws of New York State).

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the County is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the County's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "TAX LEVY LIMITATION LAW" herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

> "A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean… So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power

> to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted… While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the Flushing National Bank (1976) case held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

THE BONDS

Description of the Bonds

The Bonds are general obligations of the County, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the County is subject to the levy of *ad valorem* taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Bonds will be dated April 3, 2019 and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading "THE BONDS - Optional Redemption". The record date for the Bonds will be the fifteenth day of the calendar month preceding such interest payment. Interest will be calculated on a 30-day month and 360-day year basis.

The Bonds will be issued as registered bonds and, when issued, if issued in book-entry only form, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on April 1, 2020, October 1, 2020 and semi-annually thereafter on April 1 and October 1 in each year until maturity (or earlier redemption). Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of $5,000 or any integral multiple thereof. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Optional Redemption

The Bonds maturing on or before April 1, 2027 will not be subject to redemption, in whole or in part, prior to maturity. The Bonds maturing on or after April 1, 2028 will be subject to redemption prior to maturity, at the option of the County, on April 1, 2027, or on any date thereafter, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected at random within a maturity) at par (100.0%), plus any accrued interest to the date of redemption. Notice of the call for such redemption shall be given by mailing such notice to the registered owner(s) thereof not more than sixty (60) days nor less than thirty (30) days prior to the designated redemption date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such notice, become due and payable, together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date. If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected at random (by lot or in any other customary manner of selection as determined by the County Treasurer).

The County may provide conditional notice of redemption, which may state that such redemption is conditioned upon the receipt of moneys and/or any other event. If any such condition is not satisfied, such redemption shall not occur, and the County is to give notice thereof, as soon as practicable, in the same manner, to the same person(s), as notice of such redemption was given as described above. Additionally, any such redemption notice may be rescinded by the County no later than one business day prior to the date specified for redemption, by written notice by the County given in the same manner, to the same person(s), as notice of such redemption was given.

Purpose of Issue

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the County Law, the Local Finance Law and pursuant to a bond resolution adopted on May 10, 2018 authorizing the issuance of up to $5,200,000 of serial bonds to finance a portion of the cost of a capital improvements project consisting of the reconstruction and renovation of, and the construction of improvements, additions, renovations and upgrades to the County-owned building (and related facilities and site) located at 74 Ontario Street in Canandaigua, New York (the "Project").

The proceeds of the Bonds will provide $4,600,000 of original financing for the Project.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds if this closing procedure is selected by the purchaser. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com** and **www.dtc.org**.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered, as applicable.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE COUNTY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE COUNTY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law, or the County may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in multiples of $5,000 each thereof for any single maturity. Principal of and interest on the Bonds when due will be payable upon presentation at the office of the fiscal agent bank to be named by the County upon termination of the book-entry-only system. Interest on the Bonds will be payable semi-annually on April 1, 2020, October 1, 2020 and semi-annually thereafter on April 1 and October 1. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the fifteenth day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Certificate of the County Treasurer authorizing the sale of the Bonds and fixing the details thereof in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the fifteenth day of the calendar month preceding an interest payment date and such interest payment date.

THE COUNTY

General Information

The County is located 15 miles southeast of metropolitan Rochester, N.Y. and is the second largest county in the Rochester-Finger Lakes region. Based on the 2017 U.S. Census estimate, the County has a residential population of approximately 109,491 and a land area of 644 square miles and water area of 18 square miles. The cities of Geneva and Canandaigua and the Town of Victor are the commercial, cultural, economic and educational centers of the County.

The County is served by major interstates, including the New York State Thruway (1-90), Interstate 490 and NY State Routes 5 & 20, 96, 332 and 14, which provide the residents of the County with direct access to Rochester, Syracuse, Buffalo and many other major cities. Local general aviation access to the region is available through the Ontario County Industrial Development Agency's Airport, KIUA, in Canandaigua, which has a 5,500 ft. runway to serve corporate air traffic. The Greater Rochester Airport, approximately 40 minutes from Canandaigua, and the Hancock International Airport in Syracuse, provide the citizens of the County with access to several national airlines. The County is a member of the Regional Transit Service (RTS) that provides public transportation.

At the northern end of Canandaigua Lake is the City of Canandaigua, with a population of 10,545, which serves as the County seat. It is a major tourist destination during the summer and fall months and is known for its historical architecture, a bustling Main Street and a picturesque pier. Finger Lakes Community College (FLCC) has its main campus near the shore of Canandaigua Lake near the City. On the grounds of the FLCC, the Constellation Brands Marvin Sands Performing Arts Center (CMAC) is the summer home of the Rochester Philharmonic Orchestra. CMAC has a seating capacity of approximately 15,000 seats. Along with the Rochester Philharmonic Orchestra, CMAC is home to many other types of concerts during summer months including pop, rock, indie and county genres of music.

In downtown Canandaigua is the New York Kitchen. This 17,000 square foot state-of-the-art facility overlooking Canandaigua Lake features a Hands-On Kitchen, Educational Theater, Tasting Room, Private Dining Room, Culinary Boutique, and locally-sourced restaurant, the Upstairs Bistro. This is a cooperative venture amongst Constellation Brands, Wegmans Food Markets, Rochester Institute of Technology and the New York Wine and Grape Foundation. The center attracts more than 100,000 visitors a year.

Outgrowths of strong public/private partnership arrangements and the blossoming culture of collaboration that exists within the County are making way for a promising future. Development of space-age technologies with a myriad of commercial applications in photonics and micro-systems is burgeoning. Applying this technology to agriculture, food and bio-based technologies is also attracting other enterprises that are expected to enhance their missions as well as promote further job growth in the County. For these and other reasons, the County has become one of the fastest growing counties in the State.

Akoustis is a 120,000-square-foot, state-of-the-art facility. Akoustis includes over 26,000 square feet of certified cleanroom space with 150mm and 200mm microelectromechanical systems (MEMS) foundry services, complemented by a dedicated 8,000-square-foot MEMS and optoelectronic packaging facility. Akoustis has the largest array of world-class MEMS-related solutions from design to fabrication, packaging and testing, all under one roof. Akoustis uses the facility to manufacture bulk acoustic wave (BAW) filters for next generation 5-G communications equipment. These capabilities are unmatched the world over, providing the capacity, infrastructure and operational capabilities to create immediate job and investment opportunities in all areas of semiconductor and advanced manufacturing. Akoustis has the distinction of being one of only two accredited organizations that can provide integration of Trusted Integrated Circuit Foundry with MEMS for the U.S. Defense Dept. Akoustis sits on a 57 acre campus that is a shovel-ready site for approximately 900,000 additional square feet of manufacturing space for technology commercialized in the center.

The City of Geneva, with a population of 13,260, is located at the northern end of Seneca Lake. Hobart College (founded in 1822) and William Smith College (founded in 1908) are in Geneva, as well as another campus for FLCC. Geneva is the headquarters for Cornell University's New York State AgriTech, the NYS Center of Excellence for Agriculture and Food Innovation, and the Cornell Agricultural and Food Technology Park (Tech Farm). The Tech Farm is a 72-acre research and development park established to let companies carry out cutting edge research in food, agriculture and bio-based technologies, as well as complement existing research of the NYS AgriTech and Cornell University. FLCC's viticulture center is on the Tech Farm campus. This curriculum is the first of its kind in the state, and it has an articulation agreement with Cornell University. At full build-out there will be 375,000 square feet available to tenants. The current tenants include: Stony Brook Whole Hearted Foods (production of squash seed oils), Empire Cidery, and Assured Edge Solutions (turning waste vegetables and fruits into powders used in cooking). The Center of Excellence for Food and Agriculture pulls together multiple partners to catalyze business development in the agriculture and food industries. The Center for Excellence serves as a hub connecting NY businesses and entrepreneurs with services they need to grow including connections to distributors and marketers, potential partners, co packing and manufacturing facilities, business services, workshops and mentorship, physical office, lab and kitchen space and specialized equipment.

Guardian Industries, located in the Geneva Industrial Park, is a leading manufacturer and fabricator of float glass products used in the construction industry and is a leading supplier of vehicle glass and exterior trim systems to the global automotive industry. Guardian Industries has been in Geneva since 1995. In 2017, Guardian made the commitment to stay in Geneva and invest $67.1 million in their facility. Guardian's neighbor in the Industrial Park is Zotos International, Inc. Zotos International is a professional beauty industry leader that manufactures and markets a full range of hair care, texture service and hair color options for today's salons and salon professionals. Zotos is a division of Henkel from Germany. A new tenant in the Geneva Industrial Park is Solar Home Factory. At Solar Home Factory, small homes are pre-fabricated with solar panels and a unique system to provide all HVAC without outside power. The first homes produced are now being placed in Solar Village in the City of Geneva.

The successful development of the Cornell Agriculture and Food Technology Park in Geneva combined with Akoustis in Canandaigua has propelled Ontario County into a position as a premium location for technology-focused development. In addition, the open-access, dark fiber network built by the County, has over 200 miles of lightning fast internet capability. This project was designed to reach the majority of developed communities within the County and is intended to place fiber infrastructure in areas where fiber optic cable does not exist today. The fiber optic ring is linking business, industries, government agencies and homes, giving the County a technological edge. The project is serving as a foundation to support technologies capable of providing the "last mile" deployment throughout the entire region. The project design includes a link to the BOCES Regional Support Center in Newark providing the access needed for local school districts. The Ontario County fiber optic ring is connected with the Southern Tier fiber optic ring as well as the Monroe County ring.

Three general care hospitals provide care to the residents of the County: F.F. Thompson Hospital, Clifton Springs Hospital and Clinic, and Geneva General Hospital. F.F. Thompson Hospital is allied with the University of Rochester's Strong Memorial Hospital, and Clifton Springs Hospital is teamed with Rochester General Hospital. Ontario Center, Elm Manor, Clifton Springs Hospital and Clinic, M.M. Ewing Continuing Care Center, and other such agencies, provide health-related and skilled nursing care to the elderly population in the County. The Canandaigua Veterans Administration Medical Center has been provider of inpatient and outpatient medical services to veterans living in upstate New York State for over 80 years. The Medical Center has broadened its medical focus to include long-term care, in addition to its long-standing reputation in psychiatric care. Long-term care, nursing home care, mental health care, alcohol/drug rehabilitation, adult day health care program, respite care, posttraumatic stress disorder clinic, domiciliary program, mental health initiative program, and homeless program are all notable services offered at the Canandaigua Veterans Administration Medical Center. This facility is headquarters for the national suicide prevention hotline of the Veteran Administration employing many in the area.

There are many recreational activities available to the residents of the County. Five Finger Lakes (Canandaigua, Seneca, Honeoye, Canadice, and Hemlock) serve as prime locations for a variety of warm and cold weather activities, such as boating, fishing and swimming. A mountain ski and snowboarding resort, Bristol Mountain, attracts skiers from many states and Canada. It also has tree-top ropes courses to make the facility a year-round destination. The County is located in the Finger Lakes wine region, the largest wine producing region east of California, offering many opportunities to sample award-winning vintages and tour more than 100 wineries. Ontario County is home to some of the most scenic golf courses in the Finger Lakes region. Eastview Mall and the surrounding area offer over 2.2 million square feet of retail services. In addition, the metropolitan Rochester and suburban Monroe County areas offer commercial and retail services.

Fire protection is furnished by several volunteer companies, as well as paid fire departments of the Cities of Canandaigua and Geneva. Police protection is furnished by city and village police, the County Sheriff's Department and the New York State Police. Gas and electric services are provided by National Grid, Rochester Gas and Electric Corporation, and New York State Electric and Gas Corporation. Telephone services are provided by AT&T, Frontier Communications, Choice One Communications, MCI, Frontier Seneca-Gorham, Sprint, Ontario Trumansburg, Spectrum, Verizon Wireless, Cingular, Nextel and T-Mobile.

Recent Economic Developments

The economy remains stronger than many other counties in upstate New York as evidenced by low unemployment rates, growing population, and above average household incomes. Ontario County's unemployment rate is below the national and State averages. The County grew by 8% over the previous decade, outpacing the region and State. Advanced manufacturing, agriculture, healthcare, and tourism continue to lead the economy. Of the six counties which border the County, Ontario County has the lowest percentage of population below the poverty line. The community college lends strong support for the workforce needs of local businesses.

In January 2019, F.F. Thompson Hospital (Thompson Health) broke ground on a $12.3 million expansion project. Thompson Health is upgrading from its current 7-bed ICU to a 12-bed ICU unit. This will allow the Thompson Health to keep more of its patients at the hospital rather than sending them to Rochester when at capacity, which will support the hiring of intensivists, or physicians specializing in the care of critically ill patients. The project is expected to take a little over a year to complete.

The developers of a stalled Steamboat Landing project on the northern tip of Canandaigua Lake are a few procedural steps away from re-starting the project after construction ended in 2015 when funding for the project fell through. The $54 million Steamboat Landing project, also known as the Canandaigua Finger Lakes Resort, initially launched in 2013 and included plans for a 109-room hotel under the Hilton Tapestry name, a restaurant and 44 condos. Plans for the hotel also included conference space of nearly 12,475 square feet which can accommodate 500-plus people. Pending necessary approvals, the developer is hoping to resume construction later this year.

Pinnacle North is a mixed-use signature development on the north shore of Canandaigua Lake. This prime piece of real-estate was purchased, cleared, and remediated by a local developer. The plot of land being developed is 21 acres. The project has secured a major developer, PILOT Increment Financing, and the required funding. The project has high-end rental and mixed-use retail. Phase I has concluded and is 100% occupied and Phase 2 is underway. The whole project will take approximately six more years to complete.

High Point is a class "A" office park with two buildings with underground parking and room for one more office building in Victor. Cooper Vision, Soleo Communications, and Constellation Brands have headquarters in the High Point Office Park. Victor is home to several other business parks including Omnitech, Lehigh Crossing, Canning Parkway, Rae Boulevard, and Fishers Run.

The County is a Foreign Trade Zone Grantee (FTZ 289). Velocity Outdoor (Crosman) Corporation in East Bloomfield and Farmington is the first sub-zone in it.

The Ontario County Industrial Development Agency built and maintains Canandaigua Airport (KIUA). It will build a new building for snow removal equipment in 2019 and is designing a terminal and corporate jet hangar. Funding for these projects came from the Federal Aviation Administration (FAA), New York State Department of Transportation (DOT), and the Ontario County Industrial Development Agency. Mercy Flight Central Aviation Services is the fixed-base operator (FBO) at the Airport.

In addition, the Ontario County Industrial Development Agency is assisting FLCC with its Start Up NY program, a new business attraction program developed by New York State. A total of six Start-Up NY companies are affiliated with FLCC in Ontario County, the most of any community college in the State.

In February 2019, U.S. Sen. Chuck Schumer announced that $68.9 million in funds have been allocated to build a new federal Grape Genetics Research Lab at Cornell AgriTech in Geneva, New York. The funds will come from the United States Department of Agriculture (USDA) Agricultural Research Service (ARS) Building and Facilities budget.

Population Trends

	County of Ontario	New York State
1990	95,101	17,990,455
2000	100,224	18,976,457
2010	108,085	19,378,102
2017 (estimated)	109,491	19,798,228

Source: U.S. Census Bureau; 2013-2017 American Community Survey 5-Year Estimates

Larger Employers

The top ten employers in the County and the estimated number of persons employed by each are as follows:

Employer	Business	Approximate # of Employees
Thompson Health Care	Health	1,430
VA Hospital	Health	1,195
Finger Lakes Health Care	Health	1,100
Ontario County	Government	876
Pactiv Corp.	Manufacturing	775
Constellation Brands	Manufacturing	774
Hobart and William Smith Colleges	Education	757
G W Lisk	High Tech Mfg	732
Clifton Springs Hospital	Health Care	587
Zotos International	Manufacturing	581

Source: County Officials.

Unemployment Rate Statistics

	Annual Average						
	2012	2013	2014	2015	2016	2017	2018
Ontario County	7.3%	6.3%	5.2%	4.7%	4.3%	4.5%	N/A
New York State	8.5%	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%

	2018-19 Monthly Figures											
	2018										2019	
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Ontario County	5.4%	4.5%	3.6%	3.9%	3.5%	3.5%	3.2%	3.0%	3.1%	3.7%	4.5%	N/A
New York State	4.6%	4.0%	3.7%	4.1%	4.2%	4.0%	3.6%	3.6%	3.5%	3.9%	4.6%	N/A

Source: Department of Labor, State of New York. Figures not seasonally adjusted.

Selected Wealth and Income Indicators

Per capita and median family income statistics are listed below for the County and State.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2013-2017	2000	2006-2010	2013-2017
County of:						
Ontario	$ 21,533	$ 26,393	$ 33,685	$ 52,698	$ 63,907	$ 78,750
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

Note: 2014-2018 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2013-2017 American Community Survey data.

Banking Facilities

The following commercial banks maintain offices in the County:

JPMorgan Chase Bank, N.A.
Community Bank, N.A.
KeyBank, N.A.
Five Star Bank
Canandaigua National Bank and Trust Company
Lyons National Bank
Bank of the Finger Lakes (USNY Bank)
Citizens Bank
Woodforest National Bank
Generations Bank
M&T Bank

Governmental Organization

Subject to the State Constitution, the County operates pursuant to the County Law, the General Municipal Law and other laws governing the County generally to the extent that such laws are applicable.

The legislative power of the County is vested in the County Board of Supervisors (the "Board"). One supervisor elected from each of the Towns located within the County, together with three supervisors elected from the City of Geneva and two supervisors elected from the City of Canandaigua, constitute the Board of Supervisors. Both the number of members and boundaries of their areas of representation may be varied from time to time in accordance with requirements of the federal and State Constitutions or the provisions of the Municipal Home Rule Law.

The Board meets at both regular and special meetings throughout the year and utilizes the committee system. Among its powers and duties, the Board reviews and adopts the annual County budget, levies taxes, reviews and approves any modifications to the budget and authorizes the incurrence of all indebtedness of the County. The Board oversees the general operation of County government and is assisted by the County Administrator who is responsible for the coordination and efficiency of the various County agencies.

Financial Organization

As mentioned above, the Board reviews and adopts the annual County budget, levies taxes, reviews and approves any modifications to the budget, and authorizes the incurrence of all indebtedness of the County. The County Treasurer is the Chief Fiscal Officer and is elected from the County at large every four years. Effective January 1, 2004, the Department of Finance was created, headed by the Director of Finance, who is appointed by the Board of Supervisors.

Budgetary Procedures and Recent Budget Votes

The following budget procedure, pursuant to County Law, is utilized for the preparation, analysis, review and approval of the County Budget.

The Budget Officer is the Chairman of the Ways and Means Committee. Budget forms are provided to department heads in early July. Department heads complete the entire budget for their activities including salaries, fringe benefits, equipment, contractual and other expenditures.

Each year during the month of August the department heads submit their completed budget proposals to the respective standing committees for their review. The standing committees, working with the department heads, complete a review of the budget requests. At the beginning of September the budget requests, previously completed by the department heads and reviewed and approved by the standing committees, are submitted to the Budget Officer. During the month of September the Budget Officer and the County Ways and Means Committee review all budget requests. The Ways and Means Committee conducts a scheduled workshop with the full Board and media invited. The completed budget is presented to the Board at its meeting in November. Adoption of the budget is completed by the last Board meeting in November. The Capital Improvement Plan is also approved in the same time frame as the operational budget.

The County's 2017 budget included a 2.64% increase in the property tax levy, which was below the County's tax levy limit of 2.89%.

The County's 2018 budget included a 3.2% increase in the property tax levy, which was below the County's tax levy limit of 3.37%.

The County's 2019 budget included a 4.07% increase in the property tax levy, which was below the County's tax levy limit of 4.28%.

Investment Policy

The local law which created the Department of Finance delegated the investment of funds to the Director of Finance. The policy is prepared by the Manager of Financial Operations but is the policy of the Board of Supervisors. The County's investments are governed by a formal written investment policy, which is consistent with the Investment Policies and Procedures guidelines promulgated by the Office of the State Comptroller.

Pursuant to the Board of Supervisor's investment policy, investments of monies not required for immediate expenditure may be made in certain obligations authorized by Section 11 of the General Municipal Law of the State, as defined therein being (a) special time deposit accounts; (b) certificates of deposit; (c) obligations of the United States Government; and (d) obligations of the State of New York.

The Board of Supervisor's investment policy further provides that, in accordance with the provisions of Section 10 of the General Municipal Law of the State, all deposits, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, are secured by a pledge of "eligible securities" with an aggregate "market value" equal to 102% of the aggregate amount of deposits. Eligible securities used for collateralizing deposits are to be held by a third party bank or trust company subject to security and custodial agreements.

The County's investment policy also authorizes the County to enter into repurchase agreements, subject to the following restrictions: (a) all repurchase agreements must be entered into subject to a master repurchase agreement; (b) obligations shall be limited to obligations of the United States of America and obligations of agencies of the United States of America where principal and interest are guaranteed by the United States of America; (c) no substitution of securities will be allowed; (d) the custodian shall be a party other than the trading partner, and (e) repurchase agreements shall be for periods of 30 days or less.

The Board of Supervisor's investment policy does not permit the County to invest in reverse repurchase agreements or other derivative-type investments and the County has never invested in reverse repurchase agreements, or other derivative-type investments.

Ontario County Soil & Water Conservation District (SWCD)

The SWCD was established in accordance with the Soil & Water Conservation District Laws, to provide for the conservation of the County's soil and water resources. Members of the SWCD's Board of Directors are appointed by the Board of Supervisors, and administrative costs of the SWCD are funded primarily through the County appropriations. The SWCD does derive other revenues and performs other activities outside the County's general oversight and responsibilities. The directors of the SWCD have sole responsibility for management of the SWCD and full accountability for fiscal matters. Complete financial statements for the SWCD may be obtained at the entity's administrative office located at 480 North Main Street, Canandaigua, New York, 14424. It should be noted that the SWCD is a related entity of the County, however, the directors of the SWCD have sole responsibility for management and accountability for fiscal matters.

Ontario County Industrial Development Agency (IDA)

The IDA is a public benefit corporation created by state legislation to promote the economic welfare, opportunities, and prosperity of the County's inhabitants. The IDA was established to promote and assist in acquiring or constructing various businesses and recreational facilities in the County. Complete financial statements for the IDA may be obtained at the IDA's administrative office located at 20 Ontario Street, Canandaigua, New York, 14424. It should be noted that the IDA is a public benefit corporation whose financials are a component part of the County's financial statements.

Employees

Organized employees of the County are divided into four bargaining units, represented by the Civil Service Employees Association, Inc., Local 1000, AFSCME, AFL-CIO, Local 835. There is no collective bargaining agreement with managerial/professional personnel of the County.

The County employees are broken down as follows:

Bargaining Unit	Number of Members FT / PT	Contract Expiration Date
Ontario County Sheriff's Benevolent Assoc.	62/16	12/31/20
Ontario County Sheriff's General Unit	146/14	12/31/20
Ontario County Sheriff Lieutenants Unit	5 / 0	12/31/20
CSEA General Unit	363/8	12/31/20
Elected Officials	4 / 25	No Bargaining Unit
Management Employees	117/0	No Bargaining Unit

Note: The County employs approximately 90 seasonal employees, 86 part-time employees, and 392 Election Inspectors not covered by the above bargaining unit contracts.

State Aid

The County receives financial assistance from the State. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the County, in this year or future years, the County may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the County, may be affected by a delay in the payment of State aid.

On December 22, 2017, President Trump signed into law the significant tax reform legislation that is generally referred to as the "Tax Cuts and Jobs Act of 2017" (the "TCJA"). The TCJA made significant changes to the Code, most of which became effective for the 2018 tax year. The TCJA made extensive changes to the deductibility of various taxes, including placing a cap of $10,000 on a taxpayer's deduction of state and local taxes (the "SALT Deduction Limitation"). While it cannot yet be predicted what precise effects the SALT Deduction Limitation will have for the State, it is possible that government officials at both the State and local level may find it politically more difficult to raise new revenues via tax increases, since the deduction thereof, for taxpayers who itemize deductions, is now limited.

The State is not constitutionally obligated to maintain or continue State aid to the County. Accordingly, no assurance can be given that present State aid levels will be maintained in the future particularly in light of the difficulties encountered by the State in balancing its budget. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the County, requiring either a counter-balancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "MARKET AND RISK FACTORS" herein).

Pension Payments

Substantially all employees of the County are members of the New York State and Local Employees' Retirement System ("ERS"). The ERS is generally known as the "Common Retirement Fund" or "Retirement System". The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute, and the benefits to employees, are governed by the New York State Retirement System and Social Security Law (the "Retirement System"). The Retirement System offers several plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System generally provides that all participating employers in the retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute 3% of gross annual salary towards the cost of retirement programs during their first ten years of service.

On December 12, 2009, a new Tier V was signed into law. The law is effective for new ERS hires on or after January 1, 2010 through March 31, 2012. Tier V ERS employees contribute 3 percent of their salaries. There is no provision for these contributions to cease after a certain period of service. Overtime pay in excess of $15,000 will not be subject to ERS either in contribution from the County or the employee.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

The County's contributions to ERS since 2014 and the 2019 budgeted amount are as follows:

Year	Amount
2014	$ 10,179,169
2015	8,899,211
2016	7,914,903
2017	7,669,370
2018	7,642,730
2019 (budgeted)	8,886,070

The County has chosen to pay its retirement liability on December 15 and realize the benefit of paying a discounted rate.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The County does not have any early retirement incentives outstanding.

Historical Trends and Contribution Rates: Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for ERS. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS rates (2014 to 2020) is shown below:

Year	ERS
2014	20.9%
2015	20.1
2016	18.2
2017	15.5
2018	15.3
2019	14.9
2020	14.6

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the County, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The County is not amortizing or smoothing any pension payments nor does it intend to do so in the foreseeable future.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the County's employees is not subject to the direction of the County. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the County which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

Other Post-Employment Benefits

OPEB. Other Post-Employment Benefits ("OPEB") refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. In 2015, the GASB released new accounting standards for OPEB plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The implementation of this statement requires municipalities to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required municipalities to calculate and report a net other postemployment benefit obligation. However, under GASB 45 municipalities could amortize the OPEB liability over a period of years, whereas GASB 75 requires municipalities to report the entire OPEB liability on the statement of net position.

The County does not currently have any OPEB libaility. The County did offer a 105(h) plan to select employees but in reviewing the calculations and definition of OPEB under GASB 75 it had become clear that the County's 105(h) plan does not qualify as a post-employment benefit, but rather it is considered a termination benefit. Prior years' financial statements have stated a GASB 45 OPEB liability as the County did provide health insurance coverage to the surviving spouses of three particular employees who are no longer eligible.

Financial Statements

The County retains an independent certified public accounting firm for a continuous independent audit of all financial transactions of the County. The most recent audit was for the fiscal year ended December 31, 2017 and is incorporated by reference hereto as "APPENDIX – E". The County's audit for fiscal year ending December 31, 2018 is not available and is expected to be completed May 2019. The County's unaudited annual financial report update document is in progress and not complete as of the date of this Official Statement. Certain summary financial information may also be found in the Appendices to this Official Statement.

The County complies with the Uniform System of Accounts as prescribed for counties in New York State by the State Comptroller. This System differs from generally accepted accounting principles (GAAP) as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB). This difference is with respect to the annual update document which is not prepared using the GAAP standards while the audit report is prepared using such standards.

Changes to the Uniform System of Accounts as prescribed for counties have been made by the State Comptroller in order to conform the Uniform System of Accounts to certain of these principles. These changes require the County to maintain a record of fixed assets to be recorded at cost or at estimated historical cost.

Beginning with the fiscal year ending December 31, 2003 the County began issuing its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The County is in compliance with Statement No. 34.

