NEW ISSUE **SERIAL BONDS**

MOODY'S INVESTORS SERVICE: "Aa3" **See "BOND RATING" herein**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that 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). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

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

$7,890,651

COUNTY OF CATTARAUGUS, NEW YORK

GENERAL OBLIGATIONS

$7,890,651 Public Improvement (Serial) Bonds, 2019

(the "Bonds")

CUSIP BASE: #149465

MATURITIES*

Dated: April 2, 2019 **Due: April 1, 2020-2040**

Year	Amount*	Rate	Yield	CUSIP	Year	Amount*	Rate	Yield	CUSIP
2020	$ 475,651				2031**	$ 165,000			
2021	595,000				2032**	170,000			
2022	610,000				2033**	175,000			
2023	630,000				2034**	180,000			
2024	650,000				2035**	185,000			
2025	545,000				2036**	190,000			
2026**	560,000				2037**	195,000			
2027**	575,000				2038**	200,000			
2028**	595,000				2039**	210,000			
2029**	610,000				2040**	215,000			
2030**	160,000								

* Principal amounts are subject to change pursuant to the accompanying Notice of Bond Sale in order to achieve substantially level or declining annual debt service.

** The Bonds maturing in the years 2026-2040 are subject to redemption prior to maturity. See "DESCRIPTION OF THE BONDS - Optional Redemption" herein.

The Bonds are general obligations of the County of Cattaraugus, New York (the "County") 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 "TAX INFORMATION - Tax Levy Limitation Law" section 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 ("DTC"), New York, New York, which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry-only form, individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof, except for a necessary odd denomination maturing in 2020 which is or includes $5,651. 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. 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. At the option of the purchaser, the Bonds will be issued in (i) certificated registered form registered in the name of the successful bidder with (1) one certificated bond for each maturity, or (2) as a statutory installment bond ("SIB").

Proposals shall be for not less than $7,890,651 and accrued interest, if any, on the total principal amount of the Bonds. Proposals shall be accompanied by a good faith deposit in the form of a certified or cashier's check or wire transfer payable to the order of the County of Cattaraugus, New York, in the amount of $157,813.

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 Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey on or about April 2, 2019.

ELECTRONIC BIDS for the Bonds must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on March 21, 2019 until 11:15 A.M., Eastern 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 13, 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 SAID 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 OBLIGATIONS HEREIN DESCRIBED. THE COUNTY WILL COVENANT IN AN UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE AS DEFINED IN THE RULE WITH RESPECT TO THE BONDS. SEE "APPENDIX – E, CONTINUING DISCLOSURE UNDERTAKING" HEREIN.

COUNTY OF CATTARAUGUS, NEW YORK

COUNTY LEGISLATORS

JAMES J. SNYDER, SR.
Chairman

DAN M. HALE
Vice Chairman

DONNA M. VICKMAN
Majority Leader

SUSAN LABHUN
Minority Leader

JOSEPH F BOBERG
JOHN J. PADLO
JAMES JOSEPH SNYDER JR.
NORMAN MARSH
DAVID M. KOCH
VERGILIO L. GIARDINI
M. ANDREW BURR

FRANK HIGGINS
BARBARA HASTINGS
RICHARD HELMICH, JR.
RICHARD L. KLANCER
HOWARD V. VANRENSSELAER
ROBERT J. BRETON

ADMINISTRATION

JOHN R. SEARLES
County Administrator

JOSEPH G. KELLER
County Treasurer

ALAN BERNSTEIN
County Clerk

MATTHEW J. KELLER
Deputy County Treasurer

ERIC M. FIRKEL
County Attorney

ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

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 CATTARAUGUS, NEW YORK

Relating To

$7,890,651 Public Improvement (Serial) Bonds, 2019

This Official Statement, which includes the cover page, has been prepared by the County of Cattaraugus, New York (the "County", and "State", respectively) in connection with the sale by the County of $7,890,651 principal amount of 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 forms 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, the County has power and statutory authorization to levy ad valorem taxes on all real property within the County subject to such taxation by the County, subject to applicable statutory limitations.

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 INFORMATION - 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 has 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 INFORMATION - Tax Levy Limitation Law" herein.

The Bonds will be dated April 2, 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 under the heading "THE BONDS – Optional Redemption." The "Record Date" of the Bonds will be the fifteenth day of the calendar month preceding each interest payment date.