Projected (Unaudited) Results of Operations for Fiscal Year Ending December 31, 2018

The County expects to conclude the fiscal year ending December 31, 2018 with an unappropriated unreserved fund balance of approximately $60,194,457. Summary unaudited projected information for the General Fund for the period ending December 31, 2018 is as follows:

Projected Revenues:	$ 192,015,534
Projected Expenditures:	190,857,414
Projected Other Sources and Uses:	(2,529,014)
Projected Excess Revenues over Expenditures:	$ 1,370,894
Projected Total General Fund Balance:	$ 54,300,212

These projections are based upon certain current assumptions and estimates and the audited results may vary therefrom.

Fund Balance Policy

The County current operates with the following policy related to fund balance: County finances will be managed so as to maintain balances of the various funds at levels sufficient to mitigate current and future risks, such as revenue shortfalls and unanticipated expenditures, ensure stable tax rates and user fees, and protect the County's creditworthiness. To assure the appropriate level, in the general fund, the County will maintain a minimum unrestricted fund balance of 18% - 22% of the total general fund appropriations which is approximately 2 – 3 months of expenditures.

Should the General Fund balance fall below the target level, the Finance Director will prepare a plan for restoration of the balance to the target level and achieve the target level as soon as practicable within the next fiscal year. The plan will be presented to the Financial Management Committee for review and approval for implementation.

New York State Comptroller Reports of Examination

The New York State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the County has complied with the requirements of various State and Federal statutes. These audits can be obtained from the Office of the State Comptroller website.

The State Comptroller's office released its most recent audit report of the County on April 20, 2018. The audit presented findings for the County, one of six local governments audited in a Statewide report entitled Emergency Service Communication Surcharges to determine whether counties received and expended all emergency surcharge revenue from communication service suppliers and used these surcharges to improve their county's 911 systems and operations.

A copy of the complete report can be found on the State Comptroller's official website in the section regarding completed municipal audits.

The State Comptroller recently conducted a route audit of the County in late 2018. The scope of the audit was open, and no report has been provided to the County or published as of the date of this Official Statement.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities were facing significant fiscal challenges in the wake of the 2008-09 recession. As a result, the Office of the State Comptroller had developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past five years for the County are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2017	No Designation	0.0%
2016	No Designation	6.3%
2015	No Designation	6.3%
2014	No Designation	9.6%
2013	No Designation	3.3%

The Fiscal Score for fiscal year ending December 31, 2018 has not been calculated as of the date of this Official Statement.

For additional details regarding the Fiscal Stress Monitoring System visit the State Comptroller's official website.

Source: Website of the Office of the New York State Comptroller. Reference to websites implies no warranty of accuracy of information therein.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose for which the Bonds are to be issued, is the County Law and the Local Finance Law.

The publication procedure to stop certain challenges to the validity of the Bonds, as prescribed in Title 6 of Article 2 of the Local Finance Law, has been complied with with respect to the bond resolutions under which the Bonds are being issued.

No principal or interest upon any obligation of the County is past due.

The fiscal year of the County is the calendar year.

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the County.

TAX INFORMATION

Valuations

Year of County Tax Roll:	2015	2016	2017	2018	2019
Assessed Valuation	$ 8,387,127,500	$ 8,579,062,178	$ 8,786,278,895	$ 9,046,251,943	$ 9,318,296,868
New York State Equalization Rate	Various	Various	Various	Various	Various
Equalized Full Value	$ 8,390,309,562	$ 8,596,261,601	$ 8,798,418,766	$ 9,092,021,884	$ 9,389,130,749

(1) Please refer to "APPENDIX – C" attached hereto for greater detail as to the computations of taxable full valuations.

Tax Rate Per $1,000 (Full Valuation)

Year of County Tax Roll:	2015	2016	2017	2018	2019
	$ 6.33	$ 6.30	$ 6.31	$ 6.31	$ 6.35

Tax Collection Procedure

Taxes are payable during the month of January to the Town Tax Collectors without penalty. Beginning February 1, a 1% penalty is added in each month that taxes remain unpaid.

In addition to this penalty, a 5% Treasurer's fee is added on April 1. The County places a lien on taxes which remain unpaid by October. If the taxes remain unpaid for a period of two years after they are due, the County forecloses on the property and holds an auction in May. Under New York State law, the County is obligated to reimburse the villages, towns and school districts (other than "city school districts") for any uncollected taxes.

Tax Collection Record

Years Ending December 31:	2014	2015	2016	2017	2018
Total Tax Levy (1)	$ 79,952,005	$ 75,511,140	$ 78,210,464	$ 82,096,184	$ 85,477,732
Unpaid End of Fiscal Year	2,589,516	2,262,813	2,330,850	2,124,120	2,311,586
Unpaid End of Fiscal Year	3.55%	3.0%	2.93%	2.59%	2.70%

(1) Includes County, Town and Special District taxes and re-levies.

Ten Largest Taxpayers - 2018 Assessment (2019 County Tax Roll)

Name of Taxpayer	Type of Business	Taxable Full Valuation
Rochester Gas & Electric	Utility	$ 125,171,570
NYS Electric & Gas	Utility	78,439,248
Finger Lakes Racing Assoc.	Racino	33,815,000
Pactiv LLC	Industrial	28,370,200
Gypsum Mills	Housing	27,369,900
Rochester Fairways Owner LLC	Housing	27,101,000
Widewaters Hopewell Co. LLC	Retail	26,381,827
Wegmans Food Markets Inc.	Retail	21,228,600
Main Street Stop LLC	Retail	21,045,500
Tennessee Gas	Utility	20,754,529

The larger taxpayers, listed above, have a total estimated assessed valuation of $409,677,374 that represents approximately 4.4% of the County tax base.

The County currently does not have any pending or outstanding tax certiorari claims that are anticipated to have a material impact on the County.

Source: County officials.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31:

Year of County Tax Roll:	2017	2018	2019
Five-Year Average Full Valuation	$ 8,420,185,636	$ 8,616,983,600	$ 8,852,743,255
Tax Limit - (1.5%)	126,302,785	129,254,754	132,791,149
Add: Exclusions from Limit	2,089,250	2,039,237	1,993,635
Total Taxing Power	128,392,035	131,293,991	134,784,784
Less: Total Levy	54,953,833	56,833,383	59,669,860
Tax Margin	$ 73,438,202	$ 74,460,608	$ 75,114,924

Source: County officials.

Additional Tax Information

Real property subject to County taxes is assessed by the component towns and cities.

Veterans' and senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the County is estimated to be categorized as follows: Residential: 58.13%, Commercial: 14.01%, Agricultural: 4.02%, Public Service: 5.24%, Industrial: 2.73%, Community Service: 11.10% and Other: 4.77%.

The average assessed value of a single-family residential parcel is $187,072. The average tax rate for all taxing purposes (excluding village) is $28.92 per $1,000. The average tax bill for a single-family residential property would be $5,410.12.

Sales and Compensating Use Taxes

Section 1210 of the New York Tax Law authorizes the County to levy sales and compensating use taxes of up to 3% in addition to the 4% tax levied by the State. Pursuant to Chapter 37, the County is authorized to impose an additional sales tax of 1/8%. Such sales and compensating use tax collections in New York are administered by the State Tax Commission and the proceeds are paid to the County monthly.

The Tax Law, however, permits cities to impose 1-1/2% sales and compensating use taxes within their own jurisdictions preemptively. In such event, the County may levy 3% sales and compensating taxes in the areas outside the cities and 1-1/2% tax in the cities that do not exercise this preemptive right. However, effective March 1, 2006, the Cities of Canandaigua and Geneva entered an agreement to repeal city sales taxes and authorized the County to impose is sales tax rate of 3-1/8% beginning September 1, 2006.

The sales tax rate in Ontario County is 7.5%, of which 4% is collected for and received by the State of New York. The County keeps 1.22%, and the towns, villages, and cities in the County receive 2.28%.

The sales and compensating use tax collections as recorded by the County since 2006 and the current year to date are as follows:

Sales and Compensating Use Tax Revenue History:

Year Ending December 31, 2010	$ 37,285,777
Year Ending December 31, 2011	38,470,988
Year Ending December 31, 2012	40,580,170
Year Ending December 31, 2013	41,191,510
Year Ending December 31, 2014	42,025,184
Year Ending December 31, 2015	42,216,160
Year Ending December 31, 2016	42,395,639
Year Ending December 31, 2017	43,630,832
Year Ending December 31, 2018	45,955,205
Year Ending December 31, 2019 (Budgeted)	44,986,550

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo, the latter four of which are indirectly affected by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2020 unless extended (and both Governor Coumo and the State Senate have proposed making the Tax Levy Limitation Law permanent) Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of the Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the County (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the County and its indebtedness (including the Bonds), include the following provisions:

Purpose and Pledge. Subject to certain enumerated exceptions, the County shall not give or loan any money or property to or in aid of any individual, private corporation or private undertaking or give or loan its credit to or in aid of any foreign or public corporation. The County may contract indebtedness only for a County purpose and shall pledge its faith and credit for the payment of the principal of any interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or in the alternative the weighted average maturity of the several objects or purposes for which it has contracted; unless substantially level or declining annual debt service is utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The County is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit. The County has the power to contract indebtedness for any County purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real property of the County and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the County is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

Statutory Procedure

In general, the State Legislature has enacted statutes relating to the power and procedure for the County to borrow and incur indebtedness by the enactment of the Local Finance Law subject, of course, to the provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the County Law and the General Municipal Law.

Pursuant to the Local Finance Law and County Law, the County authorizes the issuance of bonds by the adoption of a bond resolution approved by at least two-thirds of the members of the Board of Supervisors, the finance board of the County. Customarily, the Board of Supervisors has delegated to the County Finance Director, as chief fiscal officer of the County, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

1. (a) Such obligations were authorized for an object or purpose for which the County is not authorized to expend money, or

   (b) The provisions of the law which should be complied with as of the date of publication of the notice were not substantially complied with,

and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication of the notice; or

2. Such obligations are authorized in violation of the provisions of the Constitution of New York.

The County typically complies with this estoppel procedure, and it has done so with respect to the bond resolution pursuant to which the Bonds are being issued. It is a procedure that is recommended by Bond Counsel, but is not an absolute requirement.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto. The County has authorized bonds for a variety of County objects or purposes.

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such bonds outstanding, commencing no later than two years from the date of the first of such bonds and provided that such renewals, with certain limited exceptions, do not exceed five years beyond the original date of borrowing. (See “Payment and Maturity” under “Constitutional Requirements” herein.)

In general, the Local Finance Law contains provisions providing the County with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes, budget and deficiency notes and capital notes (see “STATUS OF INDEBTEDNESS - Details of Outstanding Indebtedness” herein).

County Debt Policy

The County has adopted a comprehensive debt service policy which requires the County to use County funds for 5% of the cost of any capital project that is bonded. The policy also places a debt limit equal to 1.5% of the County’s five-year average taxable assessed valuation.

Debt Outstanding End of Fiscal Year

Fiscal Years Ending December 31:	2014	2015	2016	2017	2018
Bonds	$ 29,995,000	$ 27,560,000	$ 24,990,000	$ 22,580,000	$ 20,615,000
Bond Anticipation Notes	0	0	0	0	0
Other Debt	0	0	0	0	0
Total Debt Outstanding	$ 29,995,000	$ 27,560,000	$ 24,990,000	$ 22,580,000	$ 20,615,000

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the County evidenced by bonds and notes as of March 7, 2019:

	Maturity		Amount Outstanding
Bonds	2019-2034		$ 20,615,000
Bond Anticipation Notes	---		0
		Total Indebtedness	$ 20,615,000

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of March 7, 2019:

Five-Year Average Full Valuation			$ 8,853,072,344
Debt Limit - 7% thereof			$ 619,715,064
Inclusions:			
Bonds	$ 20,615,000		
Bond Anticipation Notes	0		
Total Inclusions		$ 20,615,000	
Exclusions:			
Appropriations	$ 1,960,000		
Total Exclusions		$ 1,960,000	
Total Net Indebtedness			$ 18,655,000
Net Debt-Contracting Margin			$ 601,060,064
The percent of debt contracting power exhausted is			3.01%

Note: The issuance of the Bonds will increase the net indebtedness of the County by $4,600,000.

Bonded Debt Service

A schedule of the County's bonded debt is attached here to as Appendix – B.

Cash Flow Borrowings

The County has not found it necessary to issue revenue anticipation notes or tax anticipation notes in the past, nor does it anticipate borrowing either during 2019 or for the foreseeable future.

Capital and Operating Leases

The County entered into an operation, management and lease agreement with New England Waste Services of New York, Inc. and Casella Waste Systems, Inc. (Casella) for operation of the County landfill. The effective date of the agreement was December 8, 2003, for a period of 25 years. Under the terms of the agreement, the contractor will pay $2,000,000 per year for the term of the agreement for the exclusive lease, franchise, license and privilege to construct, operate and use the facilities under the terms of the agreement.

In January 2016, Casella successfully secured a permit to begin using a predefined cell in the existing landfill footprint. Per terms in the original agreement, upon obtaining the DEC permit necessary to operate the cell, a 'Permit Success Payment' was due Ontario County. This payment amounts to $18,305,828 and is payable to the County in 14 annual payments of $1,307,559.

A labor utilization agreement is in place between the County and New England Waste Services of New York, Inc. which allows for the retention of County employees. Under the terms of this agreement, the County is being reimbursed, on a monthly basis, for all costs associated for these employees.

Authorized and Unissued Obligations

The County does not have any other bond authorizations adopted, but with debt unissued thereunder, at the present time.

There is a need for various improvements to the wastewater treatment plant in Ontario County's Honeoye Lake County Consolidated Sewer District. This project is estimated to cost $6.2 million. The County is currently trying to secure funding for the project through grants to supplement the funds available in the sewer district's reserves and fund balance. If funding falls short there may be a need to issue bonds to complete the project, however it is not known at this time if bonding will be necessary. If the County does need to issue bonds, the repayment of the bonds would be covered by user fees within the sewer district.

Capital Planning and Budgeting

The County has undertaken the planning and execution of a six-year capital program. The adoption of such program is not, in the case of the County, subject to referendum. At any time after the adoption thereof the County Board of Supervisors, by the affirmative majority vote of its total membership, may amend such program by adding, modifying or abandoning the projects, or by modifying the methods of financing.

The following sets forth a summary of the 2019-2024 County capital program. It is noted that each planned project must be duly authorized before being undertaken, and that such programs may be modified by application of State and/or federal aid.

Capital Improvement:	2019	2020	2021	2022	2023	2024	TOTAL
Buildings & Maintenance	$ 1,571,950	$ 1,817,500	$ 1,526,000	$ 753,000	$ 787,000	$ 2,011,500	$ 8,466,950
County Parks	95,000	113,000	65,000	75,000	60,000	150,000	558,000
Fleet	1,660,227	1,566,984	1,645,722	1,520,722	1,510,722	1,720,722	9,625,099
Highway Safety	2,662,701	2,131,800	-	-	250,000	-	5,044,501
Bridges	20,000	1,993,991	169,680	281,760	1,487,040	1,575,040	5,527,511
Highway Improvement	5,120,000	5,670,000	4,439,181	5,178,800	4,727,095	3,820,000	28,955,076
Highway Culverts	2,000,000	1,000,000	1,000,000	1,500,000	2,000,000	1,500,000	9,000,000
Major Construction & Renovation	400,000	5,663,925	3,300,000	200,000	200,000	650,000	10,413,925
Major Equipment Systems	2,644,471	1,744,720	868,483	899,657	1,168,645	577,184	7,903,160
FLCC	2,743,999	3,850,000	1,986,575	1,500,000	1,500,000	1,500,000	13,080,574
Sewer District	7,340,000	1,110,000	1,025,000	455,000	305,000	425,000	10,660,000
TOTAL:	$ 26,258,348	$ 26,661,920	$ 16,025,641	$ 12,363,939	$ 13,995,502	$ 13,929,446	$109,234,796

Funding Sources:	2019	2020	2021	2022	2023	2024	TOTAL
Tax Levy / County Cost	$ 8,767,282	$ 11,050,086	$ 9,755,297	$ 7,390,083	$ 9,160,078	$ 6,882,539	$ 53,005,365
State Aid - Education	1,372,000	1,925,000	1,035,788	750,000	750,000	750,000	6,582,788
FLCC	225,000	950,000	125,000	-	-	-	1,300,000
Bonding	-	-	-	-	-	-	-
Bonding - Sewer	2,300,000	-	-	-	-	-	2,300,000
Sewer Fund Revenues	1,193,566	1,242,035	1,085,000	515,000	365,000	485,000	4,885,601
Sold Waste Lease Reveniue	32,000	332,000	-	-	-	-	364,000
Equipment Reserve - D Fund	249,000	(75,000)	120,000	(30,000)	(40,000)	145,000	369,000
Equipment Reserve - A Fund	200,000	-	-	-	-	-	200,000
Reserve - A Fund	387,500	120,000	-	-	-	-	507,500
Reserve - D Fund for Roads & Bridges	-	-	-	-	-	-	-
State - DSS	-	1,500,000	-	-	-	-	1,500,000
Grant - ILS	-	95,000	-	-	-	-	95,000
Grant - State Archive	200,000		-	-	-	-	200,000
Grant - EMO	15,000		-	-	-	-	15,000
Grant -	250,000		-	-	-	-	250,000
Grant - Honeoye Watewater Treatment	3,900,000		-	-	-	-	3,900,000
Grant - Planning	-	375,000	-	-	-	-	375,000
Grant - OCSWD	-	-	-	-	-	-	-
Grant - SAM	-		1,300,000	-	-	560,000	1,860,000
RGRTA	27,500	-	-	-	-	-	27,500
Unified Court	55,860	66,908	62,918	2,993	50,000	4,988	243,667
Federal Aid - Highway	2,036,430	3,497,812	164,544	1,400,448	3,157,632	1,244,032	11,500,898
State Aid - Highway	222,998	455,984	-	208,320	552,792	180,792	1,620,886
County Clerk Reserve	200,000	-	-	-	-	-	200,000
CHIPs	2,127,095	2,127,095	2,127,095	2,127,095	-	2,127,095	10,635,475
Capital Reserve	1,997,118	3,000,000	250,000	-	-	1,550,000	6,797,118
Capital Project	500,000	-	-	-	-	-	500,000
TOTAL:	$ 26,258,349	$ 26,661,920	$ 16,025,642	$ 12,363,939	$ 13,995,502	$ 13,929,446	$109,234,798

Source: 2019 County budget.

Estimated Overlapping Indebtedness

In addition to the County, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the County. Bonded indebtedness, including bond anticipation notes, is estimated as of the close of the fiscal year of the respective municipalities, not adjusted to include subsequent bond issues, if any.

	Indebtedness (1)	Exclusions (2)		Net Indebtedness
Cities (2)	$ 70,000,048	$ 58,813,248 (3)		$ 11,186,800
Towns (16)	35,572,292	28,305,117 (3)		7,267,175
Villages (8)	11,683,432	8,611,432 (3)		3,072,000
School Districts (9)	201,281,617	156,417,312 (4)		44,864,305
Fire Districts (7)	3,819,133	0		3,819,133
			Total	$ 70,209,413

(1) Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.
(2) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.
(3) Sewer and water debt, appropriations and cash on hand for debts.
(4) Estimated State Building aid.

Source: State Comptroller's reports for fiscal year ending 2016 for towns, cities and fire districts and fiscal year ending 2017 for school districts and villages.

Debt Ratios

The following table sets forth certain ratios relating to the County's indebtedness as of March 7, 2019:

	Amount of Indebtedness	Per Capita (1)	Percentage of Full Valuation (2)
Net Direct Indebtedness (3)	$ 18,655,000	$ 170.38	0.20%
Net Direct Plus Net Overlapping Indebtedness (4)	88,864,413	811.61	0.95%

Note: (1) The County's 2017 estimated population is 109,491. (See "THE COUNTY - Population Trends" herein.)
(2) The County's full valuation of taxable real estate for the County's 2019 Tax Roll is $9,389,130,749. (See "TAX INFORMATION -Valuations" herein.)
(3) See "Debt Statement Summary" herein.
(4) The County's estimated applicable share of net underlying indebtedness is $70,209,413. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each of the Bonds, when duly issued and paid for, will constitute a contract between the County and the holder thereof. Under current law, provision is made for contract creditors of the County to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the County upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the County may not be enforced by levy and execution against property owned by the County.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the County, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Bonds should the County be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Bonds to receive interest and principal from the County could be adversely affected by the restructuring of the County's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the County (including the Bonds) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the County under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in <u>Flushing National Bank v. Municipal Assistance Corporation for the City of New York</u>, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law described below enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the County.

<u>Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law.</u> The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its "property, affairs and government" by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of the governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the "property, affairs and governments" of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict , subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the "FRB"), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to $5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a Statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The County has not requested FRB assistance nor does it reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crisises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See "Nature of Obligation" and "State Debt Moratorium Law" herein.

No Past Due Debt. No principal of or interest on County indebtedness is past due. The County has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Bonds. The following is a discussion of certain events that could affect the risk of investing in the Bonds. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential investment risk.

The financial and economic condition of the County as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the County's control. There can be no assurance that adverse events in the State and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the County to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds could be adversely affected.

The County is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the County, in any year, the County may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the County. In some years, the County has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the County to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the County. Unforeseen developments could also result in substantial increases in County expenditures, thus placing strain on the County's financial condition. These factors may have an effect on the market price of the Bonds.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Bonds should elect to sell a Bond prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to the Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the County. Any such future legislation could have an adverse effect on the market value of the Bonds (See "TAX MATTERS" herein).

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the County and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the County and hence upon the market price of the Bonds. See "TAX LEVY LIMITATION LAW" herein.

The County, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the County faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. No assurances can be given that such security and operational control measures implemented would be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage County digital networks and systems and the costs of remedying any such damage could be substantial.

TAX MATTERS

The Bonds

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Bonds is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Code. However, such opinion will note that the County, by failing to comply with certain restrictions contained in the Code, may cause interest on the Bonds to become subject to federal income taxation from the date of issuance of the Bonds. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Tax Requirements

In rendering the foregoing opinions, Hodgson Russ LLP will note that the exclusion of the interest on the Bonds from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the County with the applicable requirements of Code sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the "Tax Requirements"). In the opinion of Hodgson Russ LLP, the tax certificate that will be executed and delivered by the County in connection with the issuance of the Bonds (the "Tax Certificate") establishes the requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Bonds remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1 The requirement that the proceeds of the Bonds be used in a manner so that the Bonds are not obligations which meet the definition of a "private activity bond" within the meaning of Code section 141;

2 The requirements contained in Code section 148 relating to arbitrage bonds; and

3 The requirements that payment of principal or interest on the Bonds not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code section 149(b).

In the Tax Certificate, the County will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes from the date of issuance of the Bonds. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

Bank Qualified

The Bonds will be designated as "qualified tax-exempt obligations" pursuant to section 265(b)(3) of the Code.

Other Impacts

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Bonds may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond before maturity within the United States. Backup withholding may apply to a holder of the Bonds under Code section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Bonds from gross income for federal income tax purposes.

Future Legislation

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government.

No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Bonds or the tax consequences of ownership of the Bonds.

New York State Taxes

In the opinion of Bond Counsel, interest on the Bonds is exempt, under existing statutes, from New York State and New York City personal income taxes.

Miscellaneous

All quotations from and summaries and explanations of provisions of laws do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

ALL PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE BONDS.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds will be covered by the approving legal opinion of Hodgson Russ LLP, Bond Counsel, of Buffalo, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the County, all the taxable property within which is subject to the levy of *ad valorem* taxes to pay the Bonds and interest thereon, without limitation as to rate or amount (subject to the statutory limitations imposed by the Chapter 97 of the 2011 Laws of New York, (ii) interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York; and (iii) interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The County has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds. It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases. See "TAX LEVY LIMITATION LAW" herein.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Bonds, and Bond Counsel expresses no opinion relating thereto (excepting only matters set forth in the description of Bond Counsel's opinion above).

LITIGATION

The County is subject to a number of lawsuits in the ordinary conduct of its affairs. The County Attorney does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the County.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the County, threatened against or affecting the County to restrain or enjoin the issuance, sale or delivery of the Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the County taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the County.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12") unless the Bonds are purchased for the buyers own account as principal for investment and not for resale, the County will enter into a Continuing Disclosure Undertaking, a description of which are attached hereto as "APPENDIX – D, CONTINUING DISCLOSURE UNDERTAKING".

Historical Continuing Disclosure Compliance

The County has complied with all previous Undertakings in all material respects pursuant to the Rule within the past five years.

BOND RATING

Moody's Investors Service (“Moody's”), has assigned their rating of “Aa1” to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. This rating reflects only the view of Moody’s and an explanation of the significance of such rating may be obtained from Moody’s Investors Service, 7 World Trade Center, 250 Greenwich St., New York, New York 10007. Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the County on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the County and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the County or the information set forth in this Official Statement or any other information available to the County with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the County to Fiscal Advisors are partially contingent on the successful closing of the Bonds.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the County provided, however; the County assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MISCELLANEOUS

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the County management’s beliefs as well as assumptions made by, and information currently available to, the County’s management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes; changes in the economy, and other factors discussed in this and other documents that the County’s files with the repositories. When used in County documents or oral presentation, the words “anticipate”, “believe”, “intend”, “plan”, “foresee”, “likely”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “will”, or “should”, or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel to the County, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the County for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds, the County will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the County, as to which no representation can be made.

The County hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

The Official Statement is submitted only in connection with the sale of the Bonds by the County and may not be reproduced or used in whole or in part for any other purpose.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the County nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the County disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the County also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The County's contact information is as follows: Mr. Gary Baxter, Treasurer, 20 Ontario Street, Canandaigua, New York 14424 telephone (585) 396-4441, fax (585) 393-2956, email gary.baxter@co.ontario.ny.us.

Additional information may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com.

COUNTY OF ONTARIO

Dated: March 11, 2019

GARY BAXTER
COUNTY TREASURER
AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Year Ending December 31:	2013	2014	2015	2016	2017
ASSETS					
Cash and Cash Equivalents	$ 74,668,775	$ 62,069,859	$ 56,291,173	$ 61,079,174	$ 79,312,558
Receivables: Net	7,580,066	6,823,942	6,402,161	6,673,074	6,048,937
Due from Other Funds	313,023	10,680,833	14,359,794	15,409,585	452,847
State & Federal Aid Receivable	17,036,391	18,607,570	19,414,561	16,703,219	17,720,200
Due from Other Governments	(73,363)	-	488,625	287,445	264,461
Prepaid Items	2,368,213	2,398,071	2,220,297	1,895,775	1,942,007
TOTAL ASSETS	$ 101,893,105	$ 100,580,275	$ 99,176,611	$ 102,048,272	$ 105,741,010
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 12,675,821	$ 1,392,681	$ 1,060,576	$ 1,012,139	$ 4,134,476
Accrued Liabilities	7,560,563	5,744,807	4,161,069	4,672,681	2,369,721
Retained Percentages	-	-	-	-	-
Due to Other Governments	12,298,618	13,045,284	12,707,438	13,157,817	13,380,084
Due to Other Funds	326,447	84,000	103,691	321,307	115,160
Other Liabilities	-	-	-	-	-
Unearned Revenue	720,279	615,605	560,359	890,085	1,167,424
Overpayments and Collections in Advance	59,463	56,685	537,394	585,867	399,284
Deferred Revenue	2,667,985	2,561,788	2,245,270	2,231,347	2,051,996
TOTAL LIABILITIES	36,309,176	23,500,850	21,375,797	22,871,243	23,618,145
FUND EQUITY					
Nonspendable	$ 17,678,143	$ 17,830,536	$ 2,220,297	$ 1,895,775	$ 1,942,007
Restricted	-	-	17,475,847	18,289,588	6,768,205
Assigned	8,795,370	10,173,344	10,536,466	11,668,472	24,330,465
Unassigned	39,110,416	49,075,545	47,568,204	47,323,194	49,082,188
TOTAL FUND EQUITY	65,583,929	77,079,425	77,800,814	79,177,029	82,122,865
TOTAL LIABILITIES and FUND EQUITY	$ 101,893,105	$ 100,580,275	$ 99,176,611	$ 102,048,272	$ 105,741,010

Source: Audited financial reports of the County. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ending December 31:	2013	2014	2015	2016	2017
REVENUES					
Real Property Taxes & Items	$ 43,638,513	$ 45,304,497	$ 46,470,369	$ 47,389,826	$ 49,583,809
Non-Property Taxes	78,424,966	79,962,053	80,347,077	80,739,758	82,955,457
Departmental Income	6,773,037	6,365,955	6,451,725	9,617,103	6,950,669
Intergovernmental Charges	3,220,786	994,885	1,322,319	1,336,923	1,409,897
Use of Money & Property	2,393,248	2,445,502	2,287,255	3,613,405	3,658,443
Licenses and Permits	1,207	2,613	1,207	1,207	1,206
Fines and Forfeitures	353,941	402,918	386,129	369,943	356,323
Sale of Property and Compensation for Loss	317,327	228,309	328,245	216,054	261,165
Miscellaneous Revenues	3,568,314	3,187,867	3,660,637	3,168,889	1,706,227
Interfund Revenues	2,875,788	2,746,163	2,115,635	2,031,897	2,136,418
Revenues from State Sources	20,604,853	20,170,185	19,886,711	21,086,837	22,423,582
Revenues from Federal Sources	15,491,091	14,628,666	14,482,556	13,997,356	14,579,217
Total Revenues	$ 177,663,071	$ 176,439,613	$ 177,739,865	$ 183,569,198	$ 186,022,413
EXPENDITURES					
General Government Support	$ 65,650,460	$ 64,888,696	$ 65,497,402	$ 65,934,819	$ 66,977,957
Education	4,124,670	3,997,051	4,538,942	4,629,982	4,638,667
Public Safety	32,909,737	33,495,539	33,210,359	34,732,815	35,297,301
Health	12,733,483	12,969,439	13,617,963	14,036,344	14,315,124
Transportation	3,423,542	2,898,898	473,248	183,356	183,356
Economic Assistance and Opportunity	51,596,504	52,365,794	50,893,940	54,313,197	51,929,404
Culture and Recreation	533,249	450,900	513,592	549,325	449,634
Home and Community Services	2,363,299	2,435,008	2,425,794	2,552,985	1,739,145
Employee Benefits	-	-	-	-	-
Debt Service	-	-	-	-	-
Total Expenditures	$ 173,334,944	$ 173,501,325	$ 171,171,240	$ 176,932,823	$ 175,530,588
Excess of Revenues Over (Under) Expenditures	$ 4,328,127	$ 2,938,288	$ 6,568,625	$ 6,636,375	$ 10,491,825
Other Financing Sources (Uses):					
Operating Transfers In	1,121,572	8,143,185	1,457,469	878,016	984,086
Operating Transfers Out	(4,519,739)	(6,348,471)	(7,304,705)	(5,915,134)	(8,530,076)
Total Other Financing	$ (3,398,167)	$ 1,794,714	$ (5,847,236)	$ (5,037,118)	$ (7,545,990)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 929,960	$ 4,733,002	$ 721,389	$ 1,599,257	$ 2,945,835
FUND BALANCE					
Fund Balance - Beginning of Year	64,653,969	65,583,929	77,079,425	77,800,814	79,177,029
Prior Period Adjustments (net)	-	6,762,494	-	(223,042)	1
Fund Balance - End of Year	$ 65,583,929	$ 77,079,425	$ 77,800,814	$ 79,177,029	$ 82,122,865

Source: Audited financial reports of the County. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Year Ending December 31:	2017 Original Budget	2017 Budget Amended	2017 Audited Actual	2018 Adopted Budget	2019 Adopted Budget
REVENUES					
Real Property Taxes & Items	$ 49,092,137	$ 49,107,137	$ 49,583,809	$ 50,521,407	$ 52,690,932
Non-Property Taxes	81,335,387	82,177,090	82,955,457	82,156,741	83,836,283
Departmental Income	5,720,434	6,079,730	6,950,669	6,253,971	13,116,186
Intergovernmental Charges	1,643,257	1,506,757	1,409,897	1,651,697	1,960,510
Use of Money & Property	3,606,348	3,606,348	3,658,443	3,603,861	143,476
Licenses and Permits	1,206	1,206	1,206	-	-
Fines and Forfeitures	393,851	393,851	356,323	471,782	-
Sale of Property and Compensation for Loss	164,796	70,000	261,165	40,000	-
Miscellaneous Revenues	2,642,240	2,556,557	1,706,227	2,066,616	-
Interfund Revenues	2,216,782	2,212,627	2,136,418	2,254,027	2,362,888
Revenues from State Sources	21,791,841	22,200,758	22,423,582	24,597,800	26,559,847
Revenues from Federal Sources	14,230,209	14,918,853	14,579,217	13,866,934	13,689,697
Total Revenues	$ 182,838,488	$ 184,830,914	$ 186,022,413	$ 187,484,836	$ 194,359,819
EXPENDITURES					
General Government Support	$ 70,793,916	$ 70,872,364	$ 66,977,957	$ 68,640,296	$ 73,057,315
Education	5,026,728	4,680,474	4,638,667	5,056,728	5,141,531
Public Safety	37,784,448	38,411,449	35,297,301	39,876,826	42,382,080
Health	15,492,919	16,174,597	14,315,124	16,723,712	16,380,041
Transportation	190,000	190,000	183,356	190,000	190,000
Economic Assistance and Opportunity	55,560,573	55,571,546	51,929,404	57,318,535	57,337,359
Culture and Recreation	612,944	539,964	449,634	642,114	619,318
Home and Community Services	5,494,436	5,885,362	1,739,145	6,503,257	5,789,387
Employee Benefits	-	-	-	1,423,962	(25,000)
Debt Service	-	-	-	-	-
Total Expenditures	$ 190,955,964	$ 192,325,756	$ 175,530,588	$ 196,375,430	$ 200,872,031
Excess of Revenues Over (Under) Expenditures	$ (8,117,476)	$ (7,494,842)	$ 10,491,825	$ (8,890,594)	$ (6,512,212)
Other Financing Sources (Uses):					
Appropriated Reserves	-	-	-	1,338,793	1,936,822
Appropriated Fund Balance	-	-	-	11,190,000	7,985,000
Operating Transfers In	834,147	834,147	984,086	-	1,412,150
Operating Transfers Out	(5,598,188)	(11,124,807)	(8,530,076)	(3,638,199)	(4,821,760)
Total Other Financing	$ (4,764,041)	$ (10,290,660)	$ (7,545,990)	$ 8,890,594	$ 6,512,212
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (12,881,517)	$ (17,785,502)	$ 2,945,835	$ -	$ -
FUND BALANCE					
Fund Balance - Beginning of Year	79,177,030	79,177,030	79,177,029	-	-
Prior Period Adjustments (net)	-	-	1	-	-
Fund Balance - End of Year	$ 66,295,513	$ 61,391,528	$ 82,122,865	$ -	$ -

Source: 2017 Audited Financial report and 2018 budget of the County. This Appendix is not itself audited.

CHANGES IN FUND EQUITY
(Major Funds)

Fiscal Years Ending December 31:	2013	2014	2015	2016	2017
COUNTY ROAD FUND					
Fund Equity - Beginning of Year	$ 4,166,110	$ 4,483,020	$ 4,228,797	$ 5,625,217	$ 6,016,355
Prior Period Adjustments (net)	-	130,595	-	-	-
Revenues & Other Sources	9,234,880	8,370,519	14,111,285	11,645,698	11,619,787
Expenditures & Other Uses	8,917,970	8,755,337	12,714,865	11,254,560	11,883,915
Fund Equity - End of Year	$ 4,483,020	$ 4,228,797	$ 5,625,217	$ 6,016,355	$ 5,752,227
SEWER FUND					
Fund Equity - Beginning of Year	$ 7,005,138	$ 7,341,723	$ 7,357,360	$ 7,574,756	$ 7,866,971
Prior Period Adjustments (net)	-	44,886	-	-	-
Revenues & Other Sources	3,161,741	3,170,232	3,327,109	3,314,054	3,387,134
Expenditures & Other Uses	2,825,156	3,199,481	3,109,713	3,021,839	4,051,412
Fund Equity - End of Year	$ 7,341,723	$ 7,357,360	$ 7,574,756	$ 7,866,971	$ 7,202,693
CAPITAL PROJECTS FUND					
Fund Equity - Beginning of Year	$ 16,318,083	$ 10,925,021	$ 11,882,216	$ 9,842,078	$ 6,952,220
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	10,834,830	14,705,137	18,689,066	10,379,621	18,404,747
Expenditures & Other Uses	16,227,892	13,747,942	20,729,204	13,269,479	11,887,166
Fund Equity - End of Year	$ 10,925,021	$ 11,882,216	$ 9,842,078	$ 6,952,220	$ 13,469,801
DEBT SERVICE FUND					
Fund Equity - Beginning of Year	$ 12,228,457	$ 10,975,990	$ 9,787,698	$ 8,639,830	$ 7,536,058
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	3,720,052	3,837,242	3,580,754	13,725,492	3,264,927
Expenditures & Other Uses	4,972,519	5,025,534	4,728,622	14,829,264	4,374,081
Fund Equity - End of Year	$ 10,975,990	$ 9,787,698	$ 8,639,830	$ 7,536,058	$ 6,426,904

Source: Audited financial reports of the County. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Principal	Interest	Total	Principal of This Issue	Total Principal All Issues
2019	$ 1,960,000	$ 635,331	$ 2,595,331	$ -	$ 1,960,000
2020	1,930,000	570,250	2,500,250	315,000	2,245,000
2021	1,820,000	508,825	2,328,825	420,000	2,240,000
2022	1,840,000	447,875	2,287,875	430,000	2,270,000
2023	1,615,000	385,200	2,000,200	445,000	2,060,000
2024	1,405,000	330,425	1,735,425	460,000	1,865,000
2025	1,435,000	273,425	1,708,425	475,000	1,910,000
2026	1,445,000	215,425	1,660,425	490,000	1,935,000
2027	1,440,000	168,400	1,608,400	505,000	1,945,000
2028	1,425,000	132,750	1,557,750	520,000	1,945,000
2029	1,435,000	97,025	1,532,025	540,000	1,975,000
2030	1,415,000	61,275	1,476,275	-	1,415,000
2031	725,000	32,625	757,625	-	725,000
2032	725,000	10,875	735,875	-	725,000
TOTALS	$ 20,615,000	$ 3,869,706	$ 24,484,706	$ 4,600,000	$ 25,215,000

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2010 Refunding Series B Refund 2000 - County Correctional and FLCC Principal	Interest	Total	2010 Refunding Series A Refund 2002 - County Correctional Facility Principal	Interest	Total
2019	$ 110,000	$ 6,400	$ 116,400	$ 250,000	$ 39,200	$ 289,200
2020	105,000	2,100	107,100	245,000	29,200	274,200
2021	-	-	-	245,000	19,400	264,400
2022	-	-	-	240,000	9,600	249,600
TOTALS	$ 215,000	$ 8,500	$ 223,500	$ 980,000	$ 97,400	$ 1,077,400

Fiscal Year Ending Dec 31st	2010* FLCC Principal	Interest	Total	2012 FLCC Expansion & Improvements Principal	Interest	Total
2019	$ 725,000	$ 11,781	$ 23,563	$ 650,000	$ 282,000	$ 564,000
2020	725,000	305,063	610,125	650,000	262,500	525,000
2021	725,000	279,688	559,375	650,000	243,000	486,000
2022	725,000	252,500	505,000	675,000	223,125	446,250
2023	725,000	223,500	447,000	700,000	202,500	405,000
2024	725,000	194,500	389,000	700,000	181,500	363,000
2025	750,000	165,000	330,000	700,000	160,500	321,000
2026	750,000	135,000	270,000	700,000	139,500	279,000
2027	750,000	105,000	210,000	700,000	118,500	237,000
2028	750,000	75,000	150,000	700,000	97,500	195,000
2029	750,000	45,000	90,000	725,000	76,125	152,250
2030	750,000	15,000	30,000	725,000	54,375	108,750
2031	-	-	-	725,000	32,625	65,250
2032	-	-	-	725,000	10,875	21,750
TOTALS	$ 8,850,000	$ 1,807,031	$ 3,614,063	$ 9,725,000	$ 2,084,625	$ 4,169,250

* The bonds maturing in the years 2020-2030 have been advance refunded with proceeds of 2016 Series Refunding Bonds. The bonds will be fully redeeemed as of their first call date of April 15, 2019.

Fiscal Year Ending Dec 31st	2012 Refunding of the 2003 Serial Bonds Principal	Interest	Total	2016 Refunding of 2010 Bonds Principal	Interest	Total
2019	$ 220,000	$ 30,700	$ 61,400	$ 5,000	$ 265,250	$ 530,500
2020	220,000	21,900	43,800	710,000	254,550	509,100
2021	220,000	13,100	26,200	705,000	233,325	466,650
2022	220,000	6,500	13,000	705,000	208,650	417,300
2023	215,000	2,150	4,300	700,000	180,550	361,100
2024	-	-	-	705,000	148,925	297,850
2025	-	-	-	735,000	112,925	225,850
2026	-	-	-	745,000	75,925	151,850
2027	-	-	-	740,000	49,900	99,800
2028	-	-	-	725,000	35,250	70,500
2029	-	-	-	710,000	20,900	41,800
2030	-	-	-	690,000	6,900	13,800
TOTALS	$ 1,095,000	$ 74,350	$ 148,700	$ 7,875,000	$ 1,593,050	$ 3,186,100

COMPUTATION OF FULL VALUATION
Using State Equalization Rates

Year of Assessment Roll		2014	2015	2016	2017	2018
Year of County Tax Roll		2015	2016	2017	2018	2019
Assessed Valuation						
Cities of:	Canandaigua	$ 681,028,880	$ 687,992,266	$ 707,291,999	$ 731,791,587	$ 739,842,235
	Geneva	371,582,355	375,520,339	396,931,268	401,114,848	404,225,828
Towns of:	Bristol	174,330,114	183,602,302	184,614,535	185,038,979	185,659,999
	Canadice	179,077,337	179,686,682	179,952,574	179,651,887	179,772,919
	Canandaigua	1,218,342,646	1,230,056,816	1,252,911,405	1,274,553,229	1,370,977,408
	East Bloomfield	226,970,706	235,397,533	237,737,016	237,446,908	257,507,087
	Farmington	758,018,974	791,648,759	820,183,402	864,317,580	885,289,508
	Geneva	348,393,046	355,932,542	374,313,184	394,088,419	392,924,804
	Gorham	550,005,803	555,415,636	560,496,358	600,994,365	606,636,113
	Hopewell	219,845,625	225,364,629	233,347,165	235,398,977	237,701,219
	Manchester	358,036,834	359,949,642	361,485,877	364,994,415	365,283,219
	Naples	169,049,810	173,496,077	174,813,738	174,997,612	184,664,592
	Phelps	371,060,579	375,443,907	379,246,666	408,218,253	410,284,610
	Richmond	316,158,160	317,015,941	322,504,904	324,043,284	325,578,437
	Seneca	190,185,114	190,807,300	197,538,908	202,715,487	207,883,681
	South Bristol	419,353,184	422,029,936	428,412,525	432,577,620	434,102,071
	Victor	1,679,767,317	1,765,996,053	1,820,036,667	1,877,882,933	1,953,595,064
	West Bloomfield	155,921,016	153,705,818	154,212,354	156,425,560	176,368,074
Total Assessed Valuation		$ 8,387,127,500	$ 8,579,062,178	$ 8,786,030,545	$ 9,046,251,943	$ 9,318,296,868
State Equalization Rates						
Cities of:	Canandaigua	100.00%	100.00%	100.00%	100.00%	100.00%
	Geneva	100.00%	99.00%	100.00%	100.00%	96.00%
Towns of:	Bristol	100.00%	100.00%	100.00%	99.00%	96.00%
	Canadice	100.00%	100.00%	100.00%	100.00%	100.00%
	Canandaigua	100.00%	100.00%	100.00%	98.00%	100.00%
	East Bloomfield	100.00%	100.00%	100.00%	99.00%	100.00%
	Farmington	100.00%	100.00%	100.00%	100.00%	100.00%
	Geneva	100.00%	99.00%	100.00%	100.00%	98.00%
	Gorham	100.00%	100.00%	100.00%	100.00%	100.00%
	Hopewell	100.00%	100.00%	100.00%	100.00%	98.00%
	Manchester	100.00%	100.00%	100.00%	99.00%	94.00%
	Naples	100.00%	100.00%	100.00%	98.00%	100.00%
	Phelps	100.00%	100.00%	100.00%	100.00%	100.00%
	Richmond	100.00%	100.00%	100.00%	100.00%	97.00%
	Seneca	100.00%	100.00%	100.00%	100.00%	100.00%
	South Bristol	100.00%	100.00%	100.00%	100.00%	100.00%
	Victor	100.00%	100.00%	100.00%	100.00%	100.00%
	West Bloomfield	98.00%	94.00%	93.00%	95.00%	100.00%
Equalized Full Valuation						
Cities of:	Canandaigua	$ 681,028,880	$ 687,992,266	$ 707,291,999	$ 731,791,587	$ 739,842,235
	Geneva	371,582,355	379,313,474	396,931,268	401,114,848	421,068,571
Towns of:	Bristol	174,330,114	183,602,302	184,614,535	186,908,060	193,395,832
	Canadice	179,077,337	179,686,682	179,952,574	179,651,887	179,772,919
	Canandaigua	1,218,342,646	1,230,056,816	1,252,911,405	1,300,564,519	1,370,977,408
	East Bloomfield	226,970,706	235,397,533	237,737,016	239,845,362	257,507,087
	Farmington	758,018,974	791,648,759	820,183,402	864,317,580	885,289,508
	Geneva	348,393,046	359,527,820	374,313,184	394,088,419	400,943,678
	Gorham	550,005,803	555,415,636	560,496,358	600,994,365	606,636,113
	Hopewell	219,845,625	225,364,629	233,347,165	235,398,977	242,552,264
	Manchester	358,036,834	359,949,642	361,485,877	368,681,227	388,599,169
	Naples	169,049,810	173,496,077	174,813,738	178,568,992	184,664,592
	Phelps	371,060,579	375,443,907	379,246,666	408,218,253	410,284,610
	Richmond	316,158,160	317,015,941	322,504,904	324,043,284	335,647,873
	Seneca	190,185,114	190,807,300	197,538,908	202,715,487	207,883,681
	South Bristol	419,353,184	422,029,936	428,412,525	432,577,620	434,102,071
	Victor	1,679,767,317	1,765,996,053	1,820,036,667	1,877,882,933	1,953,595,064
	West Bloomfield	159,103,078	163,516,828	165,819,735	164,658,484	176,368,074
Total Full Valuation		$ 8,390,309,562	$ 8,596,261,601	$ 8,797,637,926	$ 9,092,021,884	$ 9,389,130,749

APPENDIX – D

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), unless the Bonds are purchased for the buyer's own account as principal for investment and not for resale, the County has agreed to provide, or cause to be provided,

(i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated March 20, 2019 of the County relating to the Bonds under the headings "THE COUNTY", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and all Appendices (other than "APPENDIX – D," and any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2019, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2019; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the County of its audited financial statement for the preceding fiscal year, but, in no event later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than such date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the County of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:

(a) principal and interest payment delinquencies

(b) non-payment related defaults; if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(g) modifications to rights of Bondholders; if material

(h) bond calls, if material, and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Bonds; if material

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the County;

(m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

(o) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect bondholders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Bonds.

With respect to event (d) the County does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

For the purposes of the event identified in (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The County may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, if the County determines that any such other event is material with respect to the Bonds; but the County does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

(iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The County reserves the right to terminate its obligations to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the County no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The County acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the County's obligations under its continuing disclosure undertaking and any failure by the County to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The County reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County, provided that, the County agrees that any such modification will be done in a manner consistent with the Rule.

Unless the Bonds are purchased for the buyer’s own account as principal for investment and not for resale, A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

COUNTY OF ONTARIO
NEW YORK

AUDITED FINANCIAL STATEMENTS
FISCAL YEAR ENDED DECEMBER 31, 2017

Such Audited Financial Statement and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

Raymond F. Wager, CPA, P.C., the County's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Raymond F. Wager, CPA, P.C. also has not performed any procedures relating to this Official Statement.

C O U N T Y O F O N T A R I O, N E W Y O R K

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2017

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

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RAYMOND F. WAGER, CPA, P.C.
Certified Public Accountants

Independent Auditors' Report

Board of Supervisors
County of Ontario, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ontario, New York, as of and for the year ended December 31, 2017, 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 Finger Lakes Community College which represents 88 percent, 85.7 percent, and 96.5 percent, respectively of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Finger Lakes Community College is based solely on the reports of the other auditor. 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. The financial statements of the Ontario County Four Seasons Local Development Corporation were not audited in accordance with Government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County'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 County'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 the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ontario, New York, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the County's proportionate share of the net pension liability, schedule of County's contributions, and budgetary comparison information on pages 4–17 and 86–88 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 other audtiors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Ontario, New York's basic financial statements. The accompanying supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the accompanying supplemental information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2018 on our consideration of the County of Ontario, New York '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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Ontario, New York's internal control over financial reporting and compliance.

Raymond F. Wager, CPA, P.C.

Rochester, New York
April 23, 2018

COUNTY OF ONTARIO, NEW YORK

Management's Discussion and Analysis

December 31, 2017

INTRODUCTION

The following is a discussion and analysis of the County's financial performance for the year ended December 31, 2017. This section of the report should be read in conjunction with the basic financial statements, which immediately follow this section, in order to provide an enhanced understanding of the County's financial performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) notes to financial statements and (3) individual fund financial statements and schedules.

Government-Wide Financial Statements

These statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. These consist of:

- The Statement of Net Position which presents information on all of the County's assets and deferred outflow of resources, and liabilities and deferred inflow of resources, 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. *Deferred outflow of resources reflects payments that have already occurred but are actually for a future time period such as prepaid expenses or deferred charges. Deferred inflow of resources reflects the receipt of assets or payments in advance of the time these payments are due such as advanced collections or deferred revenue.*

- The Statement of Activities which presents more detailed information illustrating how the County's net position reflected in the Statement of Net Position changed during the most recent year. The primary governmental activities of the County are itemized in this Statement. Those activities include public safety, transportation, health, economic assistance, culture, recreation, education, community services, interest on long-term debt and governmental support.

Fund Financial Statements

Ontario County has a budget of $223.7 million, employs approximately 780 full-time employees, 104 part-time employees, and 728 seasonal/temporary employees, and is involved in the delivery of services and programs to its citizens. Some of those services are:

- Building and maintaining roads and bridges;
- Operating sewer districts serving the residents of Canandaigua Lake, Honeoye Lake, and parts of Route 332;
- Contracting for dog control and rabies suppression programs;
- Operating a job training and employment program; and
- Operating an insurance program covering the towns, villages, cities and itself for workers' compensation coverage.

In governmental accounting, "Funds" are accounting devices used to keep track of the revenues, expenses and cash balances of particular programs or services. Funds are established to control and manage the money and budgets of certain governmental activities. Some funds are required to be set up by law, and others to meet state and federal government reporting requirements. Ontario County has a General Fund for tracking the general operations of the County not otherwise tracked within a separate fund. The County also has separate funds for County Road, Capital Projects, Fixed Assets, Self-Insurance, Trust and Agency, Debt Service and Workers' Compensation as well as several Special Revenue Funds.

Funds are classified as Major and Nonmajor, based on the dollar amount of their activities. In the attached financial statements, the Major funds of the County are the General Fund and Capital Projects Fund. All other funds are Nonmajor and are consolidated for financial reporting purposes.

Most of the County's funds are classified in accounting terms as Governmental Funds. There are also separate accounting classifications in the attached report for Fiduciary Funds where the County acts as the trustee for assets that belong to others and Internal Service Funds where the County accounts for the services it provides and charges those costs to every other department in the County.

The County's General Fund records the financial activities for operating a Sheriff's road patrol and correctional facility, and administering social service, aging, and public and mental health programs. The General Fund also accounts for internal service departments such as County Administrator, Purchasing, Human Resources, Information Services, Finance, and County Attorney which support those departments providing direct services to the public. Administrative services such as Planning, Real Property, and County Clerk, are also accounted for in the County General Fund. The General Fund is the largest operating fund of the County comprising 89.0% of the adopted 2017 County Budget. By way of comparison, the next largest County fund is County Road, comprising just 5.5% of the 2017 adopted County Budget.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes provide more comprehensive information related to specific items in the financial statements. In addition, information specific to government and proprietary component units of Ontario County and how those relationships and entities may affect Ontario County's financial statements is provided. These component units include the Finger Lakes Community College, the Ontario County Four Seasons Local Development Corporation, the Ontario County Industrial Development Agency and the Ontario Tobacco Asset Securitization Corporation.

STATEMENT OF NET POSITION

Condensed Statement of Net Position at December 31, 2017 and 2016
for governmental and business-type activities

		2017	2016	Dollar Variance
Assets:				
Current and other assets		$ 147,661,839	137,816,029	9,845,810
Capital assets		218,144,551	222,813,452	(4,668,901)
	Total Assets	365,806,390	360,629,481	5,176,909
Deferred outflows of resources		16,928,214	36,751,105	(19,822,891)
Liabilities:				
Long-term debt outstanding		$ 86,225,053	102,462,265	(16,237,212)
Other liabilities		22,162,590	20,711,339	1,451,251
	Total liabilities	108,387,643	123,173,604	(14,785,961)
Deferred inflows of resources		3,380,695	4,235,217	(854,522)
Net position:				
Net investment in capital assets		195,337,824	197,696,302	(2,358,478)
Restricted		25,668,750	34,346,381	(8,677,631)
Unrestricted		49,959,692	37,929,082	12,030,610
	Total net position	$ 270,966,266	269,971,765	994,501

STATEMENT OF ACTIVITIES			
Condensed Statement of Activities for the years ended December 31, 2017 and 2016 for governmental and business-type activities			
	2017	2016	Dollar Variance
Revenues:			
Program revenues:			
Charges for services	$ 16,040,536	18,282,008	(2,241,472)
Operating grants and contributions	39,426,476	35,084,193	4,342,283
Capital grants and contributions	8,068,374	5,440,538	2,627,836
General revenues:			
Property taxes	58,380,284	56,413,978	1,966,306
Nonproperty taxes	82,955,457	80,739,758	2,215,699
Investment earnings	1,855,765	2,118,850	(263,085)
Interfund revenues	1,462,552	1,467,705	(5,153)
Compensation for loss	3,801,230	3,740,721	60,509
Miscellaneous	1,891,511	3,703,891	(1,812,380)
Total revenues	213,882,185	206,991,642	6,890,543
Expenses:			
General government support	$ 71,193,599	69,966,642	1,226,957
Education	10,892,115	11,108,399	(216,284)
Public Safety	37,483,349	38,995,798	(1,512,449)
Health	14,610,496	14,463,249	147,247
Transportation	16,155,014	12,485,938	3,669,076
Economic assist and opportunity	52,791,463	55,815,598	(3,024,135)
Culture and recreation	554,125	594,924	(40,799)
Home and community services	6,739,331	6,372,473	366,858
Interest on debt	2,468,192	3,325,261	(857,069)
Total expenses	212,887,684	213,128,282	(240,598)
Change in net position	$ 994,501	(6,136,640)	7,131,141

The change in net position of the County in 2017 is $994,501, an increase of $7,131,141 from 2016.

While expenditures show a slight decrease of approximately 1% in total, revenues increased 3.3%. While revenues from property taxes and non-property taxes, mainly sales tax, showed increases, the dramatic increases in revenue were in operating and capital grants, more specifically, increases in operating grants for Indigent Legal Services and capital grants for infrastructure improvements.