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. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof, except for a necessary odd denomination with respect to the Bonds maturing in 2020 which is or includes $5,651. 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 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 registered in the name of the purchaser, the Bonds will be issued in denominations of $5,000 or integral multiples thereof for any single maturity, and the County will act as paying agent.

Optional Redemption

The Bonds maturing on or before April 1, 2025 shall not be subject to redemption prior to maturity. The Bonds maturing on or after April 1, 2026 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the County on April 1, 2025 or on any date thereafter at par (100.0%), plus accrued interest to the date of redemption.

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 by the County by lot in any customary manner of selection as determined by the County Treasurer. Notice of such call for redemption shall be given by mailing such notice to the registered holders not more than sixty (60) days nor less than thirty (30) days prior to such 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 call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Bonds. 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 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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**.

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 and Note ("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.

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.

Principal and interest 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 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 or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to 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 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 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 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 denominations of $5,000 each or any integral multiple thereof, except for a necessary odd denomination with respect to the Bonds maturing in 2020 which is or includes $5,651. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the purchaser if the purchaser requests certificated bonds or the County upon termination of the book-entry-only system. Interest on the Bonds will remain payable on April 1, 2020, October 1, 2020 and semi-annually thereafter on April 1 and October 1 in each year until maturity. 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 Determinations Certificate of the County Treasurer authorizing the sale of the Bonds and fixing the details thereof and 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.

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 bond resolutions various purposes as stated below:

Purpose	Authorization Date		Amount
2018 County Bridge Improvements	November 21, 2017		$ 746,600
2018 County Road Improvements	November 21, 2017		915,000
2018 County Culvert Improvements	November 21, 2017		275,000
Building & Grounds Improvements	November 20, 2018		3,402,500
2019 County Road Improvements	November 20, 2018		2,276,551
2019 County Culvert Improvements	November 20, 2018		275,000
		Total	$ 7,890,651

The proceeds of the Bonds will redeem $1,936,600 bond anticipation notes maturing on April 3, 2019 and will provide $5,954,051 new monies for the abovementioned purposes.

THE COUNTY

General Information

The County is a rural county located in the southwestern portion of upstate New York, approximately 35 miles south of the City of Buffalo. The cities of Olean and Salamanca are located within the boundaries of the County. The County has an estimated 2017 census population of 77,348 and an area of 1,356 square miles.

Services Provided

The County provides a full range of services and facilities, some of which include:

- Recreational and cultural activities and events including a 270-acre Marina, Allegany State Park, the largest state park in New York State with 65,000 acres of multi-recreation, HoliMont and Holiday Valley Ski Resorts in Ellicottville, two of the ski industry’s largest private and public ski resorts in New York.
- Public safety and judiciary services including criminal justice, district attorney, correction and probation programs, and a coroner.
- Housing and community development programs, as well as land use and environmental planning services.
- Health services through the Pines Healthcare and Rehabilitation Centers (Machias and Olean Campus) and the County Health Department, as well as emergency medical services and community health care services.
- Mental Health services including the provision of counseling and residential programs to the mentally ill, handicapped, or chemically dependent individuals.
- Social Services including administration of state and federally assisted public assistance programs, veterans assistance, and employment and training services.
- Maintenance of County highways, roads, bridges, and other infrastructure.

Other Information

Also located within the County are excellent educational facilities, including St. Bonaventure University and Jamestown Community College.

Economic Condition and Outlook

The economy of the County has evolved over time creating a more stable balance. A greater diversity has developed among the various business sectors. Agriculture, manufacturing, wholesale, retail, services, transportation and construction all make appreciable contributions to this balance. The hospitality industry has continued to bolster many of the other sectors.

Growing outdoor sports, such as snowmobiling, have also added economic stimulus to other regions of the County during the winter months. The County received a grant award of $152,810 from the New York State Trail Grant program, which was invested in the trail system during the 2014-2015 season, making the 328-mile trail system a destination in and of itself for the touring snowmobile market. The County administered the grant and works with the Cattaraugus County Federation of Snowmobile Clubs, Inc. and its nine member clubs to ensure the trail system is safe, well signed and properly groomed.