As indicated by the first chart, the largest component of the County's net position is reflected in its net investment in capital assets of $195,337,824, accounting for 72% of the net position. The Governmental Accounting Standards Board (GASB), an independent organization establishing standards of accounting and financial reporting for U.S. state and local governments, requires the County include the financials of the Ontario Tobacco Asset Securitization Corporation (TASC) combined with the County's financial statements. The TASC has a deficit net position of ($24,709,965). This deficit net position is a decrease of $615,835 from a deficit net position in 2016 of ($24,094,130). As a component unit that has a blended presentation, the TASC's decline is calculated in the overall net position change for Ontario County.

Additional components of the County's net position include assets restricted for reserves which are established to be used for specific purposes totaling $25,668,750, or 9% of the total net position and unrestricted assets which can be used to finance future operations of $49,959,692, or 19% of the total net position.

The Statement of Net Position on page 16 indicates that at December 31, 2017, the County's assets and deferred outflows exceeded liabilities and deferred inflows by $270,966,266.

FINANCIAL ANALYSIS OF COUNTY FUNDS

Ontario County maintains its books, records, and budgets by individual fund. This section of the report includes an analysis of those individual funds at December 31, 2017.

- The General Fund ended the year with a balance of $82.1 million. $33 million of this fund balance is non-spendable due to prepayment of expenses or otherwise restricted through reserves or designations made by the Board of Supervisor for specific uses. That leaves approximately $49.1 million available to finance future operations, an amount that represents approximately 24.5% of 2018's budgeted appropriations. This fund balance is a little above the guidelines of GASB and Ontario County's fund balance policy to maintain a minimum unrestricted fund balance of 18% to 22% of the total general fund appropriations. As a result, $11.19 million of the $49.1 million balance will be used to offset property taxes in 2017, leaving an uncommitted balance of approximately $37.89 million or 18.93% of the 2018 General Fund appropriation budget.
- Ontario County has a Revolving Loan Fund through which the County has operated a federally subsidized Revolving Loan Fund program. There is one outstanding loan totaling $20,991 due to Ontario County as of 12/31/2017. This loan program was administered through the County Office of Economic Development to provide loans to businesses for the purposes of expanding in or moving operations to Ontario County. $27,384 in principal was repaid on loans in 2017 bringing the balance of the Revolving Loan Fund to approximately $209,500. The repayments of loans received by Ontario County have historically been granted to the Ontario County Economic Development Corporation (OCEDC) to continue the operation of a revolving loan program. At the time the OCEDC receives future applications for funding, the Ontario County Board of Supervisors may elect to continue to provide funds repaid through this program to assist in funding future loans through the OCEDC Revolving Loan Program.

- The County Road Fund ended the 2017 year with approximately $1.9 million in operating fund balance which can be used for future operations. $500,000 of the operating fund balance has been used in the 2018 budget leaving approximately $1.4 million in operating fund balance available for future years' activities. The remaining operating fund balance of $1.4 million represents 11.75% of the 2018 appropriations. In addition to the operating fund balance, $3.03 million has been officially reserved by the Board of Supervisors for the future repair, maintenance, and reconstruction of county roads and bridges and approximately $709,000 has been assigned by the Board of Supervisors for the replacement of equipment in the future.

- Ontario County operates sewer districts serving the residents of Canandaigua Lake, Honeoye Lake and parts of Route 332 in the Towns of Canandaigua and Farmington. These districts have combined fund balances of approximately $1.7 million at year end 2017, a decrease of approximately $273,000 from year end 2016. These fund balances are utilized to pay for future operations of the districts as tax levy is not raised to supplement the operations of the sewer districts. Approximately $280,000 of these fund balances have been appropriated for 2018 operations at the districts resulting in unappropriated fund balances of approximately $1.434 million.

- The County is self-insured for liability, property, automotive, and workers' compensation coverage. Self-Insured means that instead of paying annual premiums to an insurance company, the County pays its insurance claims directly to the claimants after fully reviewing, investigating, and, where necessary, litigating the claims. The County paid claimants directly $154,000 for liability, property, and automotive claims in 2017, an increase of approximately $70,000 over 2016, and an additional $1.65 million in workers' compensation payments, an increase of approximately 8.94% from 2016 compensation payments. The County also incurred $1.1 million to administer its self-insurance programs and another $301,621 in charges from New York State.

- The County has 34 capital type projects that had activity in 2017. These projects are in various stages of completion and range in scope from a low of $42,740 (to begin the process of space reorganization and security improvements for a specific County building) to a high of $17.5 million (for enhancements to the Ontario County emergency communication system). In total, the 34 projects represent $165.9 million worth of work. In 2017, $11.8 million was spent on the capital projects.

- The County has a Debt Service Fund, the purpose of which is to maintain the accumulation of resources for the repayment of principal and payment of interest on any long-term debt. Ontario County has $22.58 million in outstanding debt at December 31, 2017. The County's reserve for debt repayment is $5,981,031 which is enough to pay the principal and interest of all previously tax levy supported outstanding debt. The reserve for debt eliminates the need to raise tax levy for debt purposes. There is additional debt to which Ontario County is obligated for the Ontario County Sewer Districts and the Finger Lakes Community College repayment of which will be secured through those budgets without subsidization by tax levy.

- The County has established several reserves and fund balance designations for specific uses. New York State mandates reserves for many purposes including Stop DWI, Crime Proceeds, Wireless 911 Surcharge, Self-Insurance and Bonded Debt. The County Board of Supervisors has determined, in addition to the New York State mandated reserves, the need to reserve funds for equipment replacement and repair, capital investments such as construction, reconstruction, acquisition, repair and maintenance or capital assets including road and bridges and to further designate portions of available fund balance for specific future needs including upgraded computer systems and software and the administration of the County's deferred compensation plan. "Reserve Funds" totaled approximately $42.39 million, a decrease of approximately $721,430 from 2016 balances.

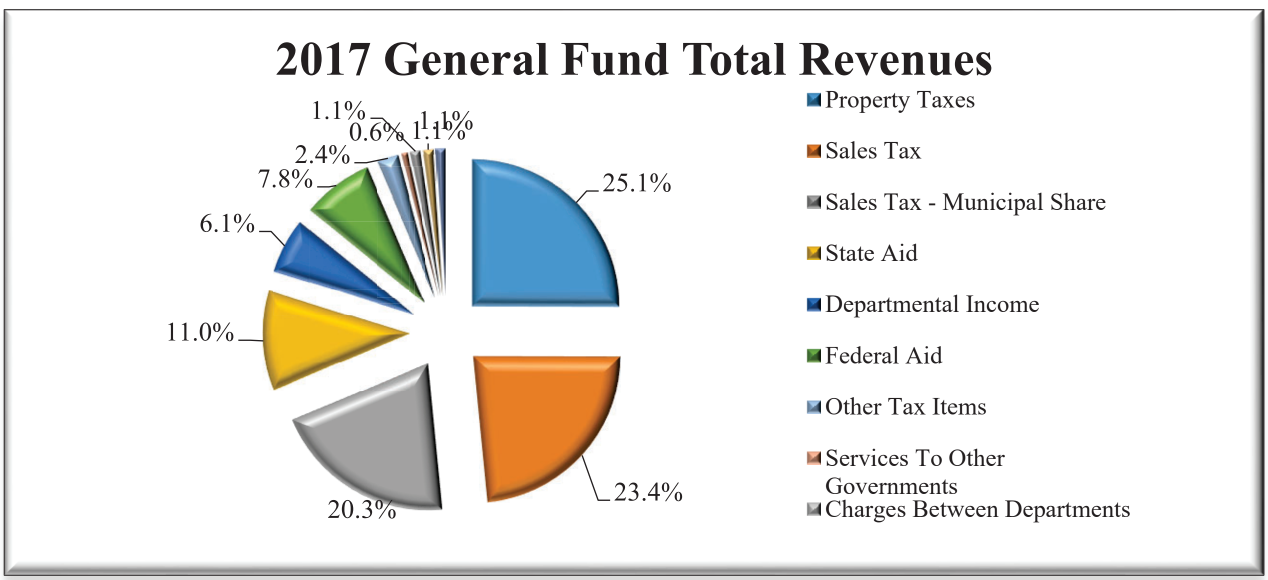
GENERAL FUND BUDGETARY HIGHLIGHTS

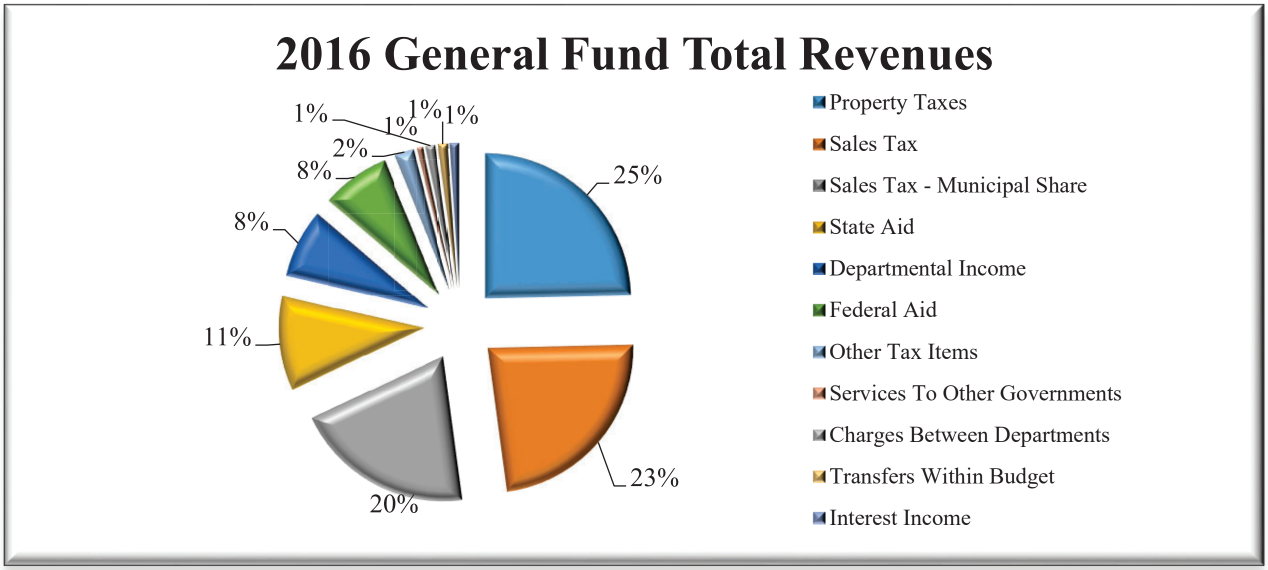
The County Board of Supervisors adopts an annual budget. The County has also adopted a Budget Transfer Policy, which authorizes budget amendments to be made during the year for specific purposes such as the addition of new programs or staffing. This policy sets forth specific approval levels, administratively and legislatively, to accomplish adjustments to the operating budget which are necessary throughout the year.

The following is a summary of the most important 2017 budget highlights in the County's General Fund:

Revenues

The following graphs for 2017 and 2016 illustrate points further discussed in the narrative section below:

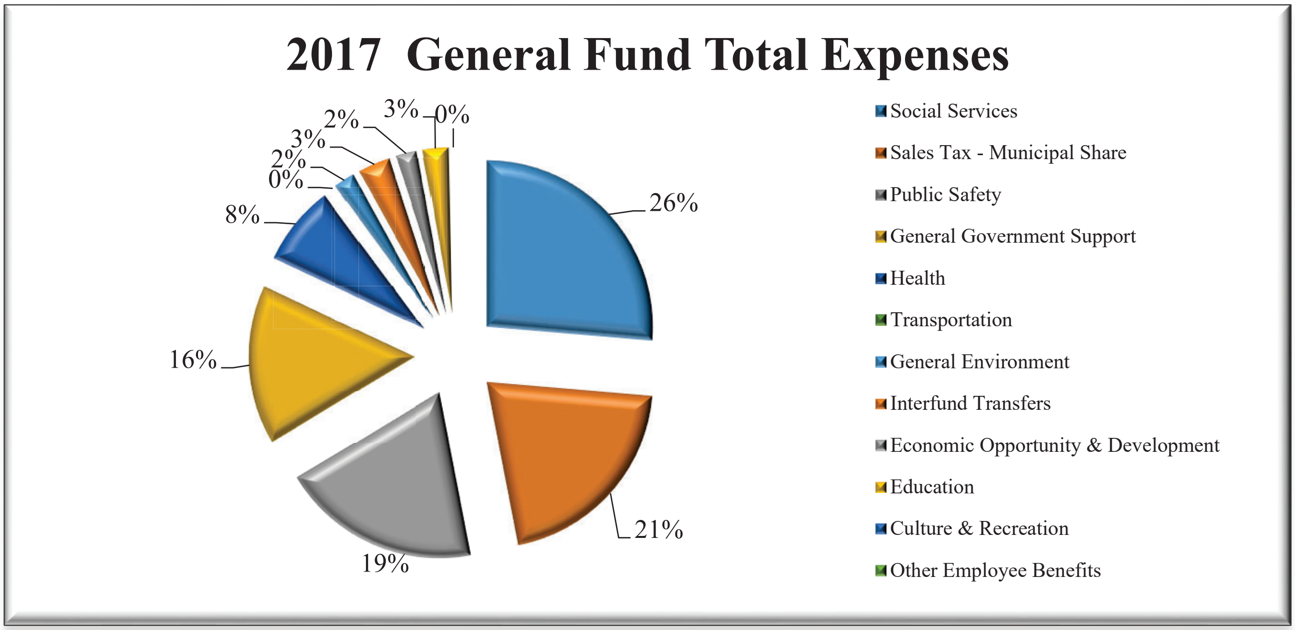


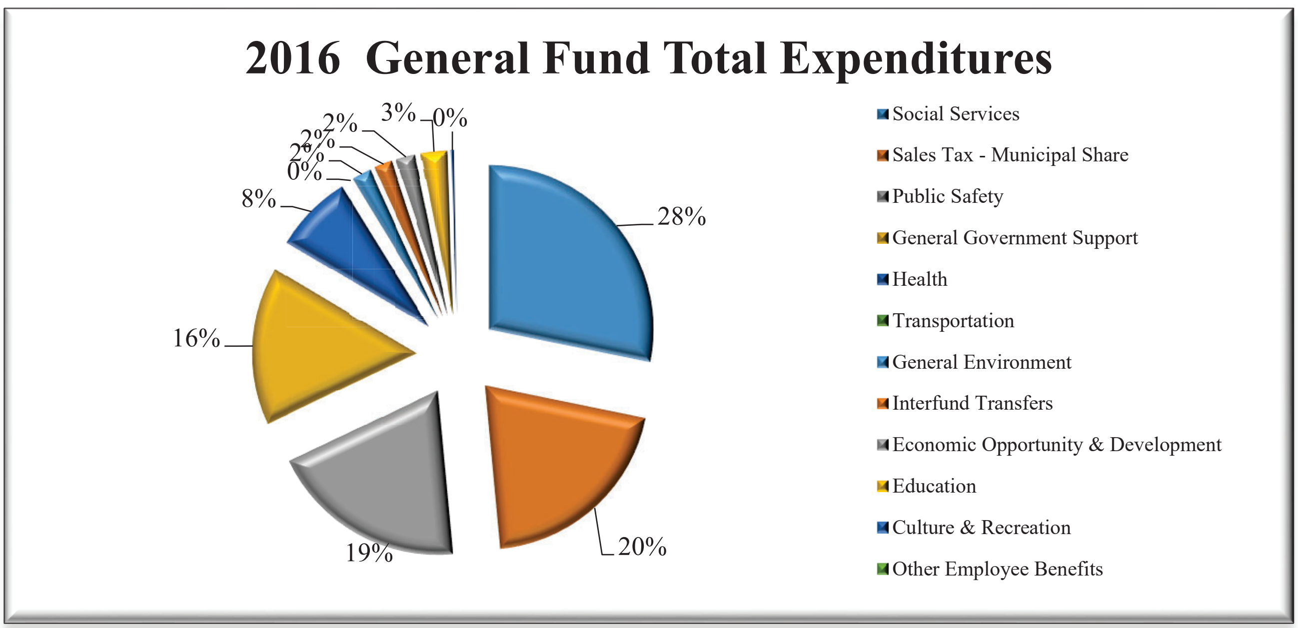


- The County collected $46,702,879 in property taxes for the General Fund in 2017. This is a 3.83% increase above the amount of $44,978,862 collected in 2016. As an order of magnitude, the County levied a total of $57,333,383 property tax for all funds in 2017 and this amount represents about 43% of the $129.25 million in total property taxes that New York State Law authorizes for Ontario County.
- The second largest source of income to Ontario County is sales tax collected on taxable purchases made within the County. The sales tax rate in Ontario County is 7.5%, of which 4% is collected for and retained by the State of New York. The County keeps 1.875%, and the towns, villages, and cities in the County receive the other 1.625%. In 2017, sales tax revenues to the County totaled $43,630,832 which was an increase of $1.235 million or 2.91% increase above the amount received the year before and 1.9% more than the approximately $42.8 million budgeted.
- Actual interest revenues in the General Fund totaled $105,722 or about $34,203 more than the amount budgeted in 2017. Interest earnings are 67.21% higher than 2016 due to slightly higher interest rates and a larger balance of cash on hand.
- The County continues to receive an annual cash payment of $2 million for lease of the landfill operations to a private contractor. These funds are utilized to partially fund the 6-year Capital Improvement Plan. In addition, $1 million was received pursuant to a tonnage agreement with the private contractor. This payment was approximately $255,000 more than originally budgeted in 2017.
- In total, revenues in the General Fund were $186.14 million in 2017, 2.16% more than in 2016.

Expenses

The following graphs for 2017 and 2016 illustrate points further discussed in the narrative section below:





- Total final budget for General Fund appropriations in 2017 was $202,586,885. Approximately 90.54% of the budgeted appropriations were expended or committed.

- The Department of Social Services which includes Medicaid, Foster Care and Family Assistance, is the single largest source of County expense and increased from 2016 to 2017 approximately $2.7 million.

- This the exception of the flow through of the municipal share of sales tax, the Public Safety departments account for the next largest expenditure category. Public Safety includes the District Attorney, Indigent Defense, and Probation as well as the Road Patrol, 911 Communications and the operations at the Correctional Facility. The total expenditures in 2017 for Public Safety Departments totaled approximately $35.7 million.

- As is indicated by the charts above, the next largest category of expenditures is General Government. This category encompasses several departments including Administration, central service departments such as Finance, County Buildings, and Human Resources, the Real Property Tax Department, the County Clerk, the Department of Motor Vehicles and the Board of Elections. The expenditures within this category constituted 16%, or approximately $28.49 million, of the total General Fund expenditures in 2017.

County Cost

- Net County Cost is defined as departmental expenses less all available departmental revenue. If departmental revenues are insufficient to cover departmental expenses then the County must cover that cost through the appropriation of fund balance or reserve or through collection of tax levy. For the year ended 2017, General Fund revenues exceeded expenditures by approximately $3.05 million. A County Cost of approximately $17.79 million had been budgeted. The major reasons for this deviation are:
    - The health departments, inclusive of Public Health and Mental Health, returned $1.9 million to fund balance
    - The Department of Social Services (DSS) Program returned $5 million to fund balance
    - The Public Works Department returned $4.04 million to fund balance
    - The Public Safety departments returned $3.1 million to fund balance

GOVERNMENTAL ACTIVITY CAPITAL ASSETS

At December 31, 2017, the County had $218,144,551 (after depreciation is deducted) in a broad range of capital assets including land, buildings, and machinery and equipment. The change in the County's capital assets between 2017 and 2016 is an approximate $4.67 million reduction. Changes in individual areas are reflected in the chart below:

		2017	2016
Land		$ 4,308,647	4,165,195
Work in progress		1,470,366	1,323,275
Land improvements		3,013,423	573,789
Infrastructure		92,917,126	92,944,723
Buildings and improvements		110,603,931	117,397,435
Machinery and equipment		5,831,058	6,409,033
	Total	$ 218,144,551	222,813,450

The primary change in capital assets was a result of an increase in depreciation expenses of approximately $1.27 million for the year as well as the retirement of some Machinery and Equipment.

Footnote III(d) of the Notes to Financial Statements provides a detailed breakdown of Capital Assets.

LONG-TERM DEBT

At December 31, 2017, the County had $82,225,053 in general obligation bonds and other long-term debt outstanding as follows:

		2017	2016
Serial Bonds - excluding TASC*		$ 22,580,000	24,990,000
Unamortized premium		937,235	1,013,227
Serial Bonds - TASC*		27,481,616	26,879,188
OPEB** Liability		238,085	251,651
Compensated Absences		4,575,343	4,497,362
Judgements and claims		5,108,914	5,021,914
Workers' compensation		6,842,980	6,933,822
Pension liability		18,460,880	32,747,951
Capital lease obligations		-	127,150
	Total	$ 86,225,053	102,462,265
* Ontario Tobacco Asset Securitization Corporation			
** Other Post-Employment Benefits			

CREDIT RATING: The County continues to maintain an excellent Aa1 rating, the highest credit rating from Moody's Investor Services received by any county government in the State of New York.

FUTURE FINANCIAL IMPLICATIONS

The County annually prepares two-year budgets. Thus, when the 2018 County Budget was prepared, a tentative 2019 budget was prepared also. By doing this, a proposed 2019 tax rate has already been projected. That rate was estimated to increase 8.08% to $6.82. The Ontario County Board of Supervisors will pass budget guidelines for preparation of the 2019 and 2020 budget cycle. It has been the Board's goal in the past to not exceed the New York State Tax Cap which has not been projected by the State at the time of this reporting. While this goal will continue to present challenges due to the continued reductions in State and Federal aid, previously negotiated contractual obligations for personal services, and increases in the cost of employees' health insurance it is even more critical due to the funding for two State mandated initiatives, Raise the Age and Shared Services, being tied to the County's compliance with the New York State Tax Cap.

Ontario County has been able to keep its property tax rates low. The property tax rate of Ontario County is one of the lowest in New York State and has decreased .31% over the last five years, from $6.33 in 2014 to $6.31 in 2018. The County's tax rate has remained stable at $6.31 in 2017 and 2018. This rate is $.02 lower than the ten-year high in 2014 and 2015 of $6.33 and $.07 lower than in 2007 when the tax rate was $6.38. The maintenance of a low tax rate has been accomplished by the diligent efforts of the Ontario County Board of Supervisors in the assessment of services provided leading to a series of cost-cutting measures over several years and through partnerships with the private sector to help finance County initiatives. The County will continue to focus on controlled spending, changes in programs, and as necessary the use of fund balances and reserves to best meet the needs of the community in balance with the goals of this Board of Supervisors.

Because of the financial policy decisions adopted by the Board of Supervisors for the use of the landfill lease monies, no new taxpayer supported debt has been issued. While there is a possibility for the need of debt in the future to address infrastructure needs, these debt payments will continue to be offset by landfill lease monies. There will be no County property taxes used to retire any of the $22.58 million in current outstanding debt.

Ontario County was successful, in conjunction with the private corporation operating the landfill, in obtaining a permit from the New York State Department of Environmental Conservation to expand of the current landfill. This expansion will ensure continued operations of the landfill at least for the term of the current lease and will provide increased additional revenues from those operations in the form of succession payments through the lease agreement. The Ontario County Board of Supervisors will review proposed uses of the additional succession payments every two years. It is expected these funds will be mainly dedicated to advancing the Ontario County Solid Waste Management Plan through projects at the County level as well as providing financing to local municipalities as appropriate, to accomplish the goal of increasing Municipal Solid Waste diversion to 59%. The plan also establishes qualitative goals for increasing reuse and recycling.

The 2018 Capital Improvement Plan (C.I.P.) includes the advancement of capital projects for renovations to 74 Ontario Street and the Human Services Building as well as the continuation of a project to improve the Office of Sheriff firing range. The cost of these projects over the next 5 years is expected to total approximately $19.8 million. Funding for these projects include a combination of tax levy and use of Capital Reserve monies as well as anticipated State revenue through the affected departments. The County will apply for grant funds to the extent they may be available and any bonding necessary to fund these projects will be repaid by funds from the Landfill Lease. The C.I.P. also includes various projects for the Finger Lakes Community College (FLCC), maintenance of County buildings, road and bridge projects, fleet purchases and leases and ongoing maintenance related to the continued expansion of the emergency communications network in the form of towers, equipment and radios. The total C.I.P. budgeted costs for 2018 are $31,922,684. Funding for this plan comes from a variety of resources, including tax levy, State and Federal aid, funding from FLCC, County Sewer District funds, Reserves, and Grants. The tax rate implication is $.16 cents per $1,000 to fund the $1.4 million of tax levy expected to be used. This is possible because the County sets aside a portion of sales tax revenue in a reserve, established in 2009, for capital improvement purposes. This Sales Tax Reserve is used to help maintain a stable tax rate for C.I.P. projects. 2/8% of the sales tax rate that is allocated to the reserve is used for payment of debt for FLCC projects and the Capital Improvement Plan. The balance in this reserve was $6,830,021 at the end of 2017.

The County is currently reviewing and planning the 2019-2024 C.I.P. This will include the continuation of the capital projects for renovations of the Human Services Building and improvements to the Office of Sheriff firing range as well as the reconstruction of County Complex Drive and continued improvements to the emergency communications network through enhancements to the current tower infrastructure. As is consistent with past C.I.P. budgets road and bridge projects, maintenance of County buildings, and fleet purchases and leases are also included in this C.I.P. The planning of these projects will include financing that will continue to support the goals of the Board of Supervisors with the use of reserves, dedicated revenue sources, private sector support, and state and federal aid.

The County continues to anticipate and fiscally plan for those areas which are outside of our control that could have a material effect on future tax levies. Primarily is a continued reduction of revenue sources due to the economic pressure from the state and federal government. These include reductions in state and federal reimbursement for mandated programs and newly created mandates for which funding is predicated on compliance with the New York State Tax Cap. Unfunded or underfunded mandated programs account for 87.6% of the current tax levy. Mandated retirement adds another $9.75 million of tax levy use bringing the total cost of mandated programs and expenditures to 96.2% of the current tax levy. In addition to state and federal funding challenges, we have seen slow growth of the real property tax base and continued low interest rates on investments.

Another area of concern is the increase in health insurance expense paid on behalf of our employees. Fringe benefits as a percentage of total budgeted wages are 59.9% in 2018, up from 56.6% in 2017. Together in 2018, wages and benefits are budgeted to comprise 39.36% of the County budget.

There will be a significant loss in revenue upon the completion of the current lease agreement for the operations of the Ontario County Landfill. These funds are currently utilized to provide additional funding for the County's C.I.P. as well as funding for implementation of the Ontario County Solid Waste Management Plan. Although the end of the lease is some years in the future, the County has made a commitment to be proactive and has begun discussing ways to address this revenue loss without it having to significantly impact tax payers.

The continuation of the New York State Tax Cap has imposed further restrictions on providing services for which it was already difficult to secure funding. The County has not exceeded the New York State Tax Cap, but the Cap will continue to complicate the budget process and will continue to put pressure on maintaining costs due to the State's efforts to link funding for new mandated initiatives such as Raise the Age and Shared Services to Tax Cap compliance.

These factors require that the County continue its diligent financial monitoring and management, and to be creative and proactive in searching for solutions. In the future, these may include departmental consolidations, changes in programs and services, operational alternatives and continued private sector investment in the County's programming and infrastructure.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances. If you would like additional information, please contact:

Mary Gates
Ontario County Director of Finance
3019 County Complex Drive
Canandaigua, New York 14424
585-396-4426
FinanceDept@co.ontario.ny.us

COUNTY OF ONTARIO, NEW YORK

Statement of Net Position

December 31, 2017

	Primary Government	Component Units	
ASSETS	**Governmental Activities**	**Governmental**	**Proprietary**
Current Assets:			
Cash and cash equivalents	$ 115,046,037	$ 15,421,641	$ 510,557
Investments	1,460,461	7,305,396	-
Receivable, net	8,319,883	1,316,000	3,764
Due from other governments, net	488,874	-	-
State and federal aid receivable	19,693,317	1,069,954	266,355
Inventory and prepayments	2,653,267	836,283	2,250
Total Current Assets	$ 147,661,839	$ 25,949,274	$ 782,926
Noncurrent Assets:			
Due from related party	$ -	$ -	$ 12,884
Investment in joint venture	-	-	76,749
Total Noncurrent Assets	$ -	$ -	$ 89,633
Capital Assets:			
Land	$ 4,308,647	$ 1,433,744	$ 2,400,534
Land improvements	3,013,423	-	-
Buildings	192,861,455	133,259,541	-
Runway and lighting	-	-	19,677,081
Equipment	27,905,938	12,835,307	1,347,723
Infrastructure	162,724,739	-	-
Work in progress	1,470,366	-	-
Accumulated depreciation	(174,140,017)	(45,762,190)	(8,075,369)
Total Capital Assets	$ 218,144,551	$ 101,766,402	$ 15,349,969
TOTAL ASSETS	$ 365,806,390	$ 127,715,676	$ 16,222,528
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources	$ 16,928,214	$ 5,247,705	$ -
LIABILITIES			
Current Liabilities:			
Accounts payable	$ 4,911,557	$ 680,624	$ 28,655
Accrued liabilities	2,596,526	2,276,535	-
Due to other governments	13,380,169	393,737	-
Unearned revenue	1,274,338	2,105,503	5,040
Custodial accounts	-	2,975,228	-
Total Current Liabilities	$ 22,162,590	$ 8,431,627	$ 33,695
Noncurrent Liabilities:			
Due in one year	$ 3,895,726	$ 496,226	$ -
Due in more than one year	82,329,327	18,132,993	-
Total Noncurrent Liabilities	$ 86,225,053	$ 18,629,219	$ -
TOTAL LIABILITIES	$ 108,387,643	$ 27,060,846	$ 33,695
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources	$ 3,380,695	$ 1,096,939	$ -
NET POSITION			
Net investment in capital assets	$ 195,337,824	$ 88,386,789	$ 15,349,969
Restricted for:			
Capital reserves	8,242,462	-	-
Reserved for debt service	5,981,031	-	-
Reserved for special district - sewer	7,181,476	-	-
Restricted other purposes	4,263,781	3,055,549	-
Unrestricted	49,959,692	13,585,060	838,864
TOTAL NET POSITION	$ 270,966,266	$ 105,027,398	$ 16,188,833

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

COUNTY OF ONTARIO, NEW YORK
Statement of Activities
For the Year Ended December 31, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government		Component Units	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Total**	**Governmental**	**Proprietary**
Primary Government:								
Governmental Activities:								
General government support	$ 71,193,599	$ 5,107,701	$ 1,621,138	$ -	$ (64,464,760)	$ (64,464,760)	$ -	$ -
Education	10,892,115	1,328,164	3,290,359	1,462,758	(4,810,834)	(4,810,834)	-	-
Public safety	37,483,349	1,897,188	2,145,885	153,426	(33,286,850)	(33,286,850)	-	-
Health	14,610,496	1,310,022	5,193,111	-	(8,107,363)	(8,107,363)	-	-
Transportation	16,155,014	20,206	2,355,222	6,433,190	(7,346,396)	(7,346,396)	-	-
Economic assistance and opportunity	52,791,463	1,624,928	24,612,738	-	(26,553,797)	(26,553,797)	-	-
Culture and recreation	554,125	77,322	95,973	-	(380,830)	(380,830)	-	-
Home and community services	6,739,331	4,675,005	112,050	19,000	(1,933,276)	(1,933,276)	-	-
Interest on long-term debt	2,468,192	-	-	-	(2,468,192)	(2,468,192)	-	-
Total Governmental Activities	$ 212,887,684	$ 16,040,536	$ 39,426,476	$ 8,068,374	$ (149,352,298)	$ (149,352,298)	$ -	$ -
Total Primary Government	$ 212,887,684	$ 16,040,536	$ 39,426,476	$ 8,068,374	$ (149,352,298)	$ (149,352,298)	$ -	$ -
Component Units:								
Governmental	$ 62,816,615	$ 39,123,754	$ 6,095,365	$ 2,245,922	$ -	$ -	$ (15,351,574)	$ -
Proprietary	1,022,929	316,385	-	776,559	-	-	-	70,015
Total Component Units	$ 63,839,544	$ 39,440,139	$ 6,095,365	$ 3,022,481	$ -	$ -	$ (15,351,574)	$ 70,015
	General Revenues:							
	Taxes:							
	Property taxes				$ 58,380,284	$ 58,380,284	$ -	$ -
	Non-property taxes				82,955,457	82,955,457	-	-
	Interfund revenue				1,855,765	1,855,765	-	-
	Compensation for loss				1,462,552	1,462,552	-	-
	Investment earnings				3,801,230	3,801,230	195,124	5,528
	Miscellaneous				1,891,511	1,891,511	15,054,243	-
	Total General Revenues				$ 150,346,799	$ 150,346,799	$ 15,249,367	$ 5,528
	Change in Net Position				$ 994,501	$ 994,501	$ (102,207)	$ 75,543
	Net Position - Beginning				269,971,765	269,971,765	105,129,605	16,113,290
	Net Position - Ending				$ 270,966,266	$ 270,966,266	$ 105,027,398	$ 16,188,833

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

COUNTY OF ONTARIO, NEW YORK

Balance Sheet

Governmental Funds

December 31, 2017

	Major			
Assets	**General Fund**	**Capital Project Fund**	**Nonmajor Governmental Funds**	**Total Governmental Funds**
Cash and cash equivalents	$ 79,312,558	$ 12,565,550	$ 16,719,172	$ 108,597,280
Investments	-	-	1,460,461	1,460,461
Receivables, net	6,048,937	-	1,078,466	7,127,403
Due from other funds	452,847	-	910,738	1,363,585
Due from other governments, net	264,461	219,502	-	483,963
State and federal aid receivable	17,720,200	1,905,031	68,086	19,693,317
Prepaid items	1,942,007	-	96,570	2,038,577
Total Assets	$ 105,741,010	$ 14,690,083	$ 20,333,493	$ 140,764,586
Liabilities, Deferred Inflows, and Fund Balance				
Liabilities:				
Accounts payable and other current liabilities	$ 4,134,476	$ -	$ 374,266	$ 4,508,742
Accrued liabilities	2,369,721	-	132,948	2,502,669
Due to other funds	115,160	1,220,282	28,143	1,363,585
Due to other governments	13,380,084	-	85	13,380,169
Overpayments and collections in advance	399,284	-	3,375	402,659
Unearned revenue	1,167,424	-	47,418	1,214,842
Total Liabilities	$ 21,566,149	$ 1,220,282	$ 586,235	$ 23,372,666
Deferred Inflows of resources:				
Deferred inflows of resources	$ 2,051,996	$ -	$ -	$ 2,051,996
Fund Balances:				
Nonspendable	$ 1,942,007	$ -	$ 96,570	$ 2,038,577
Restricted	6,768,205	-	17,708,065	24,476,270
Assigned	24,330,465	13,469,801	1,942,623	39,742,889
Unassigned	49,082,188	-	-	49,082,188
Total Fund Balances	$ 82,122,865	$ 13,469,801	$ 19,747,258	$ 115,339,924
Total Liabilities, Deferred Inflows, and Fund Balances	$ 105,741,010	$ 14,690,083	$ 20,333,493	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	218,144,551
Receivables related to tobacco settlement revenues are not available financial resources and therefore, are not reported in the governmental funds.	1,192,480
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(22,580,000)
Serial bonds TASC	(27,481,616)
OPEB liability	(170,885)
Interest is accrued on outstanding bonds in the statements of net assets but not in the funds.	(155,851)
Premiums received on debt issuance, are recorded as revenue in the governmental funds but included in long-term debt in the County-wide financial statements, to be recognized over the life of the bonds.	(937,235)
Judgements and claims are notreported in the funds under fund accounting but are expended as the liability is incurred in the statement of net position.	(5,108,914)
The advance payment of services made to Finger Lakes Telecommunications Development Corporation has been expended in the funds but is reflected as a prepayment on the statement of net position.	610,000
Net position of internal service fund is not reported in governmental funds but included in government-wide net position	(468,158)
Deferred loss on refunding bonds payable is not reported in the governmental funds but are reported in the County-wide net position.	715,508
Deferred inflows reported in governmental funds is reported as revenue in the County-wide statement of activities:	
Property taxes	2,051,996
Revolving loans	18,678
Deferred outflows - pension	16,212,706
Deferred inflows - pension	(3,380,695)
Net pension liability	(18,460,880)
Compensated absences are not reported in the funds under fund accounting but are expended as the liability is incurred in the statement of net position.	(4,575,343)
Net Position of Governmental Activities	$ 270,966,266

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

COUNTY OF ONTARIO, NEW YORK

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2017

	Major			
Revenues:	**General Fund**	**Capital Project Fund**	**Nonmajor Governmental Funds**	**Total Governmental Funds**
Real property and tax items	$ 49,583,809	$ -	$ 8,975,826	$ 58,559,635
Non-property taxes	82,955,457	-	-	82,955,457
Departmental income	6,950,669	-	3,383,995	10,334,664
Intergovernmental charges	1,409,897	443,000	1,570,533	3,423,430
Use of money and property	3,658,443	14,734	120,164	3,793,341
Licenses and permits	1,206	-	74,334	75,540
Fines and forfeitures	356,323	-	-	356,323
Sale of property and compensation for loss	261,165	-	1,250,499	1,511,664
Miscellaneous	1,706,227	100,000	1,447	1,807,674
Interfund revenues	2,136,418	-	162,347	2,298,765
State and county aid	22,423,582	2,019,137	2,380,222	26,822,941
Federal aid	14,579,217	5,336,128	213,564	20,128,909
Total Revenues	$ 186,022,413	$ 7,912,999	$ 18,132,931	$ 212,068,343
Expenditures:				
Current:				
General government support	$ 66,977,957	$ 377,361	$ 73,247	$ 67,428,565
Education	4,638,667	1,862,358	-	6,501,025
Public safety	35,297,301	385,270	639,924	36,322,495
Health	14,315,124	-	-	14,315,124
Transportation	183,356	-	8,092,059	8,275,415
Economic assistance and opportunity	51,929,404	9,055,727	291,100	61,276,231
Culture and recreation	449,634	-	-	449,634
Home and community services	1,739,145	-	4,112,725	5,851,870
Debt Service:				
Debt service - principal	-	-	2,805,000	2,805,000
Debt service - interest and other charges	-	-	1,495,834	1,495,834
Total Expenditures	$ 175,530,588	$ 11,680,716	$ 17,509,889	$ 204,721,193
Excess (deficiency) of revenue over expenditures	$ 10,491,825	$ (3,767,717)	$ 623,042	$ 7,347,150
Other Financing Sources and Uses:				
Operating transfers - in	$ 984,086	$ 10,491,748	$ 811,466	$ 12,287,300
Operating transfers - out	(8,530,076)	(206,450)	(3,550,035)	(12,286,561)
Total Other Financing Sources and Uses	$ (7,545,990)	$ 10,285,298	$ (2,738,569)	$ 739
Net change in fund balances	$ 2,945,835	$ 6,517,581	$ (2,115,527)	$ 7,347,889
Fund Balance - Beginning	79,177,030	6,952,220	21,862,785	107,992,035
Fund Balance - Ending	$ 82,122,865	$ 13,469,801	$ 19,747,258	$ 115,339,924

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

COUNTY OF ONTARIO, NEW YORK

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2017

Net Change in Fund Balances - Total Governmental Funds		$ 7,347,889
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital Outlay	$ 7,436,601	
Addition of Assets	776,915	
Loss on Disposal	(3,467)	
Depreciation	(12,878,950)	
		(4,668,901)
Change in the receivables related to tobacco settlement revenues are not available financial resources and therefore, are not reported in the governmental funds.		(19,112)
Bond and installment purchase debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net assets. The following details these items as they effect governmental activities:		
Debt Repayment		2,010,714
The net OPEB liability does not require the use of current financial resources, and, therefore, is not reported as an expenditure in the governmental funds.		20,766
Change in net position from internal service fund not reported in governmental funds but included in government-wide statement of activities		(430,519)
In the statement of activities, vacation pay and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the government activities:		
Compensated Absences	$ (163,873)	
Judgements and Claims	(87,000)	
		(250,873)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		4,117
Finger Lakes Telecommunication Development Corporation - Advance Payment		(40,000)
Deferred loss on refunding of bonds that is reported as expenditures in the governmental funds are deferred on the County-wide statements.		(55,039)
Decreases in proportionate share of net pension liability, net of related deferred inflows and deferred outflows of resources, reported in the statement of activities does not provide for or required the use of current financial resources and there are not reported as revenue		(2,717,749)
Unearned revenue reported in governmental funds is recorded as revenue in entity wide statement of activities:		
Property Taxes	$ (179,351)	
Revolving Loans	(27,441)	
		(206,792)
Change in Net Position of Governmental Activities		$ 994,501

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

COUNTY OF ONTARIO, NEW YORK

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2017

		Agency Funds
ASSETS		
Cash and cash equivalents	$	1,472,762
Accounts receivable		1,471
TOTAL ASSETS	$	1,474,233
LIABILITIES		
Other liabilities	$	1,474,233
TOTAL LIABILITIES	$	1,474,233

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

COUNTY OF ONTARIO, NEW YORK

Statement of Net Position

Proprietary Funds

December 31, 2017

		Internal Service Fund
ASSETS		
Cash and cash equivalents	$	6,448,757
Due from other governments		4,911
Inventory and prepayments		4,690
TOTAL ASSETS	$	6,458,358
LIABILITIES		
Current Liabilities:		
Accounts payable	$	156
Accrued liabilities		5,206
Unearned revenue		78,174
Total Current Liabilities	$	83,536
Noncurrent liabilities:		
Due in more than one year	$	6,842,980
Total Noncurrent Liabilities	$	6,842,980
TOTAL LIABILITIES	$	6,926,516
NET POSITION		
Unrestricted	$	(468,158)
TOTAL NET ASSETS	$	(468,158)

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

COUNTY OF ONTARIO, NEW YORK

Statement of Activities

Proprietary Funds

For the Year Ended December 31, 2017

		Internal Service Fund
OPERATING REVENUE:		
Charges for services	$	1,878,020
Other operating revenue		183,837
TOTAL OPERATING REVENUE	$	2,061,857
OPERATING EXPENSE:		
Employee Benefits	$	1,863,692
Administrative expenses		635,834
TOTAL OPERATING EXPENSE	$	2,499,526
OPERATING INCOME OR (LOSS)	$	(437,669)
NONOPERATING REVENUE (EXPENSE):		
Investment income, net	$	7,889
TOTAL NONOPERATING REVENUE (EXPENSE)	$	7,889
INCOME (LOSS) BEFORE OPERATING TRANSFERS	$	(429,780)
Transfer to County		(739)
NET INCOME (LOSS)	$	(430,519)
CHANGE IN NET POSITION	$	(430,519)
TOTAL NET POSITION, BEGINNING		(37,639)
TOTAL NET POSITION, ENDING	$	(468,158)

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

COUNTY OF ONTARIO, NEW YORK

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2017

		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from providing services	$	2,065,826
Cash payments for personal services and benefits		(2,696,107)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**$**	**(630,281)**
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	$	(739)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	**$**	**(739)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	$	7,889
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	**$**	**7,889**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**$**	**(623,131)**
CASH AND CASH EQUIVALENTS - BEGINNING		7,071,888
CASH AND CASH EQUIVALENTS - ENDING	**$**	**6,448,757**
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
CHANGE IN NET POSITION	$	(437,669)
ADJUSTMENT TO RECONCILE INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES -		
Change in assets and liabilities -		
Accounts receivable		(373)
Inventories and prepayments		378
Accounts payable and accrued liabilities		(1,014)
Due to other funds		(105,103)
Unearned revenue		4,342
Other long-term liabilities		(90,842)
TOTAL ADJUSTMENTS	$	(192,612)
NET CASH FLOW FROM OPERATING ACTIVITIES	**$**	**(630,281)**

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

COUNTY OF ONTARIO, NEW YORK

Statement of Net Position

Component Units

December 31, 2017

	Governmental			Proprietary
ASSETS	Finger Lakes Community College	Ontario County Four Seasons Local Development Corporation	Total Governmental	Ontario County Industrial Development Agency
Current Assets:				
Cash and cash equivalents	$ 14,647,659	$ 773,982	$ 15,421,641	$ 510,557
Investments	7,305,396	-	7,305,396	-
Receivable, net	1,258,640	57,360	1,316,000	3,764
State and federal aid receivable	1,069,954	-	1,069,954	266,355
Inventory and prepayments	825,877	10,406	836,283	2,250
Total Current Assets	$ 25,107,526	$ 841,748	$ 25,949,274	$ 782,926
Noncurrent Assets:				
Net pension asset	$ 221,802	$ -	$ 221,802	$ -
Due from related party	-	-	-	12,884
Investment in joint venture	-	-	-	76,749
Total Noncurrent Assets	$ 221,802	$ -	$ 221,802	$ 89,633
Capital assets:				
Land	$ 1,419,744	$ 14,000	$ 1,433,744	$ 2,400,534
Buildings and improvements	132,912,278	347,263	133,259,541	-
Runway and lighting	-	-	-	19,677,081
Equipment	12,656,460	178,847	12,835,307	1,347,723
Accumulated depreciation	(45,572,047)	(190,143)	(45,762,190)	(8,075,369)
Total Capital Assets	$ 101,416,435	$ 349,967	$ 101,766,402	$ 15,349,969
TOTAL ASSETS	$ 126,745,763	$ 1,191,715	$ 127,937,478	$ 16,222,528
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources	$ 5,247,705	$ -	$ 5,247,705	$ -
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 668,888	$ 11,736	$ 680,624	$ 28,655
Accrued liabilities	2,255,941	20,594	2,276,535	-
Due to other governments	393,737	-	393,737	-
Unearned revenue	2,105,503	-	2,105,503	5,040
Custodial accounts	2,975,228	-	2,975,228	-
Total Current Liabilities	$ 8,399,297	$ 32,330	$ 8,431,627	$ 33,695
Noncurrent liabilities:				
Due in one year	$ 496,226	$ -	$ 496,226	$ -
Due in more than one year	18,132,993	-	18,132,993	-
Total Noncurrent Liabilities	$ 18,629,219	$ -	$ 18,629,219	$ -
TOTAL LIABILITIES	$ 27,028,516	$ 32,330	$ 27,060,846	$ 33,695
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources	$ 1,096,939	$ -	$ 1,096,939	$ -
NET POSITION				
Net investment in capital assets	$ 88,036,822	$ 349,967	$ 88,386,789	$ 15,349,969
Restricted for:				
Restricted other purposes	2,577,258	478,291	3,055,549	-
Unrestricted	13,253,933	331,127	13,585,060	838,864
TOTAL NET POSITION	$ 103,868,013	$ 1,159,385	$ 105,027,398	$ 16,188,833

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

COUNTY OF ONTARIO, NEW YORK

Statement of Activities

Component Units

For the Year Ended December 31, 2017

	Governmental			Proprietary
	Finger Lakes Community College	Ontario County Four Seasons Local Development Corporation	Total Governmental	Ontario County Industrial Development Agency
OPERATING REVENUE:				
Tuition and fees	$ 19,500,936	$ -	$ 19,500,936	$ -
Less: Scholarship allowances	(7,990,970)	-	(7,990,970)	-
Federal grants and contracts	1,259,634	-	1,259,634	-
State grants and contracts	3,461,341	-	3,461,341	-
County grants and contracts	-	1,002,034	1,002,034	-
Local grants and contracts	151,555	-	151,555	-
Nongovernmental grants and contracts	158,119	-	158,119	-
Auxiliary enterprises	7,087,603	-	7,087,603	-
NYS matching fund	-	62,682	62,682	-
Program service fees	-	7,393	7,393	316,385
Other	1,760,106	21,000	1,781,106	-
TOTAL OPERATING REVENUE	$ 25,388,324	$ 1,093,109	$ 26,481,433	$ 316,385
OPERATING EXPENSE:				
Instruction	$ 23,671,687	$ -	$ 23,671,687	$ -
Program services	-	826,192	826,192	-
Public service	83,434	-	83,434	-
Academic support	3,040,033	-	3,040,033	-
Student services	3,766,419	-	3,766,419	-
Institutional support	8,947,547	-	8,947,547	-
Operation and maintenance of plant	6,487,675	-	6,487,675	-
Student aid payments	2,705,885	-	2,705,885	-
Administrative, collection, and other costs	604,424	143,752	748,176	519,107
Auxiliary enterprises	5,641,982	-	5,641,982	-
Depreciation	5,125,394	-	5,125,394	503,822
TOTAL OPERATING EXPENSE	$ 60,074,480	$ 969,944	$ 61,044,424	$ 1,022,929
OPERATING INCOME OR (LOSS)	$ (34,686,156)	$ 123,165	$ (34,562,991)	$ (706,544)
NONOPERATING REVENUE (EXPENSE):				
Federal and state financial aid	$ 7,554,410	$ -	$ 7,554,410	$ -
State appropriations	12,964,382	-	12,964,382	-
Local appropriations	11,572,844	-	11,572,844	-
State and County capital appropriations	2,245,922	-	2,245,922	-
Interest on indebtedness	(667,238)	-	(667,238)	-
Loss on disposal of capital assets	(52,182)	-	(52,182)	-
Change in fair value of interest rate swap	873,443	-	873,443	-
College support	(1,052,771)	-	(1,052,771)	-
Gifts and donations	806,198	20,652	826,850	-
Investment income, net	194,381	743	195,124	423
Unrealized net gain (loss) on investment in joint venture	-	-	-	5,105
TOTAL NONOPERATING REVENUE (EXPENSE)	$ 34,439,389	$ 21,395	$ 34,460,784	$ 5,528
NET INCOME (LOSS)	$ (246,767)	$ 144,560	$ (102,207)	$ (701,016)
CONTRIBUTED CAPITAL:				
Contributed capital - federal, state & local	$ -	$ -	$ -	$ 776,559
TOTAL CONTRIBUTED CAPITAL	$ -	$ -	$ -	$ 776,559
CHANGE IN NET POSITION	$ (246,767)	$ 144,560	$ (102,207)	$ 75,543
TOTAL NET POSITION, BEGINNING	104,114,780	1,014,825	105,129,605	16,113,290
TOTAL NET POSITION, ENDING	$ 103,868,013	$ 1,159,385	$ 105,027,398	$ 16,188,833

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

COUNTY OF ONTARIO, NEW YORK

Statement of Cash Flows

Component Units

For the Year Ended December 31, 2017

		Proprietary Ontario County Industrial Development Agency
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from providing services	$	359,649
Cash payments for contractual expenses		(506,513)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**$**	**(146,864)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	$	(1,200,621)
Contributions for capital assets		943,703
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	**$**	**(256,918)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	$	423
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	**$**	**423**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**$**	**(403,359)**
CASH AND CASH EQUIVALENTS - BEGINNING		913,916
CASH AND CASH EQUIVALENTS - ENDING	**$**	**510,557**
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
CHANGE IN NET POSITION	$	(706,544)
ADJUSTMENT TO RECONCILE INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES -		
Depreciation	$	503,822
Change in assets and liabilities -		
Accounts receivable		56,158
Accounts payable		(9,975)
Inventory		13,605
Prepaid expense		(2,250)
Unearned revenue		(1,680)
TOTAL ADJUSTMENTS	$	559,680
NET CASH FLOW FROM OPERATING ACTIVITIES	**$**	**(146,864)**

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

I. Summary of Significant Accounting Policies:

The financial statements of the County of Ontario, New York (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below:

A. Financial Reporting Entity

The County is governed by County Law and other general laws of the State of New York, and various local laws and ordinances. The County Board of Supervisors, which is the legislative body responsible for the overall operation of the County, consists of twenty-one supervisors. The Chairman of the Board of Supervisors serves as chief executive officer and the County Treasurer serves as chief fiscal officer of the County.

The County provides the following basic services: highway construction and maintenance, economic assistance and opportunity, cultural and recreation programs, public safety and law enforcement, public health and solid waste management.

All governmental activities performed by the County are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the County and (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the County's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered to determining the County's reporting entity.

1. Component Units – Discretely Presented

The following entities have been evaluated based on the aforementioned criteria and are included in the financial reporting entity as discretely presented component units.

a. Governmental Component Units

1. The **Finger Lakes Community College** utilizes an August 31 fiscal year as mandated by State Law. The County includes the financial statements of the Community College within these financial statements using an August 31 balance sheet date and a fiscal year ended August 31 for revenues and expenditures.

An audit of the financial statements of the Finger Lakes Community College for the fiscal year ended August 31, 2017 has been performed by another auditor. Their opinion was unqualified, that is, the financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America. The report was dated January 11, 2018 and is on file with the Ontario County Department of Finance. The college budget is subject to the approval of the County Board of Supervisors. In addition, real property of the college vests with the County and bonds and notes for college capital costs are issued by the County and are County debt. The Dormitory Authority of the State of New York (DASNY), debt service requirements referenced in the financial statements of the Community College are paid by New York State and are not an obligation of the Community College or the County and as such are not reflected in the basic financial statements. The Finger Lakes Community College is a component unit of the County and is discretely presented.

The Finger Lakes Community College has an appointed Treasurer and is basically responsible for their own financial transactions. However, the County continues to provide a sponsor contribution to the college and some administrative services such as purchasing, data processing and the County attorney.

2. The **Ontario County Four Seasons Local Development Corporation** is a private not-for-profit entity organized for the express purpose of enhancing the economic impact of tourism to Ontario County, New York. The Corporation meets this purpose by conducting promotional activities, administering promotional contracts on behalf of Ontario County, New York, doing strategic planning and servicing the tourism industry in the County. One member of the Ontario County Board of Supervisors serves on the 17 member Board of Directors which governs the Corporation. The remaining 16 members are nominated by the Corporation itself, and approved by the County Board of Supervisors.

The Ontario County Board of Supervisors annually provides a contractual payment to the Corporation based on the collection of a 3% County Occupancy Tax less a 5% administration fee. The 2017 payment totaled $1,002,034. The Corporation also provides copies of its audits and insurance coverage to the Ontario County Attorney. The Ontario County Four Seasons Local Development Corporation is a component unit of the County and is discretely presented.

The auditor's report was unqualified, that is, the financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America.

b. Proprietary Component Unit

1. The Ontario County Industrial Development Agency is a public benefit corporation created by state legislation to promote the economic welfare, opportunities, and prosperity of the County inhabitants. The Ontario County Industrial Development Agency was established to promote and assist in acquiring or constructing various business and recreational facilities in Ontario County, New York. Members of the Ontario County Industrial Development Agency are appointed by the Ontario County Board of Supervisors.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices:

Finger Lakes Community College
4355 Lake Shore Drive
Canandaigua, New York 14424

Ontario County Four Seasons Local Development Corporation
25 Gorham Street
Canandaigua, New York 14424

Ontario County Industrial Development Agency
20 Ontario Street
Canandaigua, New York 14424

2. Component Unit – Blended

The **Ontario County Tobacco Asset Securitization Corporation (TASC)** is a special purpose, bankruptcy-remote local development corporation organized under the Not-For-Profit Corporation Law of the State of New York. The Corporation was established on July 2, 2001. The TASC is considered a component unit (blended presentation) of the County based on guidance provided by GASB and is included as part of the County's financial reporting entity as of December 31, 2017.