Allegany State Park has long been the County's largest tourism attraction (based on visitation) with over 1.5 million visitors per year. Recently, Allegany State Park has been listed among the 100 Most Amazing Places in the United States by Preserve America. Allegany State Park has recently opened their new group camp 5 that includes 18 insulated cabins that can sleep up to 72 people. The neighbor to Allegany State Park, the Seneca Allegany Casino continues to be a major tourism attraction. Since its completion in 2007, the gaming floor, 400 plus room hotel and three restaurants employs almost 1,300 workers. The casino consistently sees well over 2 million visitors annually.

Evidence of a healthy tourism industry in the County is illustrated by occupancy tax revenues, which continue to surpass the budgeted amount each year. Occupancy tax revenues for 2018 amounted to $967,933 (a 19% increase over 2017). The 5% bed tax was implemented in January 2004 and is used by the County for economic development and tourism promotion purposes. This fund coupled with casino revenue sharing (a portion of which is also dedicated to economic development activities) is now putting the County in a position to make greater strides in economic development.

Entrepreneurship assistance is a key factor for the Department of Economic Development, Planning & Tourism. The clientele comes from a wide range of business sectors, mirroring the County's diverse economy. In addition to providing extensive classroom training and one on one counseling for small businesses, the County continues to make low interest loan funds available to finance these new ventures.

Agriculture has been a long standing pillar of the economy in the County. The County adopted and approved an Agriculture and Farmland Protection Plan in 2007 that focuses heavily on maintaining and boosting the viability of agriculture operations. With this plan, the County will be eligible to apply for substantial "implementation" funding, intended to preserve farms and farmland in the County, which is a critical part of the economy, natural beauty and way of life. Agriculture has and continues to diversify throughout the County including many spin-offs that fit well into the tourism economy. Niche Farming is on the rise in the County in areas such as hops, bees, alpacas and many others.

The County has long awaited the transportation improvement of a U.S Route 219 Four Lane Expressway. Construction on the first 3.5 mile section of the expressway from Springville to the Town of Ashford commenced in the spring of 2007 and opened for traffic in the Fall of 2010. Another transportation success story has been the renovation of the east west rail line (former Conrail line), which has experienced resurgence in both local service traffic and through service coal train traffic every year since 2001. Carload volumes on the line have increased from 75 in 2000 to over 54,000 currently. The through traffic subsidizes the local service to County shippers, providing rail shipping access that is both lower cost and improved with respect to time-sensitivity. The through service coal traffic also enhances the economic viability for the WNYP Railroad, the short-line railroad operator of the Southern Tier Extension line. Corporate shippers attest that the ideal scenario is having a service oriented short-line operator such as WNYP with direct connections to more than one Class 1 railroad. In 2007, WNYP and STERA, the railroad authority created to reinvigorate the Southern Tier Extension, once again teamed together to similarly reinvigorate the north-south railroad line from Machias to the Pennsylvania state line in Portville. This initiative will improve rail-shipping access to this line, and also establish a larger regional short line system that should improve cross border business relationships and enhance overall railroad system efficacy. This initiative also has had the effect of relocating WNYP base operations to the Constitution Avenue railroad yard in Allegany and Olean, which will lead to enhanced rail-related business development in this area of the County.

The County is entering its 30th year of management of the Procurement Technical Assistance Center (PTAC). PTAC is a regional government marketing and technical assistance program that is funded by a cooperative agreement between the County and the Department of Defense (DOD). The PTAC center has clients throughout fourteen counties of the western and central southern tier of New York State. The objectives of the program are to assist businesses in marketing goods and services to military, federal, state and local government agencies. Assistance is provided with a wide variety of contracting topics including pre-award and post-award issues, as well as registration with the federal System for Award Management and Bid Match search service. In addition, staff also serve as an information source for special contracting programs dealing with woman-owned businesses, service disabled veterans, HUB Zone businesses, the Mentor Protégé Pilot program and the implementation of Electronic Commerce in government procurement. In 2018, the County PTAC had 113 active clients, held or participated in 18 events throughout the region and had 310 counseling hours with clients, per the DOD definitions. Over 360 contracts worth over $76 million were awarded to clients within our 15 county service territory. Eight different County businesses reported obtaining over 100 contracts worth $11 million.

Major Initiatives

The economy of the County continues into a balanced mix of economic sectors. A greater diversity has developed among these various business sectors, which include: agriculture, manufacturing, wholesale, hospitality, retail, services, transportation and construction. The hospitality industry continues to grow along with support industries as can be seen from the increasing bed tax revenue that is realized by the County.

Skiing and resort development in the resort town of Ellicottville has continued to remain a strong and vital part of the tourism economy. Holiday Valley Ski Resort was again ranked among the top ski experiences in the Eastern United States. Ski Magazine ranked Holiday Valley as the 3rd best resort in the East in their 2015 Resort Guide. Holimont, also located in Ellicottville, is considered the largest private ski resort in North America. Combined, the two resorts continue to create employment opportunities and small business development as well as a significant generator of vacation home construction in and around the Ellicottville area. Construction for numerous townhouse, condominium, and individual home projects started in 2006 and continue today. Holiday Valley opened its Tamarack Club, a $40 million condominium project, in late 2009. In addition Holiday Valley, in its desire to become a "four season resort", completed over $2 million in renovations to its Double Black Diamond Golf Course. Holimont, for its part, announced in 2010 the groundbreaking of WestMont Ridge, a $22 million project at the west end of the current facility that will add $10 million in new amenities. In the summer of 2011, Holiday Valley opened up its new $2.5 million Sky High Adventure Park and Mountain Coaster.

Economic Development

Initiatives completed in 2018 and 2019include:

- West Valley Solar, LLC- $20.2 million solar energy project
- Win-Sum Ski Corp (Holiday Valley)- $3.2 million improvement project
- Holimont, Inc.- $177,600 improvement project
- North Delaware Holdings, LLC- $1million commercial development
- T&D Resorts, Inc.- $800,000 tourism project
- TJX Companies (Marshall's)- $1.5 million retail project
- Olean Gateway, LLC- $5.75 million project started involving 40,000 square foot mixed use/ commercial space including a 100+ room hotel (Marriot)
- Steel Winds, LLC- $21.6 million solar energy projects
- Six Smith Properties, LLC- $300,000 real estate development project
- North Delaware Holdings, LLC- $700,000 commercial development
- Mazza Mechanical Services, LLC- $300,000 expansion project
- $10 million NYS grant (Downtown Revitalization Initiative) was awarded to the City of Olean for downtown revitalization/ business expansion
- 49 S Water Street LLC Gowanda- $2.1 million project
- Kreinheder Properties- $5.5 million project
- Olean Manor- $17 million construction project

Public Infrastructure

Several communities around the County continue to invest in communities through the Restore New York Communities Initiative. This initiative provides funding for revitalizing urban areas and stabilizing neighborhoods. The following communities were awarded funds as follows:

- City of Salamanca- $500,000
- Village of South Dayton- $450,000
- City of Olean – $500,000
- Town of Ashford – $159,729
- Village of Gowanda- $324,000

Source: County officials.

Utility Investment

In 2015, National Fuel Gas Supply Corp. developed a natural gas compressor station in the Town of Hinsdale which represents a $42.5 million investment. The station will generate $1.69 million annually in new incremental taxes for the County, the Town of Hinsdale and Hinsdale Central School District.

In addition, National Grid developed a power substation in the Town of Humphrey which provides support to the high-voltage transmission network in the Southern Tier. The projects will enable transmission of electricity for growth in the area including manufacturing and increase the County's tax base.

Source: Olean Times Herald.

County Nursing Facilities

The County currently operates two County-owned Skilled Nursing Facilities: a 120-bed facility located in Olean, and a 115-bed facility located in Machias, jointly called The Pines. The County is one of only two counties in the State that currently owns and operates two separate nursing homes. Together, these two facilities make up the Cattaraugus County Department of Nursing Homes. The two facilities provide 24/7 nursing and medical care, as well as physical, occupational and speech therapy and have combined operating budgets currently totaling approximately $26.2 million. The nursing homes are independent enterprise funds, but the County is required to make up any shortfall.

Below is a summary of the Fund Balance of each Nursing Home facility as well as the County subsidy for the last five completed fiscal years and projected for the current fiscal year.

Nursing Home Fund Balance and County Transfer Summary

Fiscal Year Ending December 31st	2014	2015	2016	2017	Unaudited 2018	Budgeted 2019
Pines in Olean						
Fund Balance	$ 1,481,686	$ 699,670	$ 4,248,764	$ 6,420,748	$ 8,909,079	$ 7,854,669
County Subsidy	606,785	-	-	-	-	-
Pines in Machias						
Fund Balance	$ (3,706,130)	$(4,390,716)	$ (2,009,988)	($1,773,279)	$ 239,218	$(1,534,971)
County Subsidy	2,414,116	1,611,731	-	-	-	-

The Pines in Olean currently has a $6.4 million fund balance. The total Olean nursing home budget for 2017 is $12.53 million. The total Olean nursing home budget for 2018 is $12.49 million. The total Olean nursing home budget for 2019 is $14.9 million.