Complete financial statements for the Tobacco Asset Securitization Corporation (TASC) can be obtained from the:

Ontario County Finance Department
3019 County Complex Drive
Canandaigua, New York 14424

3. Excluded From Reporting Entity

The **Finger Lakes Regional Telecommunications Development Corporation** is a not-for-profit local development corporation under Article 14 of the Not-For-Profit Corporations Law. Its purpose is promoting and providing economic development opportunities within Ontario County, New York, providing additional employment and job opportunities, and promotion of scientific research for the purpose of attracting industry to the community, retaining businesses in the area and relieving the burdens of government, working in partnership with the private sector without direct competition for services, as more fully set forth in the Certificate of Incorporation filed in the New York State Department of State on October 25, 2005.

The Ontario County Administrator, the Ontario County Director of Economic Development and the Chairperson of the Ontario County Board of Supervisors serve on the ten member Board of Directors. The remaining seven members are elected at the annual meeting of the Corporation. Instead of paying a monthly maintenance fee for use of the system, the County will provide the use of County meeting rooms and the services of the Chief Information Officer to serve as the Chief Executive Officer of the Corporation.

(I) (Continued)

The County of Ontario, New York has made an advance payment totaling $1,000,000 in 2007, for use of the network for a period of twenty-five years. This payment has been expensed in the County's General Fund and is reflected as a deferred expenditure in the amount of $610,000 in the County-Wide financial statements and will be amortized over a period of twenty-five years. The County has also provided an interest free loan in the amount of $1,500,000 which shall be repaid upon retirement of the Corporation's debt or the termination of the current agreement, whichever event occurs earlier. This amount has been expensed in the County's General Fund. No long-term receivable in the County-Wide financial statements has been reflected due to the uncertainty of the repayment terms.

An audit of the Finger Lakes Regional Telecommunications Development Corporation for the year ended December 31, 2017 has been performed by another auditor. The auditor's report, dated March 23, 2018, was unqualified and the relevant financial information is as follows:

	2017	2016
Total Assets	$ 7,033,864	$ 7,144,802
Total Liabilities	9,204,839	9,313,695
Net Assets (deficit)	$ (2,170,975)	$ (2,168,893)
Total Revenues	$ 1,392,319	$ 1,292,668
Total Expenses	$ 1,394,401	$ 1,306,180

* On October 25, 2017 the Finger Lakes Regional Telecommunications Development Corp. entered into a five year lease purchase agreement to be acquired by another corporation.

B. Joint Ventures

The County of Ontario, New York and the County of Yates, New York participate in the joint maintenance of the Flint Creek Small Watershed Protection District.

1. The Boards of each municipality jointly act as the governing body for the joint venture.

2. The following is an unaudited summary of financial information included in the Annual Financial Report Update Document, for the year ended December 31, 2017:

Total Assets	$ 380,370
Total Liabilities	$ -
Joint Venture Equity	$ 380,370
Total Revenues-2017	$ 37,150
Total Expenses-2017	$ 29,416

3. Financial statements of the Flint Creek Small Watershed Protection District for the year ended December 31, 2017, are available by contacting the Yates County Treasurer.

(I) (Continued)

C. Related Entities

1. Ontario County Soil & Water Conservation District (SWCD)

The SWCD was established in accordance with the Soil & Water Conservation Districts Laws, to provide for the conservation of the County's soil and water resources. Members of the SWCD's Board of Directors are appointed by the Board of Supervisors, and administrative costs of the SWCD are funded primarily through the County appropriations. The SWCD does derive other revenues and performs other activities outside the County's general oversight responsibilities. The directors of the SWCD have sole responsibility for management of the SWCD and full accountability for fiscal matters. The figures included within the financial statements have been provided by the agency, and have not been audited for the year ended December 31, 2017. Pertinent financial data related to the SWCD is as follows:

Total Assets	$	757,996
Total Liabilities	$	40,956
Total Equity	$	717,040
Total Revenues-2017	$	966,152
Total Expenditures-2017	$	828,417

Complete financial statements for the SWCD may be obtained at the entity's administrative office located at 480 North Main Street, Canandaigua, New York 14424.

2. Ontario County Economic Development Corporation

The Ontario County Economic Development Corporation, New York (OCEDC) was incorporated as a nonprofit local development corporation on January 11, 2010. The purposes for which the OCEDC is to be formed and operated, are exclusively for charitable purposes within the meaning of Section 501(c)(4) of the Internal Revenue Code, to relieve and reduce unemployment, to better and maintain job opportunities, promote and provide for additional employment, to help increase the tax base of Ontario County through the attraction of private sector investment, lessen the burdens of government and otherwise act in the public interest.

An audit of the Corporation's financial statements for the year ended December 31, 2017 has been performed by Raymond F. Wager, CPA, P.C., a division of Mengel Metzger Barr & Co, LLP. The auditors report was unqualified, that is, the financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America. Pertinent financial data for the year ended December 31, 2017 is as follows:

Total Assets	$	4,200,811
Total Liabilities	$	354,079
Total Equity	$	3,846,732
Total Revenues-2017	$	118,893
Total Expenditures-2017	$	176,465

3. Ontario County Local Development Corporation

The Ontario County Local Development Corporation, New York (the Corporation) was incorporated on April 12, 2010 under Section 402 of the Not-For-Profit Corporation Law. The mission of the Ontario County LDC is to conduct activities that will relieve and reduce unemployment; promote and provide for additional and maximum employment; better and maintain job opportunities; instruct or train individuals to improve or develop their capabilities for such jobs' carry on scientific research for the purpose of aiding the County be attracting new industry in the County; and lessening the burdens of government and acting in the public interest.

An audit of the Corporation's financial statements for the year ended December 31, 2017 has been performed by Raymond F. Wager, CPA, P.C., a division of Mengel Metzger Barr & Co, LLP. The auditors report was unqualified, that is, the financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America. Pertinent financial data for the year ended December 31, 2017 is as follows:

Total Assets	$	379,880
Total Liabilities	$	2,014
Total Equity	$	377,866
Total Revenues-2017	$	359,557
Total Expenditures-2017	$	8,392

D. Basis of Presentation

1. Countywide Statements

The County's basic financial statements include both countywide (reporting the County as a whole) and fund financial statements (reporting the County's major and nonmajor funds. All of the County's services are classified as governmental and business-type activities.

In the countywide Statement of Net Position, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The business-type activities are presented on a consolidated basis and are reported on a full accrual, economic resources basis. The County's net position are reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The County first uses restricted resources to finance qualifying activities.

The countywide Statement of Activities reports both the gross and net cost of each of the County's functions, i.e., public safety, transportation, and economic assistance and opportunity. The functions are also supported by general government revenues (State Aid, sale of property and equipment, and investment revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs by function are normally covered by general revenue (State Aid, sale of property and equipment, and investment revenues).

The County does allocate indirect costs to all County Funds except the General Fund. In addition, as a general rule, interfund activity has been eliminated from the countywide financial statements.

This countywide focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

The County's fiduciary funds are presented in the fiduciary fund financial statements by type (restricted purposes, and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the countywide financial statements.

2. <u>Fund Financial Statements</u>

The fund statements provide information about the County's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Nonmajor funds are summarized into a single column. The GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

a. <u>Governmental Funds</u>

Are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of current financial resources. The following are the County's governmental fund types:

<u>General Fund</u> - is the principal fund of the County and includes all operations not required to be recorded in other funds.

<u>Special Revenue Funds</u> - are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The special revenue funds of the County include the County Road, Animal Control, Special Grant, Sewer, and Revolving Loan.

<u>Capital Projects Fund</u> - account for financial resources to be used for the acquisition, construction, of major capital facilities not being financed by proprietary funds.

Debt Service Fund - are used to account for current payments of principal and interest on general obligation long-term debt and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness not being financed by proprietary funds.

Major funds include – the General Fund and the Capital Projects Fund.

Nonmajor funds include – All Special Revenue Funds and the Debt Service Fund,

b. Proprietary Funds

Are used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus is upon determination of the flow of economic resources. The following proprietary fund is utilized.

Enterprise Funds – are used to account for those operations that provide a service and are financed primarily by a user charge for that service. The County's discretely presented component unit proprietary fund is the Ontario County Industrial Development Agency.

Internal Service Funds – are used to account for administrative operations within the County. The County accounts for its multi-employer self-insured workers compensation plan in its internal service fund.

c. Fiduciary Funds

Are used to account for assets held by the local government in a trustee or custodial capacity.

Agency Funds - is custodial in nature and does not present results of operations or have measurement focus. The Agency Fund is accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity. There are currently no expendable, nonexpendable or pension trust funds reported on by the County.

E. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

1. Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities both governmental and business-type activities are presented using the economic resources measurement focus.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial positions, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

2. Basis of Accounting/Measurement Focus

a. Accrual

The countywide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes, grants, and donations is recognized in the year in which all eligibility requirements have been satisfied.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

b. Modified Accrual

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Material revenues that are accrued include real property taxes to be collected within 60 days of the reporting period and sales tax. Where expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made, and anticipated to be received within the next fiscal reporting period.

Expenditures are recorded when the related fund liability is incurred except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(I.) (Continued)

F. Assets, Liabilities, and Equity

1. Cash and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Investments are stated at cost, which approximates market value.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

All other trade receivables, loans receivable from the Revolving Loan Fund and sewer rents receivable are shown net of allowance for uncollectibles.

All amounts due from other governments are deemed fully collectible.

Taxes are collected in installments under Section 928 of the New York State Real Property Tax Law. Delinquent tax collections have been enhanced by reducing by one year the time allowed to pay property taxes prior to initiating the enforcement proceedings.

Tax billings are considered past due 30 days after the respective tax billing date at which time the applicable property is subject to lien and penalties and interest charges.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements.

4. Capital Assets – Property, Plant and Equipment

a. General

Capital assets purchased or acquired with an original cost of $40,000 or more are reported at historical cost or estimated historical cost. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

Class	Life in Years
Buildings	15-50 Years
Machinery and Equipment	5-25 Years
Infrastructure	15-30 Years

The County reports and depreciates infrastructure assets. Infrastructure assets include roads, bridges, underground pipes (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the County.

b. Component Units – Discretely Presented

1. Finger Lakes Community College

Property, plant and equipment of the College are depreciated using the straight line method with an estimated useful life of 39 years for buildings and land improvements and 7 years for furniture and fixtures. Capital assets are defined by the College as assets with an initial unit cost of $1,500 or more and an estimated useful life in excess of two years.

2. Ontario County Four Seasons Local Development Corporation

Fixed assets for the discretely presented component unit are depreciated by the Ontario County Four Seasons Local Development Corporation using the straight line method with an estimated useful life of 5 years for office equipment and 7 years for office furniture.

3. Ontario County Industrial Development Agency

Capital assets acquired by the IDA are stated at cost (or estimated historical cost), including interest capitalized during construction, where applicable. Depreciation is computed using the straight line method over the estimated useful life of the assets.

5. Unearned Revenue

The County reports unearned revenues 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.

6. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net 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 and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The government may have three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the County-wide Statement of Net Position. This represents the effect of the net change in the County's proportion of the collective net pension asset or liability and difference during the measurement period between the County's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the County contributions to the pension systems subsequent to the measurement date.

In addition to liabilities, the statement of net 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. The County may have two items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue-property taxes. The second item is related to pensions reported in the County-wide Statement of Net Position. This represents the effect of the net change in the County's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the County's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

7. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the county-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the County's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

a. Compensatory Absences

County employees are entitled to annual leave. The leave is not cumulative from year to year but up to ten days may be carried over and added to the following years entitlement. In the event of termination or upon retirement, an employee is entitled to payment for accumulated annual leave. There are no separate sick pay benefits allotted to employees. For government activities, the current portion of this liability is accrued in the appropriate fund and the long-term portion is accrued in the countywide Statement of Net Position.

b. Other Benefits

County employees participate in the New York State Employees' Retirement System.

8. Encumbrances

For financial reporting purposes encumbrances have been reclassified to assigned fund balance on the governmental funds for general fund and assigned or restricted fund balance for the capital fund. Encumbrance accounting, under which purchase orders, contracts or other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the general, and nonmajor funds.

9. Equity Classifications

a. Government-Wide Statements

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

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

a. Primary Government - The County maintains reserve funds established in accordance with applicable New York State General Municipal Law.

b. Community College – Component Unit

Temporarily Restricted Net Position – The College's Foundation has temporarily restricted funds which are maintained for monies which are segregated based on the donor's intent for student scholarships, awards, and other various designated purposes. The funds exist under various names due to donor wishes.

<u>Permanently Restricted Net Position</u> – The College's Foundation has permanently restricted net position which represent funds with the donor-stipulation that the principal be maintained in perpetuity and that the income from such funds be available for donor specified purposes, primarily for student scholarships. As such, investment income from permanently restricted assets, are recorded as temporarily restricted until expended for scholarship purposes.

3. **<u>Unrestricted Net Position</u> –** All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

b. **<u>Fund Balances – Governmental Funds</u>**

As of December 31, 2017, fund balances of the governmental funds are classified as follows:

1. **<u>Nonspendable fund balance</u>** – Amounts that are not in a spendable form (i.e. inventory or prepaids) or are legally or contractually required to be maintained intact.

2. **<u>Restricted fund balance</u>** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

3. **<u>Assigned fund balance</u>** – Amounts a government intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.

4. **<u>Unassigned fund balance</u>** – Amounts that are available for County purposes pursuant to any Law restrictions. Any positive amounts are reported only in the general fund.

G. **<u>Revenues, Expenditures, and Expenses</u>**

1. **<u>Revenues</u>**

The annual *real property tax* levy for County purposes, except for sewer related indebtedness, is constitutionally limited to 1.5% of the five-year average full valuation of taxable real estate in the County. The tax levy for County purposes in 2017 was approximately 42% of this tax limit.

County property taxes are levied annually no later than December 1 and become a lien on January 1. Taxes for County purposes are levied together with taxes for town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the towns. Taxes are collected interest free during the month of January and with interest of 1% and 2% respectively, for the months of February and March. On April 1, all unpaid taxes are turned over to the County Finance Department for enforcement. On November 1, the County begins foreclosure proceedings for all amounts which remain unpaid.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

2. <u>Expenditures and Expenses</u>

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (further classified by function)
	Debt Service
	Capital outlay

Proprietary Fund – By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

H. <u>Internal and Interfund Balances and Activities</u>

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

1. <u>Fund Financial Statements</u>

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

a. **<u>Interfund loan</u>** **–** amounts provided with a requirement for repayment are reported as interfund receivables and payables.

b. **<u>Interfund services</u>** **–** sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.

c. **<u>Interfund reimbursements</u>** **–** repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.

d. **<u>Interfund transfers</u>** **–** flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

2. **<u>Government-Wide Financial Statements</u>**

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

a. **<u>Internal balances</u>** **–** amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

b. **<u>Internal activities</u>** **–** amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effect of interfund services between funds, if any, are not eliminated in the Statement of Activities.

I. **<u>Use of Estimates</u>**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

J. **<u>New Accounting Standards</u>**

The County has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2017, the County implemented the following new standards issued by GASB:

The GASB has issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 57, and Amendments to Certain Provisions of GASB Statements 67 and 68,* effective for the year ended December 31, 2017.

The GASB has issued Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*, effective for the year ended December 31, 2017.

The GASB has issued Statement 81, *Irrevocable Split-Interest Agreements*, effective for the year ended December 31, 2017.

The GASB has issued Statement No. 82, *Pension Issues-an Amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the year ended December 31, 2017.

K. Future Changes in Accounting Standards

The GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which will be effective for the year ended December 31, 2018.

The GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ended December 31, 2019.

The GASB has issued Statement No. 84, *Fiduciary Activities*, which will be effective for the year ended December 31, 2018.

The GASB has issued Statement No. 85, *Omnibus 2017*, which will be effective for the year ended December 31, 2018.

The GASB has issued Statement No. 86, *Certain Debt Extinguishment Issues*, which will be effective for the year ended December 31, 2018.

The GASB has issued Statement No. 87, *Leases*, which will be effective for the year ended December 31, 2019.

The County is currently studying these statements and plans on adoption as required.

II. Stewardship, Compliance and Accountability:

A. Budgetary Information

1. The County budget process begins each July when the Finance Office provides budget forms and policies to all department heads. During August, the department heads submit their completed budget proposals to their respective legislative committees for review. These committees, working with department heads, complete their review during the month of August. By September 1, the approved requests are submitted to the County Administrator and Ways and Means Committee for review and approval. From this point until the beginning of November, that Committee, the County Administrator and Director of Finance, review and modify the budget requests.

2. No later than the first board meeting in November, the budget officer and Ways and Means Committee submit a tentative budget to the Board of Supervisors for the fiscal year commencing the following January 1. The tentative budget includes appropriations and the proposed means of financing them including a tentative tax levy amount.

3. After public hearings are conducted to obtain taxpayer comments, but no later than the second meeting in November, the Board of Supervisors adopts the County budget.

4. The legal level of budgetary control is the department level. The annual policy adopted by the Board of Supervisors provides procedures for budget transfers which operate on a step down basis. The first step, for transfers within departments, which comprise the vast majority of all transfers, requires approval of the Department Head. The second step, primarily for revenue adjustments, requires approval by the Department Head and County Administrator. The third step, for new contracts, positions and additional unbudgeted equipment, as well as the use of contingencies and fund balance, requires approvals from the Department Head, Standing Committee, Ways and Means Committee and the Board of Supervisors.

5. Annual appropriated budgets are adopted and employed for control of the General Fund, Special Revenue Funds and the Debt Service Fund, minimally detailed to the Department and object level. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except that encumbrances are reported as budgeted expenditures in the year of incurrence of commitment to purchase in the General and Special Revenue Funds. All unencumbered appropriations lapse at the end of the year. Budgetary comparisons presented in this report are on the budgetary basis, and represent the budget as modified. A reconciliation to convert GAAP basis expenditures to the budgetary basis is provided in item B.

6. Budgets are prepared for enterprise funds to control expenditures, establish user charges and to determine real property taxes to be levied.

7. The annual budgets, as amended, set limitations on the amount of resources which can be expended during the year except for the following:

Capital Projects - Budgetary controls are established for the capital projects fund through resolutions as adopted by the Board of Supervisors authorizing individual projects which remain in effect for the life of the project.

B. Budget/GAAP Reconciliation

The following is a reconciliation of the budgetary and the GAAP basis operating results:

	General Fund
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	$ 1,611,452
Encumbrances at December 31, 2017	1,334,383
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	**$ 2,945,835**

C. Deposit and Investment Laws and Regulations

1. Ontario County, New York – Primary Government

The County 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 in the State. The 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 valued at market, is required for demand deposits and certificates of deposit at 102 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the State, and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 105 percent of the cost of the repurchase agreement.

2. Component Units – Discretely Presented

a. Finger Lakes Community College

The College's investment policies are governed by the State of New York (the State). The College may hold investments (for example, demand deposits, certificates of deposit, and certain government obligations) through FDIC-insured commercial banks located within the State.

Collateral (obligations of the United States and its agencies and obligations of the State and its municipalities and school districts) is required for funds not insured by federal deposit insurance.

III. Detail Notes on All Funds and Account Groups:

A. Cash and Investments

1. Ontario County, New York – Primary Government

The County's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	$ -
Collateralized with securities held by the pledging financial institution,	53,831,666
Collateralized within trust department or agent	60,768,148
Total	**$ 114,599,814**

The Debt Service Fund reports investments related to the Ontario Tobacco Asset Securitization Corporation as follows:

	Issued	Maturity	Interest Rate	Amount
Toyota Motor Credit Co.				
Discount Commercial Paper	9/20/2017	5/31/2018	5.6300%	$ 1,491,688

2. Component Units – Discretely Presented

a. Finger Lakes Community College

The College's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	$ -
Collateralized within trust department or agent	8,778,994
Total	**$ 8,778,994**

The College also reports investments which are comprised of the following:

	Foundation	Housing Association	Total
Trust and savings	$ -	$ 2,173,806	$ 2,173,806
Certificates of deposit	25,367	-	25,367
Money market	66,713	-	66,713
Government securities	15,544	-	15,544
Corporate bonds	261,368	-	261,368
Mutual Funds	1,764,048	-	1,764,048
Total Investments	**$ 2,133,040**	**$ 2,173,806**	**$ 4,306,846**

b. Ontario County Four Seasons Local Development Corporation

The Corporation's aggregate bank balances (disclosed in the financial statements) were fully covered by FDIC Insurance at September 30, 2017.

c. Ontario County Industrial Development Agency

The Agency's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	$ -
Collateralized with securities held by the pledging financial institution,	436,442
Total	**$ 436,442**

B. Receivables

Receivables as of year end for the government's individual major funds, non-major funds and fiduciary funds in the aggregate and enterprise type funds including applicable allowances for uncollectible accounts are as follows:

Receivables	General	Capital Projects	Revolving Loans	Other Funds	Total
Accounts	$ 593,052	$ -	$ -	$ 1,057,431	$ 1,650,483
Taxes	5,418,185	-	-	-	5,418,185
State & Federal	17,834,976	1,905,031	-	68,086	19,808,093
Loans	-	-	21,035	-	21,035
Due from other governments, net	264,461	219,502	-	-	483,963
Gross Receivables	**$ 24,110,674**	**$ 2,124,533**	**$ 21,035**	**$ 1,125,517**	**$ 27,381,759**
Less: Allowance for uncollectibles	(77,076)	-	-	-	(77,076)
Net Total Receivables	**$ 24,033,598**	**$ 2,124,533**	**$ 21,035**	**$ 1,125,517**	**$ 27,304,683**

At December 31, 2017, uncollected real property taxes of $5,493,308 which includes land held for resale of $413,937 and are offset by an allowance for uncollectible taxes of $75,123. Current year returned village and school taxes of $3,369,189 are offset by liabilities to the villages and school districts which will be paid no later than April 1, 2018. The remaining portion of tax assets is collected within the first sixty dates of the subsequent year or offset by deferred tax revenue of $2,051,996 (and represents an estimate of the tax liens which will not be collected within the first sixty days of the subsequent year).

Accounts receivable for Finger Lakes Community College are uncollateralized customer obligations due under normal trade terms generally requiring payment within 30 days from the invoice date. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management individually reviews all accounts receivable balances that exceed the due date by several days and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. The College's allowance for doubtful accounts at August 31, 2017 was $895,408. In addition, the College expensed $604,,424 in bad debts for the year ended August 31, 2017. The Association, and Association Housing's management believe all accounts to be collectible.

C. Interfund Receivables, Payables, Revenues and Expenditures

Interfund receivables, payables, revenues and expenditures at December 31, 2017 were as follows:

Governmental Activitiy -	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General Fund	$ 452,847	$ 22,174	$ 156,361	$ 8,530,076
Capital Projects Fund	-	1,220,282	10,491,748	206,450
Non-Major Funds	910,738	121,129	1,639,191	3,550,774
Total government activities	**$ 1,363,585**	**$ 1,363,585**	**$ 12,287,300**	**$ 12,287,300**

(III) (Continued)

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position.

The County typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

D. Change in Capital Assets

1. Governmental Activity

A summary of changes in capital assets follows:

Type	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Capital assets not being depreciated:				
Land	$ 4,165,195	$ 143,452	$ -	$ 4,308,647
Work in progress	1,323,275	11,724,119	(11,577,028)	1,470,366
Total capital assets not being depreciated	$ 5,488,470	$ 11,867,571	$ (11,577,028)	$ 5,779,013
Other capital assets:				
Infrastructure	$ 158,867,209	$ 3,857,530	$ -	$ 162,724,739
Buildings and improvements	192,464,378	397,077	-	192,861,455
Machinery and equipment	27,316,306	776,915	(187,283)	27,905,938
Land improvements	658,224	2,891,450	-	3,549,674
Total other capital assets	$ 379,306,117	$ 7,922,972	$ (187,283)	$ 387,041,806
Less accumulated depreciation for:				
Infrastructure	$ 65,922,486	$ 3,885,127	$ -	$ 69,807,613
Buildings and improvements	75,066,943	7,190,581	-	82,257,524
Machinery and equipment	20,907,273	1,351,426	(183,819)	22,074,880
Land improvements	84,435	451,816	-	536,251
Total accumulated depreciation	$ 161,981,137	$ 12,878,950	$ (183,819)	$ 174,676,268
Other capital assets, net	$ 217,324,980	$ (4,955,978)	$ (3,464)	$ 212,365,538
Total	**$ 222,813,450**	**$ 6,911,593**	**$ (11,580,492)**	**$ 218,144,551**

Depreciation expense for the period was charged to functions/programs as follows:

Gevernmental Activities	
General government support	$ 951,144
Education	5,293,737
Public safety	1,834,139
Health	155,900
Transportation	3,729,109
Culture and recreation	149,812
Home and community services	765,109
Total Depreciation Expense	**$ 12,878,950**

2. Community College – Governmental Component Unit

Fixed assets of Finger Lakes Community College are primarily recorded at cost as of the date of acquisition or fair value as of the date of donation. Fixed asset balances are composed of the following as of August 31:

	Balance 2016	Additions	Deletions	Balance 2017
Title vested in the County:				
Land and land improvements	$ 903,382	$ -	$ -	$ 903,382
Work in process	11,422,085	-	(11,422,085)	-
Total title vested in the County	$ 12,325,467	$ -	$ (11,422,085)	$ 903,382
Title vested in the College:				
Building and improvements	$ 102,193,369	$ 13,215,885	$ -	$ 115,409,254
Equipment and library books	9,866,751	1,057,672	(209,173)	10,715,250
Total Assets	**$ 124,385,587**	**$ 14,273,557**	**$ (11,631,258)**	**$ 127,027,886**
Less Accumulated Depreciation:				
Title vested in the County:				
Building and improvements	$ 30,209,297	$ 3,300,162	$ -	$ 33,509,459
Equipment and library books	4,624,519	1,014,077	(156,991)	5,481,605
Total title vested in the County	$ 34,833,816	$ 4,314,239	$ (156,991)	$ 38,991,064
Total Accumulated Depreciation	**$ 34,833,816**	**$ 4,314,239**	**$ (156,991)**	**$ 38,991,064**
Capital assets, net	**$ 89,551,771**	**$ 9,959,318**	**$ (11,474,267)**	**$ 88,036,822**

For the year ended August 31, 2017 depreciation expense amounted to $4,314,239.

The following is a summary of fixed assets for the Foundation, the Association, the Student Corporation, and the Association Housing as of June 30:

Type	Balance 2016	Additions	Deletions	Balance 2017
Capital assets not being depreciated:				
Land and land improvements	$ 516,362	$ -	$ -	$ 516,362
Total capital assets not being depreciated	$ 516,362	$ -	$ -	$ 516,362
Other capital assets:				
Buildings and improvements	$ 17,309,727	$ 193,297	$ -	$ 17,503,024
Machinery and equipment	1,806,227	134,983	-	1,941,210
Total other capital assets	$ 19,115,954	$ 328,280	$ -	$ 19,444,234
Less accumulated depreciation:	$ (5,769,828)	$ (811,155)	$ -	$ (6,580,983)
Other capital assets, net	$ 13,346,126	$ (482,875)	$ -	$ 12,863,251
Total	**$ 13,862,488**	**$ (482,875)**	**$ -**	**$ 13,379,613**

3. **Ontario County Industrial Development Agency – Proprietary Component Unit**

The following is a summary of the capital assets for the Ontario County Industrial Development agency at December 31, 2017:

Type	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Capital assets not being depreciated:				
Land	$ 2,400,534	$ -	$ -	$ 2,400,534
Total capital assets not being depreciated	$ 2,400,534	$ -	$ -	$ 2,400,534
Other capital assets:				
Airport Runway and Lighting	$ 19,613,978	$ 740,603	$ -	$ 20,354,581
Equipment	578,049	92,174	-	670,223
Total other capital assets	$ 20,192,027	$ 832,777	$ -	$ 21,024,804
Less accumulated depreciation for:				
Airport Runway and Lighting	$ 7,491,676	$ 451,829	$ -	$ 7,943,505
Equipment	79,871	51,993	-	131,864
Total accumulated depreciation	$ 7,571,547	$ 503,822	$ -	$ 8,075,369
Other capital assets, net	$ 12,620,480	$ 328,955	$ -	$ 12,949,435
Total	**$ 15,021,014**	**$ 328,955**	**$ -**	**$ 15,349,969**

E. **Long-Term Debt**

In February 2000, the Board of Supervisors adopted a Debt Management Policy providing for the types of debt which may be issued, the maximum amount of debt allowed, the purpose for which the County may issue debt and other financial objectives. At December 31, 2017 the total outstanding indebtedness of the County aggregated $86,225,053.