The Pines in Machias currently has a $1.7 million fund balance deficit. The total Pines in Machias nursing home budget for 2017 is $13.69 million. The total Pines in Machias nursing home budget for 2018 is $13.21 million. The total Pines in Machias nursing home budget for 2019 is $16.3 million.

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Wealth and Income Indicators

Per capita income statistics are available for the County and State. Listed below are select figures from the 2000 U.S. Census Bureau reports and the 2006-2010 and 2013-2017 American Community Survey 5-Year Estimates.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2013-2017	2000	2006-2010	2013-2017
Cattaraugus County	$ 15,959	$ 20,824	$ 23,984	$ 39,318	$ 51,227	$ 58,073
New York State	$ 23,389	$ 30,948	$ 31,177	$ 51,691	$ 67,405	$ 70,850

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

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

Population Trends

	Cattaraugus County	New York State
1980	85,697	17,558,072
1990	84,234	17,990,455
2000	83,955	18,976,457
2010	80,317	19,378,104
2017 (Estimate)	77,348	19,849,399

Source: U.S. Census Bureau.

Banking Facilities

The following commercial banks maintain offices in the County:

- Cattaraugus County Bank
- KeyBank, N.A.
- Community Bank, N.A.
- Five Star Bank
- Bank of Cattaraugus
- Manufacturers & Traders Trust Company
- Northwest Savings Bank
- Hamlin Bank & Trust

Unemployment Rate Statistics

	Annual Average						
	2012	2013	2014	2015	2016	2017	2018
Cattaraugus County	9.3%	8.5%	7.0%	6.3%	6.0%	6.2%	5.6%
New York State	8.5	7.7	6.3	5.3	4.9	4.7	4.1

2018-2019 Monthly Figures

	2018									2019		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Cattaraugus County	6.4%	5.2%	5.1%	5.0%	4.8%	4.3%	4.0%	4.2%	5.1%	6.0%	N/A	N/A
New York State	4.0	3.7	4.1	4.2	4.0	3.6	3.6	3.5	3.9	4.6	N/A	N/A

Note: Unemployment rates for February and March 2019 are unavailable as of the date of this Official Statement.

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

Major Employers

Some of the larger employers in the County and the estimated number of persons employed by each are as follows:

Employer	Business	Approximate # of Employees
Seneca Nation of Indians	Seneca Nation Government Services	1,800
Seneca Allegany Casino	Casino Operations	1,200
Cattaraugus County	Governmental Services	1,222
Dresser-Rand, Inc.	Manufacturing Services	1,032
Olean General Hospital	Medical Services	945
ALCAS	Household & Professional Cutlery Manufacturer	829
The Rehab Center/SubCon	Rehabilitation and Disability Services	650
Cattaraugus-Allegany BOCES	Educational Services	644
St. Bonaventure University	Educational Services	540
Gowanda Central School District	Educational Services	432
Walmart	Retail	415
Olean City School District	Educational Services	397
West Valley Nuclear Services	Environmental Rehabilitation Services	350
Salamanca City Central School District	Educational Services	294
Olean Wholesale Grocery	Distribution Services	250
The Connection	Inbound, Outbound Call Center	250
Allegany-Limestone Central School District	Educational Services	246
Allegany State Park	Recreational Services	246
Community Bank, N.A.	Banking and Financial Services	238
Cattaraugus Little Valley Central School District	Educational Services	235
Western NY Development Center	Disability Services	226
Randolph Central School District	Educational Services	221
Jamestown Community College	Educational Services	217
Skibeck Pipeline Co.	Water, Sewer, Utility Lines	200
Portville Central School District	Educational Services	200
Olean Medical Group	Medical Services	200
Franklinville Central School District	Educational Services	200
Cooper Power Systems	Manufacturing Services	200
Yorkshire-Pioneer Central School District	Educational Services	180
Stroehman	Bakery Manufacturing	150
City of Olean	Governmental Services	142
Holiday Valley	Recreational Services	140
Hinsdale Central School District	Educational Services	126
Home Depot	Retail	125
Fitzpatrick & Weller	Lumber Manufacturing Services	125
Sol-E-Poxy	Manufacturing Services	112
Ellicottville Central School District	Educational Services	112
Randolph Academy Union Free School District	Educational Services	105
Rieds Food Barn	Grocery	104
Absolute Care of Salamanca	Nursing Home Services	99
West Valley Central School District	Educational Services	96

Source: County of Cattaraugus.

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Financial Organization

The County Legislature meets at both regular and special meetings throughout the year. The County Legislature reviews and adopts the annual County budget, levies taxes, reviews and approves any modifications to the budget, and authorizes all indebtedness of the County. The County Treasurer is the Chief Fiscal Officer. The County Administrator is the Budget Officer.

Form of County Government

The County is a municipal corporation of the State of New York. Subject to the State Constitution, the County operates in accordance with the County Law and general portions of state laws to the extent such laws are applicable to the County.

The County Legislature is the legislative branch of government and consists of 17 members who are elected every four years. One member of the County Legislature is elected Chairman of the County Legislature at the organizational meeting, to preside over the meetings of the County Legislature and to exercise limited administrative responsibilities. The County Legislature meets in both regular and special meetings throughout the year. The County Legislature has both legislative and executive powers.

The County Administrator is appointed by the County Legislature for a four-year term and is responsible for overall administration of County government. The County Administrator is also the Budget Officer, Clerk of the County Legislature, Auditor and Purchasing Agent for the County. The Treasurer, Clerk, Sheriff and District Attorney for the County are elected for four-year terms and are eligible to succeed themselves. The County Treasurer is the Chief Fiscal Officer of the County whose duty is to receive, disburse and account for all financial transactions.

Budgetary Procedures

The County Administrator, who is also the Budget Officer, is responsible for the preparation of the proposed County Budget and its submission to the County Legislature. After a public information meeting and a public hearing, the budget is adopted by the County Legislature on or before December 20 of each year. Expenditures during the fiscal year may only be made pursuant to appropriations from the General Fund and other special funds established by the County. However, the County Legislature during the fiscal year may by resolution make additional appropriations from any unencumbered balances in appropriations or contingent funds. The budget is not subject to referendum.

In 2017, 2018 and 2019, the County voted not to exceed the tax cap.

The County's tax levy increase for the fiscal year end 2018 was 1.32% and the tax cap was 2.84%.

The County's tax levy increase for the fiscal year end 2019 is 2.36% and the tax cap is 2.40%.

The County utilizes a quarterly budget tracking system to monitor its financial condition throughout the year. Key areas such as Treasury, Risk Management, Jail, Health, Community Services and Social Services are reviewed for how results of actual operations vary from budget.

Investment Policy

Pursuant to the statutes of the State of New York, the County is permitted to invest only in the following investments: (1) special time deposits accounts in or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the County; (6) obligations of New York public benefit corporations which are made lawful investments by the County pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of County moneys held in certain reserve funds established pursuant to law, obligations issued by the County. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

The above State statutes govern the County's investment policies. In addition, the County has its own written investment policy. County monies must be deposited in FDIC - insured commercial banks or trust companies located within the State. The County treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligation of the U.S. Treasury and U.S. agencies and obligations of New York State.

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.

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

Employees

The County provides services through approximately 1,218 full and part-time employees. The bargaining units, approximate number of members and contract expiration dates are as follows:

Bargaining Unit	Number of Members	Term of Contract
General Employees' Unit	575	December 31, 2021
Supervisory Unit	121	December 31, 2022
Sheriff's Unit	65	December 31, 2021
Sheriff's Supervisory Unit	14	December 31, 2022
Deputy Sheriff's Unit	62	December 31, 2022
Corrections Supervisory Unit	10	December 31, 2021
Part Time Unit	164	December 31, 2021

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". 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 Law"). 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 Law 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 beginning on January 1, 2010. 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, unaudited for 2018 and the 2019 budgeted payments are as follows:

Year	Amount
2014	$ 9,568,234
2015	9,260,812
2016	7,397,844
2017	7,976,394
2018 (Unaudited)	7,602,036
2019 (Budgeted)	6,900,676

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 currently does not have any such programs 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 the ERS and PFRS, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and PFRS rates (2016 to 2020) is shown below:

Year	ERS	PFRS
2016	18.2%	24.7%
2017	15.5	24.3
2018	15.3	24.4
2019	14.9	23.5
2020	14.6	23.5

Chapter 57 of the Laws of 2010 (Part TT) ("Chapter 57") 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 ERS, 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.