1. **Serial Bonds** - The County borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the County and have been issued for both governmental and business-type activities. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. Enterprise Fund debt is liquidated with Enterprise Fund income.

2. **Other Long-Term Debt** - In addition to the above long-term debt, the County has the following noncurrent liabilities:

   Unamortized Bond Premiums, OPEB Liability, Compensated Absences, Judgements and Claims, Workers' Compensation, Net Position Liability, and Capital Lease Obligation.

3. **Summary of Long-Term Debt – Excluding TASC** - The following is a summary of long-term liabilities outstanding at December 31, 2017 by fund type and account group excluding TASC:

Description	Date of Issue	Maturity	Rate	Outstanding 12/31/17
Governmental Activities -				
New County Jail-Refunded	8/10	11/22	2.00%-4.00%	$ 1,230,000
New County Jail-Refunded	9/10	5/20	2.50%-4.00%	211,200
Finger Lakes Community College- Improvements	9/10	5/20	2.50%-4.00%	118,800
Finger Lakes Community College-Improvements	4/10	4/19	2.50%-4.00%	1,450,000
New County Jail-Refunded	8/12	4/23	2.00%-4.00%	1,315,000
Geneva Campus Improvements	6/12	6/32	2.00%-3.00%	4,400,000
Geneva Campus Improvements	6/12	6/32	2.00%-3.00%	5,975,000
Finger Lakes Community College- Improvements - Refunded	8/16	8/30	2.00%-5.00%	7,880,000
Total Long-Term Debt Excluding TASC				**$ 22,580,000**

The following is a summary of bonds payable for the year ended December 31, 2017:

	Governmental Activities	
Year	**Principal**	**Interest**
2018	$ 1,965,000	$ 700,888
2019	1,960,000	635,331
2020	1,930,000	570,250
2021	1,820,000	508,825
2022	1,840,000	447,875
2023-27	7,340,000	1,372,875
2028-32	5,725,000	334,550
Total	**$ 22,580,000**	**$ 4,570,594**

In prior years, the County defeased general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. $9,700,000 of bonds outstanding are considered defeased.

4. Summary of Long-Term Debt - TASC

Series 2001 NY Counties Trust II Bonds

As discussed in Note 1, the purchase price of the County's future rights, title and interest in the TSRs, was financed through the issuance of Series 2001 Bonds in the amount of $19,985,000 bearing interest at rates ranging from 5.25% to 5.75%. The bonds are secured by a perfected security interest in, which includes, among other things, the TSRs and all investment earnings on amounts on deposit in the accounts established under the Indenture (collectively, the Collections). Among the accounts so established are the Liquidity Reserve Account and the Trapping Account. The Corporation retains TSRs in an amount sufficient to service its debt, not otherwise provided for from bond proceeds, and pay its operating expenses, and remits the remaining balance to the Trust (Note I).

Principal and interest debt service requirements for required maturities and flexible amortization payments at December 31, 2017 for liquidation of the $12,455,000 bonds are as follows:

Year Ended December 31,	Amortization Assuming Super Sinker Payments Principal	Amortization Assuming Super Sinker Payments Interest	Amortization Assuming No Super Sinker Payments Principal	Amortization Assuming No Super Sinker Payments Interest
2018	$ 1,330,000	$ 672,781	$ -	$ 710,188
2019	1,010,000	606,969	-	710,188
2020	1,075,000	548,328	-	710,188
2021	1,130,000	486,313	-	710,188
2022	1,205,000	420,034	-	710,188
2023-27	6,705,000	963,844	-	3,550,938
2028-32	-	-	2,850,000	3,181,656
2032-37	-	-	3,455,000	2,286,956
2038-42	-	-	4,945,000	1,097,819
2043	-	-	1,205,000	34,644
Total	**$ 12,455,000**	**$ 3,698,269**	**$ 12,455,000**	**$ 13,702,953**

Series 2005 S1, S2, S3, and S4B Subordinate Turbo Capital Appreciation Bonds

On November 15, 2005, the Corporation issued $7,111,340 in Series 2005 S1, S2, S3, and S4B Subordinate Turbo Term NY Counties Trust IV Tobacco Settlement Pass-Through Capital Appreciation Bonds bearing interest ranging from 6.00% to 7.85%, collateralized by future TSR revenues. Capital Appreciation Bonds do not pay current interest. Interest accretes until both principal and accreted interest are paid. Future interest accretion has been recorded as bond discount, amortized as the current interest accretes.

At December 31, 2017, the outstanding principal, net of change in discount, totaled $15,026,616. The amortization schedule for the turbo amortization payments is as follows:

Amortization Schedule Assuming Turbo Amortization Payments

Year Ended December 31,	Turbo Redemption Payments	Gross Bond Balance	Remaining Discount	Net Bond Balance
2018	$ -	$ 35,208,831	$ (20,182,215)	$ 15,026,616
2019	-	35,208,831		
2020	-	35,208,831		
2021	-	35,208,831		
2022	767,567	34,441,264		
2023-27	6,332,941	28,108,323		
2028-32	10,997,605	17,110,718		
2033-37	11,692,099	5,418,619		
2038-40	5,115,209	303,410		

Any debt service amounts not paid in accordance with the above turbo amortization schedule will be due and payable on the following final maturity dates:

Series 2005 S1	June 1, 2038
Series 2005 S2	June 1, 2050
Series 2005 S3	June 1, 2055
Series 2005 S4B	June 1, 2060

5. Changes In General Long-Term Debt

The following is a summary of changes in general long-term debt:

Governmental Activities:	Balance 01/01/17	Additions	Deletions	Balance 12/31/17	Classified As Current	Classified As Non-Current
Serial Bonds-Excluding TASC	$ 24,990,000	$ -	$ 2,410,000	$ 22,580,000	$ 1,965,000	$ 20,615,000
Unamortized Premium	1,013,227	-	75,992	937,235	75,992	861,243
Serial Bonds-TASC	26,879,188	997,428	395,000	27,481,616	1,330,000	26,151,616
OPEB Liability	251,651	-	13,566	238,085	67,200	170,885
Compensated Absences	4,497,362	77,981	-	4,575,343	457,534	4,117,809
Judgements and Claims	5,021,914	987,000	900,000	5,108,914	-	5,108,914
Workers' Compensation	6,933,822	1,863,692	1,954,534	6,842,980	-	6,842,980
Net Pension Liability	32,747,951	-	14,287,071	18,460,880	-	18,460,880
Capital lease Obligation	127,150	-	127,150	-	-	-
Total Governmental Activities	$ 102,462,265	$ 3,926,101	$ 20,163,313	$ 86,225,053	$ 3,895,726	$ 82,329,327

Additions and deletions to compensated absences are shown net.

Additions to Serial Bonds-TASC includes $997,428 of prior capital appreciation.

The County bonded debt will be financed by user charges, State and Federal Aid, reserves and the future stream of revenue from the TASC.

F. Deferred Inflows of Resources

The following is a summary of the deferred inflows of resources:

	Amount
Pension system	$ 16,212,706
Loss on refunding	715,508
Total Deferred Inflows of Resources	**$ 16,928,214**

G. Fund Balances/Net Position

1. Fund Balances

a. Nonspendable

The County has the following nonspendable funds:

Nonspendable Prepaid Items - The County has prepaid various items and the cash is no longer available, therefore, those funds are nonspendable.

b. Restricted

Currently, New York State laws still use the terminology reserves. The County currently utilizes the following reserves which are classified as restricted funds:

1. GENERAL FUND RESERVES:	Balance 12/31/2017	Appropriated 2018
Capital Reserves -		
Capital Reserve - County Clerk - this reserve is funded with an annual contribution for future upgrades of computer equipment.	$ 296,567	$ -
Capital Reserve - this reserve is to set aside monies for the future cost of construction, reconstruction, acquisition, repair, or maintaining capital projects. It will be funded through the annual lease payments received for the County landfill.	4,916,700	-
Total Capital Reserves	$ 5,213,267	$ -
Miscellaneous Reserves -		
Crime Proceeds - crime forfeitures to be used by the District Attorney for law enforcement purposes.	$ 9,235	$ -
Federal Forfeited Property - crime forfeitures to be used by the Sheriff for drug enforcement purposes.	13,396	-
Alternatives To Incarceration - monies derived from 1% of bail refunds to be used by the Employment and Training Program for incarceration alternatives.	60,015	12,064
Subtotal Miscellaneous Reserves	$ 82,646	$ 12,064

(III) (Continued)

	Balance 12/31/2017	Appropriated 2018
1. GENERAL FUND RESERVES (Continued):		
Miscellaneous Reserves (Continued) -		
Subtotal from previous page	$ 82,646	$ 12,064
D.A.R.E. Reserve - contains accumulated excess of D.A.R.E. revenue less D.A.R.E. expenses.	3,452	-
Handicapped Parking - used for the establishment of a parking education program for the purpose of providing education advocacy and increased awareness of handicapped parking laws.	405	-
Wireless 9-1-1 Surcharge Reserve - surcharge revenues to be used to enhance the 9-1-1 wireless system.	576,577	110,000
Equipment Reserve - established in 2007 to finance the future cost of purchasing equipment for the General Fund.	555,721	-
Vehicle Wash Reserve - established in 2007 to finance ongoing equipment operations and maintenance of the vehicle wash system.	127,927	-
Fuel Island Reserve - established in 2007 to finance capital replacement costs and maintenance of fuel island.	92,449	-
Sheriff - Crime Proceeds - created in 2010 to segregate state and local crime forfeitures until appropriated for the law enforcement and ivestigation of penal law offenses.	20,309	-
STOP DWI - Reserve - contains accumulated excess of STOP DWI revenue less STOP DWI expenses. Money is usually appropriated for use during the following year.	95,452	64,446
Total Miscellaneous Reserves	$ 1,554,938	$ 186,510
TOTAL GENERAL FUND RESERVES	**$ 6,768,205**	**$ 186,510**
2. DEBT SERVICE FUND RESERVES:		
Reserve for Debt Reserve Fund -		
Reserve for Bonded Debt - monies from closed Capital Projects and investments on bond proceeds which must be used to reduce interest and principal payment on debt.	$ 4,788,551	$ 626,651
Other TASC Reserve - this reserve is available to fund future costs of TASC.	$ 1,638,353	$ -
TOTAL DEBT SERVICE FUND RESERVES	**$ 6,426,904**	**$ 626,651**
3. COUNTY ROAD FUND RESERVES:		
Capital Reserve -		
Capital Reserve for Roads and Bridges - established for the repair, maintenance, and reconstruction of County roads and briges.	$ 3,029,195	$ -
Miscellaneous Reserve -		
Equipment Replacement Reserve - created to set aside money for the purchase/replacement of equipment for the County Road Fund.	$ 709,365	$ 275,000
TOTAL COUNTY ROAD FUND RESERVES	**$ 3,738,560**	**$ 275,000**

	Balance 12/31/2017	Appropriated 2018
4. SEWER FUND RESERVE:		
Miscellaneous Reserves -		
Sewer Equipment Replacement Reserve - funded at 5% of sewer rents collected: Canandaigua Lake; Route 332 District; Honeoye Lake Combined District	$ 5,338,595	$ 630,000
CLSD Equipment Purchase Reserve - established in 2010 for future costs of equipment for Canandaigua Lake District.	110,729	-
TOTAL SEWER FUND RESERVE	**$ 5,449,324**	**$ 630,000**

c. Assigned

The County has the following assigned funds:

General Fund –	1. Appropriated for Taxes
	2. Encumbrances
	3. Board Designated Funds
County Road Fund -	1. Appropriated for Taxes
	2. Year End Equity
Capital Projects –	1. Year End Equity

Encumbrances represent purchase commitments made by the County's purchasing agent through their authorization of a purchase order prior to year end. The County assignment is based on the functional level of expenditures.

For the general fund management has determined that amounts in excess of $201,000 are considered significant and are summarized below:

- $409,742 for general government support, $205,860 for public safety, and $717,260 for home and community services.

The Capital Projects Fund has $3,019,291 in encumbrances which will be utilized for capital additions, and improvements.

(III) (Continued)

The remaining funds do not have encumbrances that are considered significant.

Board Designated Funds:	**Balance 12/31/2017**	**Appropriated 2018**
Document Management System - created in 2006 for the purchase of a County-wide document management system.	$ 353,545	$ -
Real Property Tax Assessment Defense - established in 2007 to finance the services provided for the Real Property Tax Assessment Review Defense Sharing Policy.	100,000	-
Aerial Digital Imaging - established in 2007 to set aside money for aerial digital imaging software.	430,852	-
Sales Tax - created in 2009 to set aside money from the sales tax increase.	6,830,021	662,283
Digital Format Conversion - created in 2009 to support the project of converting building and site plans to a digital format.	30,000	-
Deferred Compensation - established in 2011 to fund expenses related to the Deferred Compensation Plan.	9,137	-
Sales and Real Property Tax - established in 2016 to set aside money from state and real property taxes.	653,779	-
Solid Waste - established in 2016 to finance implementation of the adopted Ontario County Solid Waste Management Plan	550,903	490,000
Potential Liabilities - established in 2015 to set aside funds to offset potential liabilities	100,000	-
Time and Attendance - established in 2015 to set aside funds to purchase a computerized time and attendance system.	2,702,845	-
Total Board Designated Funds	**$ 11,761,082**	**$ 1,152,283**

d. Unassigned

Unassigned funds include the residual classification for the County's general fund and all spendable amounts not contained in other classifications.

(III) (Continued)

The following table summarizes the County's fund balance according to the descriptions above:

	General Fund	Capital Projects Fund	Debt Service Fund	Special Revenue Funds	Total
FUND BALANCE:					
Nonspendable -					
Prepaid items	$ 1,942,007	$ -	$ -	$ 96,570	$ 2,038,577
Total Nonspendable	**$ 1,942,007**	**$ -**	**$ -**	**$ 96,570**	**$ 2,038,577**
Restricted -					
Capital reserve	$ 5,213,267	$ -	$ -	$ 3,029,195	$ 8,242,462
Miscellaneous reserves	1,554,938	-	-	709,365	2,264,303
Reserve for bonded debt	-	-	4,788,551	-	4,788,551
TASC reserve	-	-	1,638,353	-	1,638,353
Revolving loan fund	-	-	-	208,622	208,622
Sewer fund	-	-	-	7,181,476	7,181,476
Animal control fund	-	-	-	62,132	62,132
Special grant fund	-	-	-	90,371	90,371
Total Restricted	**$ 6,768,205**	**$ -**	**$ 6,426,904**	**$ 11,281,161**	**$ 24,476,270**
Assigned -					
Appropriated for taxes	$ 11,235,000	$ -	$ -	$ 500,000	$ 11,735,000
Board designated funds	11,761,082	-	-	-	11,761,082
Capital projects	-	13,469,801	-	-	13,469,801
General government support	409,742	-	-	-	409,742
Education	617	-	-	-	617
Public safety	205,860	-	-	-	205,860
Health	28	-	-	-	28
Transportation	-	-	-	1,442,623	1,442,623
Culture and recreation	876	-	-	-	876
Home and community service	717,260	-	-	-	717,260
Total Assigned	**$ 24,330,465**	**$ 13,469,801**	**$ -**	**$ 1,942,623**	**$ 39,742,889**
Unassigned	**$ 49,082,188**	**$ -**	**$ -**	**$ -**	**$ 49,082,188**
TOTAL FUND BALANCE	**$ 82,122,865**	**$ 13,469,801**	**$ 6,426,904**	**$ 13,320,354**	**$ 115,339,924**

(III) (Continued)

The following restricted fund balances have monies appropriated for 2018 taxes:

		Total
Special Revenue Funds -		
Animal Control Fund	$	10,016
Sewer Fund		280,791
County Road Fund		500,000
Total Special Revenue Appropriated for Taxes	**$**	**790,807**
Debt Service Fund -	**$**	**20,000**
Internal Service Fund -		
Workers' Compensation Fund	**$**	**655,054**

2. Net Position - Restricted for Other Purposes

Represents those amounts which have been restricted by enabling legislation or Board Resolutions.

		Total
General Fund -		
Miscellaneous Reserve	$	1,554,938
TASC reserve		1,638,353
County Road Fund -		
Miscellaneous Reserve		709,365
Animal Control Fund		62,132
Special Grant Fund -		
Community Development		61,694
Revolving Loan		208,622
Water Resource Council		28,677
Total Net Position - Restricted for Other Purposes	**$**	**4,263,781**

IV. Tax Abatement:

As of December 31, 2017 the County tax abatement programs include abatements on property taxes, sales taxes and mortgage recording taxes. All abatements agreements are made by either Ontario County Industrial Development Agency (OCIDA), a component unit of the County, or City of Geneva Industrial Development Agency (GCIDA).

A. Property Taxes

All property tax abatements are performed through Payment in Lieu of Tax (PILOT) agreements made by OCIDA and GCIDA. The PILOT agreements are made to support manufacturing, signature, retail, recreation, utilities and other purposes. Total taxes abated by OCIDA in each of these categories for the year ended December 31, 2017 is as follows:

Manufacturing	$	285,139
Signature retail	$	228,779
Utilities	$	330,991
Recreation	$	48,155
Other	$	46,816

PILOT agreements entered into by GCIDA abated $457,292 of property taxes on the County's behalf.

B. Sales Tax

Under agreements entered into by OCIDA and GCIDA, County sales tax revenues were reduced by $300,874.

C. Mortgage Recording Tax

Under agreements entered into y OCIDA and GCIDA, County mortgage recording tax revenues were reduced by $15,679.

V. Other Notes:

A. Ontario County, Primary Government

1. General Information About Pension Plan

a. Plan Description

The County participates in the New York State Local Employees' Retirement System (ERS) which is collectively referred to as New York State and Local Retirement Systems (the System). This is a cost sharing multiple employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The County also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

b. Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tier 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tier 3, 4, 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age of Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

c. <u>Contributions</u>

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly, used in computing the employers' contributions based on salaries paid during the Systems' financial year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Prepayment due Date	ERS
December 15, 2017	$ 8,791,721
December 15, 2016	$ 8,765,327
December 15, 2015	$ 8,696,702

2. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At December 31, 2017, the County reported a liability of $21,125,068 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that 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 pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017, the County's proportion was 0.2248251 percent.

For the year ended December 31, 2017 the County recognized pension expense of $11,896,789. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 462,612	$ 2,803,389
Changes of assumptions	6,306,912	-
Net difference between projected and actual earnings on pension plan investments	3,687,386	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	-	577,306
Subtotal	$ 10,456,910	$ 3,380,695
County's contributions subsequent to the measurement date	6,471,304	-
Grand Total	**$ 16,928,214**	**$ 3,380,695**

$3,771,304 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year	Amount
2018	$ 3,315,885
2019	3,315,885
2020	3,003,105
2021	(2,558,660)
Total	**$ 7,076,215**

a. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS
Measurement date	March 31, 2017
Actuarial valuation date	April 1, 2016
Interest rate	7.00%
Salary scale	3.80%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience
Inflation rate	2.50%
COLA's	1.30%

For ERS, annuitant mortality rates are based on Society of Actuaries Scale MP-2014 System's experience with adjustments for mortality improvements based on MP-2017.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

(V) (Continued)

Long Term Expected Rate of Return	ERS
Measurement date	March 31, 2017
Asset Type -	
Cash	-0.25%
Inflation-index bonds	1.50%
Domestic equity	4.55%
International equity	6.35%
Real estate	5.80%
Alternative investments	0.00%
Domestic fixed income securities	0.00%
Global fixed income securities	0.00%
Bonds/mortgages	1.31%
Short-term	0.00%
Private equity	7.75%
Absolute return strategies	4.00%
Opportunistic portfolios	5.89%
Real assets	5.54%

b. Discount Rate

The discount rate used to calculate the total pension liability was 7% for ERS. 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.

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

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentagepoint lower (6%) or 1-percentagepoint higher (8%) than the current rate:

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Employer's proportionate share of the net pension asset (liability)	$ (58,960,390)	$ (18,460,879)	$ 15,781,381

d. Pension Plan Fiduciary Net Position

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(In Thousands) ERS
Measurement date	March 31, 2017
Employers' total pension liability	$ 177,400,586
Plan net position	168,004,363
Employers' net pension asset/(liability)	$ (9,396,223)
Ration of plan net position to the employers' total pension asset/(liability)	94.70%

B. Finger Lakes Community College – Discretely Presented Component Unit

1. Retirement Plans

The College's teaching faculty has the option of participating in the New York State Teachers' Retirement System (TRS) or the SUNY Optional Retirement Plan (ORP). Non-teaching professionals and College administrators have the option of participating in the New York State Employee's Retirement System (ERS) or ORP. Full-0time and electing part-time civil service employees have the option to participate in ERS.

2. SUNY Optional Retirement Plan (ORP)

The SUNY ORP is a defined contribution annuity plan. College employees who have selected ORP invest in the Teachers' Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF). Participates in the ORP retiring after age 55 with at least 13 months of service receive monthly annuity benefits based on their investment. Both the College and employee contribution rates are based on the employee's membership date in the ORP as follows:

Tier	Membership Date	College Contribution
Tier 1	Prior to 7/01/73	12% of first $16,500; 15% of salary above $16,500
Tier 2	7/01/73 - 7/26/76	12% of first $16,500; 15% of salary above $16,500
Tier 3	7/27/76 - 8/31/83	9% of first $16,500; 12% of salary above $16,500
Tier 4	9/01/83 - 7/16/92	9% of first $16,500; 12% of salary above $16,500
Tier 5	7/17/92 - 3/31/12	8% of salary for the first 7 years; 10% thereafter
Tier 6	4/1/12 and after	8% of salary for the first 7 years; 10% thereafter

An employee contribution of 3% of salary is required for Tier 3, 4, and 5 participants. Members of these tiers will have their 3% employee contribution eliminated upon reaching 10 years of service and will have an additional corresponding 3% contribution made by the employer. Tier 6 participants will be required to make employee contributions for the duration of their membership based on salary at a rate of 3% to 6%.

The College's contributions to the ORP were equal to 100% of the contributions required for the current year and the two preceding years are as follows:

Year	ORP
2017	$ 1,168,540
2016	$ 1,193,846
2015	$ 1,231,122

3. New York State Employees' Retirement System (ERS)

ERS is a cost-sharing, multiple-employer defined benefit retirement system. ERS provides retirement benefits, as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to ERS. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employee elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that the pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) services as the sole trustee and administrative head of ERS. The Comptroller adopts and amends rules and regulations for the administration and transaction of the business of ERS and for the custody and control of its funds.

The ERS issues a publicly available financial report that includes financial statements and supplementary information and provides detailed information about the pension plan's fiduciary net position at:
http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

Under the authority of the NYSRSSL, the Comptroller certifies annually the actuarially determined rates expressed as proportions of payroll of members which are used to compute the contributions required to be made by employers to the pension accumulation fund. The employee contribution rates are based on ERS membership dates as follows:

Tier	Membership Date	Employee Contribution
Tier 1	Prior to 7/01/73	None
Tier 2	7/01/73 - 7/26/76	None
Tier 3	7/27/76 - 8/31/83	3% of salary for the first 10 years of service
Tier 4	9/01/83 - 12/31/09	3% of salary for the first 10 years of service
Tier 5	1/01/10 - 3/31/12	3% of salary
Tier 6	4/1/12 and after	From 3% to 6% of salary

The College's contributions to ERS were equal to 100% of the contributions required for the current year and the two preceding years are as follows:

Year	ERS
2017	$ 1,134,618
2016	$ 1,280,545
2015	$ 1,210,177

a. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At August 31, 2017, the College reported a liability of $2,664,189 for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At August 31, 2017, the College's proportion was 0.028354 percent.

For the year ended August 31, 2017 the College recognized pension expense of $1,509,152. At August 31, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 66,762	$ 404,572
Changes of assumptions	910,185	-
Net difference between projected and actual earnings on pension plan investments	532,146	-
Changes in proportion and differences between the College's contributions and proportionate share of contributions	-	83,314
Subtotal	$ 1,509,093	$ 487,886
College's contributions subsequent to the measurement date	557,732	-
Grand Total	**$ 2,066,825**	**$ 487,886**

$557,732 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year		Amount
2018	$	478,533
2019		478,533
2020		433,394
2021		(369,253)
Total	**$**	**1,021,207**

1. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS
Measurement date	March 31, 2017
Actuarial valuation date	April 1, 2016
Interest rate	7.00%
Salary scale	3.80%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience
Inflation rate	2.50%
COLA's	1.30%

For ERS, annuitant mortality rates are based on Society of Actuaries Scale MP-2014 System’s experience with adjustments for mortality improvements based on MP-2017.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Long Term Expected Rate of Return	**ERS**
Measurement date	March 31, 2017
Asset Type -	
Cash	-0.25%
Inflation-index bonds	1.50%
Domestic equity	4.55%
International equity	6.35%
Real estate	5.80%
Alternative investments	0.00%
Domestic fixed income securities	0.00%
Global fixed income securities	0.00%
Bonds/mortgages	1.31%
Short-term	0.00%
Private equity	7.75%
Absolute return strategies	4.00%
Opportunistic portfolios	5.89%
Real assets	5.54%

2. Discount Rate

The discount rate used to calculate the total pension liability was 7% for ERS. 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.

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentagepoint lower (6%) or 1-percentagepoint higher (8%) than the current rate:

	1% Decrease (6%)	**Current Assumption (7%)**	**1% Increase (8%)**
Employer's proportionate share of the net pension asset (liability)	$ (8,508,892)	$ (2,664,189)	$ 2,277,496

4. Pension Plan Fiduciary Net Position

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(In Thousands)
	ERS
Measurement date	March 31, 2017
Employers' total pension liability	$ 177,400,586
Plan net position	168,004,363
Employers' net pension asset/(liability)	$ (9,396,223)
Ration of plan net position to the employers' total pension asset/(liability)	94.70%

4. New York State Teachers' Retirement System (TRS)

TRS is a cost-sharing, multiple-employer public employee retirement system. TRS offers a wide range of plans and benefits, which are related to years of service, final average salary, vesting retirement benefits, death, and disability.

The New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the New York State Education Law and the NYSRSSL. TRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained at : https://www.nystrs.org/library/publications/annual-report.

a. Contributions

The System is noncontributory for employees who joined prior to July 27, 1976,. For employees who joined the TRS after July 27, 1976 and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in TRS more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary were paid through April 1, 2013 and they contributed 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education law, the New York State Teachers' Retirement Board establishes rates annually for TRS.

The College's contributions to TRS were equal to 100% of the contributions required for the current year and the two preceding years are as follows:

Year	TRS
2017	$ 541,953
2016	$ 621,321
2015	$ 853,288

b. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At August 31, 2017, the College reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for ERS. The net pension asset/(liability) was measured as of June 30, 2017 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The College's proportion of the net pension asset/(liability) was based on a projection of the College's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS System in reports provided to the College.

	TRS
Measurement date	June 30, 2017
Net pension assets/(liability)	$ 221,802
College's portion of the Plan's total net pension asset/(liability)	0.029181%

For the year ended August 31, 2017, the College recognized pension expenses of $594,088 for TRS. At August 31, 2017 the College's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 182,489	$ 86,478
Changes of assumptions	2,256,879	-
Net difference between projected and actual earnings on pension plan investments	-	522,408
Changes in proportion and differences between the College's contributions and proportionate share of contributions	199,559	167
Subtotal	$ 2,638,927	$ 609,053
College's contributions subsequent to the measurement date	541,953	-
Grand Total	**$ 3,180,880**	**$ 609,053**

College contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Amount
2018	$ 87,814
2019	633,587
2020	463,781
2021	142,562
2022	462,538
Thereafter	239,592
Total	**$ 2,029,874**

1. **Actuarial Assumptions**

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	TRS
Measurement date	June 30, 2017
Actuarial valuation date	June 30, 2016
Interest rate	7.50%
Salary scale	4.01% - 10.91%
Decrement tables	July 1, 2009- June 30, 2015 System's Experience
Inflation rate	2.50%
COLA's	1.50%

For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale AA.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Long Term Expected Rate of Return

	TRS
Measurement date	June 30, 2017
Asset Type -	
Domestic equity	5.90%
International equity	7.40%
Real estate	4.30%
Domestic fixed income securities	1.60%
Global fixed income securities	1.30%
Bonds/mortgages	3.90%
Short-term	0.60%
Private equity	9.00%

2. **Discount Rate**

The discount rate used to calculate the total pension liability was 7.25% for TRS. 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.

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.25% for TRS, as well as what the College's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.25% for TRS) or 1-percentagepoint higher (8.25% for TRS) than the current rate :

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension asset (liability)	$ (3,820,993)	$ 221,802	$ 3,607,442

4. Pension Plan Fiduciary Net Position

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(In Thousands) TRS
Measurement date	June 30, 2017
Employers' total pension liability	$ 114,708,261
Plan net position	115,468,360
Employers' net pension asset/(liability)	$ 760,099
Ration of plan net position to the employers' total pension asset/(liability)	100.66%

c. Annuity Match Program

Effective September 1, 2006, the College adopted a 2% annuity match for professional, Civil Service Employees Association, Inc. (CSEA), and FLAG employees. Effective September 1, 2008, the College allowed the faculty employees to participate in the match. The College will match employee contributions by an amount not to exceed 2%. The College's contributions to the program for the current year and the two preceding years were as follows:

Year	
2017	$ 306,145
2016	$ 353,496
2015	$ 355,884

VI. Deferred Compensation Plan

The County maintains a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code for which County employees have the option to participate.

VII. Ontario County 401(a) Savings Match Plan

Effective January 1, 2007, the Board of Supervisors authorized a five year agreement for the County's 401(a) 2% savings match plan with the Hartford Life Insurance Company as Plan Administrator. Employees eligible to participate in the Plan are those employees included in an "eligible class" as defined by the Plan document. On the day that coincides with or immediately follows the date for which an employee is considered "eligible", the County will contribute matching funds up to a maximum of 2% of the employee's compensation for that period if the employee participates in the County's 457 Deferred Compensation Plan. The total cost incurred by the County, for this program during 2017 totaled $840,579.

VIII. Other Postemployment Benefits

During the 2008 year, the County established a 105(h) Plan for the Sheriff's Road Patrol Unit. For those employees who retire after January 1, 2005 with 25 years of law enforcement service, $30,000 will be paid into the Plan the month following retirement for postemployment medical insurance premiums or other IRS approved expenses. The benefit for employees who qualify with less than 25 years of service will be prorated. In addition, employees hired on or after January 1, 2005 are not eligible for this benefit. The County did not make any contributions into the Plan during 2017.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The County has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement #45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes to the County's net OPEB obligation:

Annual required contribution	$	39,187
Interest on net OPEB obligation		1,507
Adjustment to annual required contribution		35,740
Annual OPEB cost (expense)	$	76,434
Contributions made		90,000
Increase in net OPEB obligation	$	(13,566)
Net OPEB obligation - beginning of year		251,651
Net OPEB obligation - end of year	**$**	**238,085**

Funded Status and Funding Progress

As of December 31, 2017 the accrued liability for benefits was $238,085, all of which is unfunded.

(VIII) (Continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and health cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents the accrued liability in relation to the amount funded as of December 31, 2017.

The County's schedule of funding progress for 2017 is as follows:

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)
2010	$ -	$ 390,673	0.00%	$ 390,673
2011	$ -	$ 369,644	0.00%	$ 369,644
2012	$ -	$ 369,644	0.00%	$ 369,644
2013	$ -	$ 402,150	0.00%	$ 402,150
2014	$ -	$ 341,732	0.00%	$ 341,732
2015	$ -	$ 346,536	0.00%	$ 346,536
2016	$ -	$ 251,651	0.00%	$ 251,651
2017	$ -	$ 238,085	0.00%	$ 238,085

Unused Sick Leave – Community College – Governmental Component Unit

An agreement between the Ontario County Board of Supervisors and the Faculty Association of Finger Lakes Community College permits faculty members with at least 10 years of service to receive payment of unused sick leave time, as defined, upon termination. The sick day provision was revised under a subsequent agreement between the Ontario County Board of Supervisors and The Faculty Association of Finger Lakes Community College, effective September 1, 1991. Sick days accumulated as of August 31, 1992 were frozen and each member was viewed as starting over with regard to sick day accumulation. Members can elect the option to apply the amount due to fund their self-funded future postretirement medical insurance premiums. A similar arrangement exists between the College's Board of Trustees and The Finger Lakes Administrative Group (nonfaculty College employees). At August 31, 2017 and 2016 the related estimated liability for sick pay totaled $106,798 and $116,974, respectively, which is included in accrued liabilities.

IX. Risk Management

A. General Information

The County is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Liability

The County is exposed to various risks of loss related to torts; theft of or damage to, or destruction of assets; and natural disasters. The County has a self-insurance program to assume the liability for the aforementioned items which is recorded in the General Fund. Under this program judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The County has excess insurance coverage totaling $20,000,000 which is effective for any occurrence in excess of $5,000,000. As of December 31, 2017, the County has accrued as other liabilities $5,108,914 for the payment of future judgments and claims. An actuarial study was completed during 2017, which states that at year end the balance is sufficient to cover estimated liabilities at a 75% confidence level. Based upon the requirements of GASB #10, which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the accrued claims liabilities for the years then ended are as follows:

	2017	2016	2015	2014	2013
Beginning of Year	$ 5,021,914	$ 4,873,814	$ 4,153,537	$ 5,272,420	$ 5,272,420
Incurred Claims	987,000	900,000	890,000	812,000	828,948
Claims Paid	(900,000)	(751,900)	(169,723)	(1,930,883)	(828,948)
Balance at End of Year	**$ 5,108,914**	**$ 5,021,914**	**$ 4,873,814**	**$ 4,153,537**	**$ 5,272,420**

	2012	2011	2010	2009	2008
Beginning of Year	$ 3,061,660	$ 2,779,700	$ 2,779,700	$ 2,779,700	$ 2,779,700
Incurred Claims	3,034,716	1,074,608	743,702	822,369	772,685
Claims Paid	(823,956)	(792,648)	(743,702)	(822,369)	(772,685)
Balance at End of Year	**$ 5,272,420**	**$ 3,061,660**	**$ 2,779,700**	**$ 2,779,700**	**$ 2,779,700**

C. Workers' Compensation – Risk Pool

Ontario County, New York together with 16 towns, 8 villages and 2 cities have joined together to self-insure for workers' compensation coverage which is maintained and administered by the County. The County also utilizes a third party administrator who is responsible for processing claims and estimating liabilities and providing actuarial services. The plan states participants are charged an annual assessment on the basis of their five year experience (60%) and exposure (40%). The pool does not take into consideration estimated investment income when determining if premium deficiencies exist. The County has excess insurance coverage in the amount of $300,000 per occurrence with coverage to full statutory limits. Based upon the requirements of GASB Statement #10, liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors and are presented at present value in the accompanying financial statements.

A reconciliation of the claims recorded for the years then ended are as follows:

	2017	2016	2015	2014	2013
Beginning of Year	$ 6,933,822	$ 7,710,593	$ 7,291,337	$ 6,199,868	$ 6,199,868
Incurred Claims	1,863,692	1,023,583	2,057,776	3,130,368	2,418,350
Claims Paid	(1,954,534)	(1,800,354)	(1,638,520)	(2,038,899)	(2,418,350)
Balance at End of Year	**$ 6,842,980**	**$ 6,933,822**	**$ 7,710,593**	**$ 7,291,337**	**$ 6,199,868**

	2012	2011	2010	2009	2008
Beginning of Year	$ 6,012,697	$ 4,898,340	$ 4,898,340	$ 4,898,340	$ 4,898,340
Incurred Claims	2,558,924	3,501,641	2,281,577	2,269,405	2,066,751
Claims Paid	(2,371,753)	(2,387,284)	(2,281,577)	(2,269,405)	(2,066,751)
Balance at End of Year	**$ 6,199,868**	**$ 6,012,697**	**$ 4,898,340**	**$ 4,898,340**	**$ 4,898,340**

X. Commitments and Contingencies

A. Contingent Liabilities

The Department of Social Services of the County provides for the operation and administration of economic assistance and opportunity programs. The financial statements of the General Fund contain expenditures for the costs of operating these programs including estimates of costs incurred, but unpaid at the end of the year. The County's share of costs applicable to the operation of the Medicaid program are recognized as expenditures in the period that such amounts are charged to the State by third-party providers.

Program and administrative costs are subject to audit and adjustment by various State and Federal agencies. Differences between ultimate settlements and estimated costs included in the financial statements are recorded in the year of settlement. County management believes that it is in substantial compliance with all program requirements.

The County is subject to lawsuits in the ordinary conduct of its affairs. The County upon review by the County Attorney does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the County.

Future tobacco settlement revenues are subject to adjustment based upon tobacco consumption, inflation and other potential reductions. Pursuant to the Purchase and Sale Agreement these adjustments and other events could trigger additional debt service reserve requirements.

B. Leases

1. Operating Lease/Landfill

The County of Ontario, New York entered into an operation, management and lease agreement with New England Waste Services of New York, Inc. and Casella Waste Systems, Inc. for operation of the County Landfill. The effective date of the agreement was December 8, 2003, for a period of 25 years. Under the terms of the agreement, the contractor will pay $2,000,000 per year for the term of the agreement for the exclusive lease, franchise, license and privilege to construct, operate and use the facilities under the terms of this agreement.

A labor utilization agreement is in place between the County and New England Waste Services of New York, Inc. which allows for the retention of County employees. Under the terms of this agreement, the County is being reimbursed, on a monthly basis, for all costs associated with these employees.

2. The County entered into various operating leases for equipment, vehicles and copiers, which totaled $980,085 for the year ended December 31, 2017.

The future minimum lease payments for the above leases are as follows:

Year		Amount
2018	$	911,069
2019		509,240
2020		514,991
2021		360,833
2022		226,585
2023-27		859,727
2028-32		211,305
2033-37		110,790
2038-41		92,860
Total	**$**	**3,797,400**

XI. Revolving Loan Fund Receivables

Loans receivable recorded in the Revolving Loan Fund at December 31, 2017, totaled $21,035. The loans bear interest ranging from 2% to 6% in the first year and, thereafter, 75% of prime, not to exceed 9%, and are due in various installments through 2018. Since the non-current portion of these long-term loans receivable do not represent expendable available financing resources, an unearned revenue in the amount of $18,678 has been reflected in the accompanying financial statements.

Required Supplemental Schedule (Unaudited)

COUNTY OF ONTARIO, NEW YORK

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

For the Year Ended December 31, 2017

	GENERAL FUND				
	Original Budget (Incl. Carryover Encumbrances)	**Budget (Amended)**	**Actual**	**Encumbrances**	**Variance**
Revenues:					
Real property and tax items	$ 49,092,137	$ 49,107,137	$ 49,583,809	$ -	$ 476,672
Non-property taxes	81,335,387	82,177,090	82,955,457	-	778,367
Departmental income	5,720,434	6,079,730	6,950,669	-	870,939
Intergovernmental charges	1,643,257	1,506,757	1,409,897	-	(96,860)
Use of money and property	3,606,348	3,606,348	3,658,443	-	52,095
Licenses and permits	1,206	1,206	1,206	-	-
Fines and forfeitures	393,851	393,851	356,323	-	(37,528)
Sale of property and compensation for loss	164,796	70,000	261,165	-	191,165
Miscellaneous	2,642,240	2,556,557	1,706,227	-	(850,330)
Interfund revenues	2,216,782	2,212,627	2,136,418	-	(76,209)
State and county aid	21,791,841	22,200,758	22,423,582	-	222,824
Federal aid	14,230,209	14,918,853	14,579,217	-	(339,636)
Total Revenues	$ 182,838,488	$ 184,830,914	$ 186,022,413	$ -	$ 1,191,499
Expenditures:					
Current:					
General government support	$ 70,793,916	$ 70,872,364	$ 66,977,957	$ 409,742	$ 3,484,665
Education	5,026,728	4,680,474	4,638,667	617	41,190
Public safety	37,784,448	38,411,449	35,297,301	205,860	2,908,288
Health	15,492,919	16,174,597	14,315,124	28	1,859,445
Transportation	190,000	190,000	183,356	-	6,644
Economic assistance and opportunity	55,560,573	55,571,546	51,929,404	-	3,642,142
Culture and recreation	612,944	539,964	449,634	876	89,454
Home and community services	5,494,436	5,885,362	1,739,145	717,260	3,428,957
Total Expenditures	$ 190,955,964	$ 192,325,756	$ 175,530,588	$ 1,334,383	$ 15,460,785
Excess (deficiency) of revenue over expenditures	$ (8,117,476)	$ (7,494,842)	$ 10,491,825	$ (1,334,383)	$ 16,652,284
Other Financing Sources and Uses:					
Operating transfers - in	$ 834,147	$ 834,147	$ 984,086	$ -	$ 149,939
Operating transfers - out	(5,598,188)	(11,124,807)	(8,530,076)	-	2,594,731
Total Other Financing Sources and Uses	$ (4,764,041)	$ (10,290,660)	$ (7,545,990)	$ -	$ 2,744,670
Net change in fund balances	$ (12,881,517)	$ (17,785,502)	$ 2,945,835	$ (1,334,383)	$ 19,396,954
Fund Balance - Beginning	79,177,030	79,177,030	79,177,030	-	-
Fund Balance - Ending	$ 66,295,513	$ 61,391,528	$ 82,122,865	$ (1,334,383)	$ 19,396,954

Required Supplemental Schedule (Unaudited)
COUNTY OF ONTARIO, NEW YORK
Schedule of the County's Proportionate Share of the Net Pension Liability
For the Year Ended December 31, 2017

NYSERS Pension Plan (In Thousands)

	2017	2016	2015
Proportion of the net pension liability (assets)	0.19647500%	0.20403352%	0.20922000%
Proportionate share of the net pension liability (assets)	$ 18,461	$ 32,748	$ 7,068
Covered-employee payroll	$ 47,009	$ 46,182	$ 53,608
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	39.27%	70.91%	14.90%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.95%

FINGER LAKES COMMUNITY COLLEGE
Schedule of the College's Proportionate Share of the Net Pension Liability
For the Year Ended August 31, 2017

NYSERS Pension Plan (In Thousands)

	2017	2016	2015
Proportion of the net pension liability (assets)	0.02835%	0.02921%	0.02722%
Proportionate share of the net pension liability (assets)	$ 2,664	$ 4,688	$ 920
Covered-employee payroll	$ 7,982	$ 7,503	$ 6,981
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	33.380%	62.48%	13.18%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.95%

NYSTRS Pension Plan (In Thousands)

	2017	2016	2015
Proportion of the net pension liability (assets)	0.02918%	0.03037%	0.03240%
Proportionate share of the net pension liability (assets)	$ (222)	$ 325	$ (3,366)
Covered-employee payroll	$ 4,425	$ 4,760	$ 4,766
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-5.020%	6.83%	-70.63%
Plan fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	111.48%

10 years of historical information is not available and will be reported each year going forward

Required Supplemental Schedule (Unaudited)
COUNTY OF ONTARIO, NEW YORK
Schedule of County Contributions
For the Year Ended December 31, 2017

NYSERS Pension Plan (In Thousands)

	2017	2016	2015
Contractually required contributions	$ 7,697	$ 7,654	$ 8,697
Contributions in relation to the contractually required contribution	(7,697)	(7,654)	(8,697)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 47,009	$ 46,182	$ 53,608
Contributions as a percentage of covered-employee payroll	16.37%	16.57%	16.22%

FINGER LAKES COMMUNITY COLLEGE
Schedule of College Contributions
For the Year Ended August 31, 2017

NYSERS Pension Plan (In Thousands)

	2017	2016	2015
Contractually required contributions	$ 1,105	$ 1,233	$ 1,313
Contributions in relation to the contractually required contribution	(1,095)	(1,085)	(1,164)
Contribution deficiency (excess)	$ 10	$ 148	$ 149
Covered-employee payroll	$ 7,982	$ 7,503	$ 6,981
Contributions as a percentage of covered-employee payroll	13.72%	14.46%	16.67%

NYSTRS Pension Plan (In Thousands)

	2017	2016	2015
Contractually required contributions	$ 542	$ 621	$ 853
Contributions in relation to the conractually required contribution	(517)	(627)	(853)
Contribution deficiency (excess)	$ 25	$ (6)	$ -
Covered-employee payroll	$ 4,425	$ 4,760	$ 4,766
Contributions as a percentage of covered-employee payroll	11.68%	13.17%	17.90%

10 years of historical information is not available and will be reported each year going forward

COUNTY OF ONTARIO, NEW YORK

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2017

	Debt Service Fund	County Road Fund	Revolving Loan Fund
Assets			
Cash and cash equivalents	$ 4,966,443	$ 4,916,019	$ 210,416
Investments	1,460,461	-	-
Receivables, net	-	58,447	21,035
Due from other funds	-	910,488	-
State and federal aid receivable	-	-	-
Prepaid items	-	71,044	887
Total Assets	$ 6,426,904	$ 5,955,998	$ 232,338
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and other current liabilities	$ -	$ 62,460	$ 3,621
Accrued wages and benefits	-	94,690	445
Due to other funds	-	17,881	-
Due to other governments	-	-	85
Overpayments and collections in advance	-	-	-
Unearned revenue	-	28,740	18,678
Total Liabilities	$ -	$ 203,771	$ 22,829
Fund Balances:			
Nonspendable	$ -	$ 71,044	$ 887
Restricted	6,426,904	3,738,560	208,622
Assigned	-	1,942,623	-
Total Fund Balances	$ 6,426,904	$ 5,752,227	$ 209,509
Total Liabilities and Fund Balances	$ 6,426,904	$ 5,955,998	$ 232,338

	Sewer Fund	Animal Control Fund	Special Grant Fund	Total Nonmajor Governmental Funds
	$ 6,518,140	$ 53,367	$ 54,787	$ 16,719,172
	-	-	-	1,460,461
	988,534	10,450	-	1,078,466
	-	-	250	910,738
	25,000	-	43,086	68,086
	21,217	-	3,422	96,570
	$ 7,552,891	$ 63,817	$ 101,545	$ 20,333,493
	$ 307,240	$ -	$ 945	$ 374,266
	31,006	-	6,807	132,948
	8,577	1,685	-	28,143
	-	-	-	85
	3,375	-	-	3,375
	-	-	-	47,418
	$ 350,198	$ 1,685	$ 7,752	$ 586,235
	$ 21,217	$ -	$ 3,422	$ 96,570
	7,181,476	62,132	90,371	17,708,065
	-	-	-	1,942,623
	$ 7,202,693	$ 62,132	$ 93,793	$ 19,747,258
	$ 7,552,891	$ 63,817	$ 101,545	$ 20,333,493

COUNTY OF ONTARIO, NEW YORK

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2017

	Debt Service Fund	County Road Fund	Revolving Loan Fund
Revenues:			
Real property and tax items	$ -	$ 8,799,964	$ -
Departmental income	-	-	34,148
Intergovernmental charges	1,328,164	18,547	-
Use of money and property	102,841	11,397	-
Licenses and permits	-	74,334	-
Sale of property and compensation for loss	1,086,959	146,490	-
Miscellaneous	-	1,396	-
Interfund revenues	-	162,347	-
State and county aid	-	2,355,222	-
Federal aid	-	-	-
Total Revenues	$ 2,517,964	$ 11,569,697	$ 34,148
Expenditures:			
Current:			
General government support	$ 73,247	$ -	$ -
Public safety	-	268,155	-
Transportation	-	8,092,059	-
Economic assistance and opportunity	-	-	-
Home and community services	-	-	67,442
Debt Service:			
Debt service - principal	2,805,000	-	-
Debt service - interest and other charges	1,495,834	-	-
Total Expenditures	$ 4,374,081	$ 8,360,214	$ 67,442
Excess (deficiency) of revenue over expenditures	$ (1,856,117)	$ 3,209,483	$ (33,294)
Other Financing Sources and Uses:			
Operating transfers - in	$ 746,963	$ 50,090	$ -
Operating transfers - out	-	(3,523,701)	(116)
Total Other Financing Sources and Uses	$ 746,963	$ (3,473,611)	$ (116)
Net change in fund balances	$ (1,109,154)	$ (264,128)	$ (33,410)
Fund Balance - Beginning	7,536,058	6,016,355	242,919
Fund Balance - Ending	$ 6,426,904	$ 5,752,227	$ 209,509

Sewer Fund	Animal Control Fund	Special Grant Fund	Total Nonmajor Governmental Funds
$ -	$ 90,259	$ 85,603	$ 8,975,826
3,349,847	-	-	3,383,995
-	223,822	-	1,570,533
5,636	242	48	120,164
-	-	-	74,334
6,600	10,450	-	1,250,499
51	-	-	1,447
-	-	-	162,347
25,000	-	-	2,380,222
-	-	213,564	213,564
$ 3,387,134	$ 324,773	$ 299,215	$ 18,132,931
$ -	$ -	$ -	$ 73,247
-	371,769	-	639,924
-	-	-	8,092,059
-	-	291,100	291,100
4,028,355	-	16,928	4,112,725
-	-	-	2,805,000
-	-	-	1,495,834
$ 4,028,355	$ 371,769	$ 308,028	$ 17,509,889
$ (641,221)	$ (46,996)	$ (8,813)	$ 623,042
$ -	$ -	$ 14,413	$ 811,466
(23,057)	(1,943)	(1,218)	(3,550,035)
$ (23,057)	$ (1,943)	$ 13,195	$ (2,738,569)
$ (664,278)	$ (48,939)	$ 4,382	$ (2,115,527)
7,866,971	111,071	89,411	21,862,785
$ 7,202,693	$ 62,132	$ 93,793	$ 19,747,258

COUNTY OF ONTARIO, NEW YORK

Capital Projects Fund

Schedule of Project Expenditures

December 31, 2017

Project Title	Project #	Original Budget	Revised Budget	Total Current Year Expenditures	Prior Year Expenditures	Total Expenditures	Variance
OC Emergency Comm. Systems	#7-06	182,908	17,541,202	134,149	17,493,140	17,627,289	(86,087)
Replace N Wayne St. Bridge	#3-07	197,000	2,404,826	-	1,894,765	1,894,765	510,061
Replace Dueul Road Bridge over Deuel Gully	#4-07	140,000	1,343,407	-	1,194,042	1,194,042	149,365
FLCC Student Services Ctr & Auditorium	#5-08	2,500,000	48,302,291	-	48,282,364	48,282,364	19,927
Highway Safety Improvements	#6-08	350,000	886,797	55,322	497,202	552,524	334,273
FLCC Geneva Campus	#4-09	12,000,000	15,433,653	11,563	15,395,313	15,406,876	26,777
FLCC Viticulture	#5-11	2,525,000	4,191,691	165,918	3,964,411	4,130,329	61,362
Space Utilization and Reallocation	#5-12	730,000	3,899,331	262,649	3,592,360	3,855,009	44,322
UHF Simulcast Network	#6-12	437,033	1,025,539	34,057	988,797	1,022,854	2,685
Allen Padgham Rd Bridge	#1-13	693,000	2,937,950	24,873	326,838	351,711	2,586,239
FLCC 2013 Cap Maintenance	#2-13	1,000,000	1,000,000	43,396	945,752	989,148	10,852
74 Ontario St. Phase	#3-13	75,000	4,286,000	99,845	67,674	167,519	4,118,481
700 NHZ Interop Project	#5-13	1,960,000	2,272,329	-	2,246,117	2,246,117	26,212
Intersection CR8, CR41, Shortsville Rd	#6-13	96,000	2,446,847	22,715	2,029,897	2,052,612	394,235
Jail Modifications	#7-13	100,000	685,000	-	487,071	487,071	197,929
FLCC Capital Maintenance 2014	#1-14	1,000,000	1,000,000	19,469	964,239	983,708	16,292
County Road 33	#2-14	850,000	10,689,412	201,134	7,272,300	7,473,434	3,215,978
FLCC Capital Maintenance 2015	#1-15	2,750,000	2,750,000	227,222	2,241,054	2,468,276	281,724
Hopewell Complex Improvements	#2-15	250,000	250,000	-	37,869	37,869	212,131
Sidewalk Improvements	#3-15	75,000	2,206,560	1,717,666	50,909	1,768,575	437,985
Closing of Geneva PSAP	#6-15	1,166,881	1,293,607	129,379	1,091,050	1,220,429	73,178
CR 42 Preventative Maintenance	#7-15	47,000	1,281,640	1,193,331	18,555	1,211,886	69,754
CR 9 Preventative Maintenance	#8-15	65,000	1,601,732	1,185,828	29,153	1,214,981	386,751
FLCC G Parking & Utility Rehabilitation Project	#11-15	200,000	800,000	462,889	82,119	545,008	254,992
Federally Aided Bridge Painting Project	#12-15	88,000	1,110,366	413,147	9,086	422,233	688,133
Multiple Culvert Replacement	#13-15	1,000,000	2,916,239	522,233	652,894	1,175,127	1,741,112
FLCC 2016 Cap Maintenance	#1-16	1,100,000	1,100,000	566,903	423,394	990,297	109,703
Space Org/Security HS Bldg	#2-16	42,740	42,740	14,867	20,561	35,428	7,312
Ferguson Rod Bridge at Flint	#3-16	26,622	1,486,055	905,745	15,068	920,813	565,242
Old Mill Bridge at Flint Ck	#4-16	111,756	1,432,341	1,025,393	10,255	1,035,648	396,693
FLCC 2017 Cap Maintenance	#1-17	1,187,000	1,187,000	236,839	-	236,839	950,161
Bridge Prev Maintenance	#2-17	776,270	776,270	621,406	-	621,406	154,864
Reconstruction	#3-17	2,178,000	2,178,000	1,029,262	-	1,029,262	1,148,738
Mcinvor/ft Hill Imps	#4-17	205,000	205,000	57,614	-	57,614	147,386
CR 1 Trib to CDGA Lake	#5-17	175,000	175,000	74,885	-	74,885	100,115
FLCC Athletic Field Upgrade	#6-17	100,000	100,000	66,500	-	66,500	33,500
FLCC Greenhouse Replacement	#7-17	100,000	100,000	61,659	-	61,659	38,341
FLCC Phone Room	#8-17	800,000	800,000	-	-	-	800,000
Bridge Preventive Maintenance	#9-17	10,300	10,300	-	-	-	10,300
Mary St 00 MHZ Project	#10-17	800,000	800,000	219,084	-	219,084	580,916
TOTAL		**$ 38,090,510**	**$ 144,949,125**	**$ 11,806,942**	**$ 112,324,249**	**$ 124,131,191**	**$ 20,817,934**

RAYMOND F. WAGER, CPA, P.C.
Certified Public Accountants

**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***

<u>Independent Auditors' Report</u>

Board of Supervisors
County of Ontario, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Ontario, New York as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County of Ontario, New York's basic financial statements, and have issued our report thereon dated April 23, 2018. Our report includes a reference to other auditors who audited the financial statements of the Finger Lakes Community College as described in our report on the County of Ontario, New York's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Ontario County Four Seasons Local Development Corporation was not audited in accordance with Governmental Auditing Standards.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Ontario, New York'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 result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Raymond F. Wager, CPA, PC

Rochester, New York
April 23, 2018