The County has opted to not amortize any of its contributions.

The 2013-14 State Enacted Budget included a provision that provides 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. For 2014 and 2015 the rate is 12.0% for ERS and 20% for PFRS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

The County is not participating in the stable rate pension contribution option nor has the intent 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

It should also be noted that the County does not provide post-retirement healthcare benefits to various categories of former employees age 65 or older. There is now an accounting rule that will require governmental entities, such as the County, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting. GASB 45 implementation is now required for all municipalities.

In June 2015, the GASB issued GASB Statement 75 (“GASB 75”), which, when implemented, will supersede and eliminate GASB 45. GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. GASB 75 is required to be implemented by all municipalities and school districts in the fiscal year beginning after June 15, 2017. Actuarial valuation will be required every two years for GASB 75.

GASB 45 and OPEB. 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 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The County has contracted with Harbridge Consulting Group to prepare its post-retirement benefits valuation. Based on the most recent actuarial valuation dated January 1, 2017, the following tables shows the components of the County’s annual OPEB cost, the amount actuarially contributed to the plan, changes in the County’s net OPEB obligation and funding status for the fiscal year ending December 31, 2016 and December 31, 2017:

Actuarial Accrued Liability and Annual OPEB Cost:

Fiscal Year	2016	2017
Annual required contribution (ARC)	$ 18,330,767	$ 23,386,628
Interest on net OPEB obligation	3,242,424	3,717,030
Adjustment to ARC	(3,929,099)	(5,373,904)
Annual OPEB cost (expense)	17,644,092	21,729,754
Contributions made	(5,461,370)	(6,128,082)
Increase in net OPEB obligation	12,182,722	15,601,672
Net OPEB obligation - beginning of year	80,743,017	92,925,739
Net OPEB obligation - end of year	$ 92,925,739	108,527,411
Percentage of annual OPEB cost contributed	$ 32.7%	29.4%

Funding Status:

	2016	2017
Actuarial Accrued Liability (AAL)	$ 210,086,454	$ 254,310,617
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 210,086,545	$ 254,310,617
Funded Ratio (Assets as a Percentage of AAL)	0%	0%

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	$ 21,729,754	29.4%	$ 108,527,411
2016	17,644,092	31.0	92,925,739

Source: County audited reports. The above tables are not audited.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The County has reserved $0 towards its OPEB liability. The County meets this liability on a pay-as-you-go basis.

The aforementioned liability and ARC are recognized and disclosed in accordance with GASB 45 standards in the County's December 31, 2014 financial statements.

Actuarial Valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

The County's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the County's finances and could force the County to reduce services, raise taxes or both.

In April 2015, the State Comptroller proposed legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in the last two legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced.

Other Information

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

The County has complied with the procedure for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance Law.

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

The fiscal year of the County is the calendar year.

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the County.

Financial Statements

The County retains an independent certified public accounting firm for a continuous independent audit of all financial transactions of the County. The last audit was for the fiscal year ended December 31, 2017 and is attached hereto as APPENDIX – C. The County's 2018 unaudited annual updated document is expected to be completed by May 1, 2019. The County's 2018 audited financial statement is expected to be completed by July 31, 2019. The financial affairs of the County are also subject to periodic audits by the State Comptroller.

In addition, the 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 searched on the Office of the State Comptroller website using the following link:

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.

Unaudited Results for the Fiscal Year Ending December 31, 2018

The County expects revenues to exceed expenditures in 2018 and the County's undesignated fund balance is expected to increase between $500,000-$1,000,000. The County's cash flow continues to remain strong.

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

Source: County officials.

Recent New York State Comptroller Reports of Examination

The NYS Comptroller's office released an audit report of the County on September 7, 2018. The purpose of the audit was to determine whether Onoville Marina revenue was properly accounted for and if the Probation Department properly accounted for and enforced the collection and disbursement of all funds for the period of January 1, 2016 through January 10, 2018. A copy of the complete report and the County's response can be found via the following link:
https://www.osc.state.ny.us/localgov/audits/counties/2018/cattaraugus.htm

The NYS Comptroller's office released an audit report of the County on July 19, 2016. The purpose of the audit was to determine if counties are monitoring community-based agencies to ensure that services provided and payments made are in accordance with contractual agreements. The NYS Comptroller's office examined the procedures of the County and various contracts in place for the period of January 1, 2013 through December 31, 2013. A copy of the complete report and the County's response can be found via the following link:
https://www.osc.state.ny.us/localgov/audits/swr/2016/DSS/cattaraugus.pdf

The NYS Comptroller's office released an audit report of the County on April 11, 2014. The purpose of the audit was to examine the County's controls to safeguard and account for court and trust funds for the period of January 1, 2011 through January 1, 2014. A copy of the complete report and the County's response can be found via the following link:

http://www.osc.state.ny.us/localgov/audits/candt/2014/cattaraugus.pdf

There are no other Office of the State Comptroller's audits that are currently in progress or pending release.

Source: Website of the Office of the New York State Comptroller.

Note: Reference to websites 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 are facing significant fiscal challenges. As a result, the Office of the State Comptroller has 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	3.3%
2016	No Designation	15.8%
2015	No Designation	15.8%
2014	No Designation	12.5%
2013	No Designation	12.5%

Source: Website of the Office of the New York State Comptroller.

Note: Reference to websites implies no warranty of accuracy of information therein.

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TAX INFORMATION

Valuations

Years Ending December 31:	2015	2016	2017	2018	2019
Assessed Valuation	$ 3,503,829,432	$ 3,543,032,182	$ 3,677,616,557	$ 3,688,985,815	$ 3,756,020,822
New York State Equalization Rate	87.05%	85.91%	86.61%	84.37%	85.20%
Full Valuation	$ 4,024,916,311	$ 4,124,152,848	$ 4,247,335,636	$ 4,372,418,491	$ 4,408,282,321

Tax Rate Per M (Assessed)

Years Ending December 31:	2015	2016	2017	2018	2019
General County	$ 13.16	$ 12.96	$ 12.85	$ 12.65	$ 12.84

Tax Collection Record

Years Ending December 31:	2015	2016	2017	2018	2019
Total Tax Levy (1)	$ 77,242,519	$ 77,664,779	$ 79,363,401	$ 80,868,461	$ 82,047,186
Unpaid End of Fiscal Year	4,780,760	4,341,239	3,996,663	4,114,488	N/A
% Unpaid End of Fiscal Year	6.2%	5.5%	5.0%	5.1%	N/A

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

Tax Collection Procedure

The County-wide property tax is levied by the County upon the taxable real property in the towns and cities in the County. The levy is effective January 1, the lien date, and is based on the assessed valuation of property located in the County as of the preceding March 31. Such taxes are collected by the respective collection officers in each town and city.

County taxes are due by February 1, and penalties are imposed as follows: 1% prior to March 1, and 1% additional each month thereafter. All towns first retain their share of taxes from collections and remit the balance to the County. Also, a 5% penalty is charged when the taxes are returned to the County by the tax collectors on April 1 of each year. The cities of Olean and Salamanca each levy and collect their city taxes; however; the County is responsible for any unpaid City taxes for the City of Olean. The County has no such responsibility for City of Salamanca taxes. The County is responsible for uncollected County taxes levied in Olean; however, the City of Salamanca guarantees collection of all County taxes levied in Salamanca.

The County is responsible for uncollected school district taxes. Additionally, the County is responsible for uncollected taxes of all towns and villages.

The real property in the City of Salamanca is presently owned by the Seneca Nation of Indians who lease the property to the residents on the real property. The lease between the Indians and the residents expires in the year 2031, with an option to extend the lease agreement to the year 2071. The City assesses only the improvements on the property because of the Indians' tax-exempt property status.

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Sales and Other Non-Property Taxes

The County's sales and other non-property tax revenues are comprised of the State Sales Tax and County Sales and Use Tax. The State Sales Tax is 4% and the County imposes an additional 3% County Sales Tax with one-half of that 3% County Sales Tax being retained by the County. The remaining one-half of the 3% County Sales Tax is apportioned among the cities, towns and villages of the County. The cities' portions are based on their actual collections and the towns and villages portions are based on their real property assessed values. Through legislation approved by Cattaraugus County and the State of New York, the County imposed an additional 1% Sales and Compensation Use Tax effective March 1, 1986. Revenue obtained from the additional 1% is retained by the County. The enabling legislation allowing this additional tax expires November 30, 2019. The State Legislature permits the County to extend such sales tax by passage by the County Legislature.

Sales Tax Revenue History:

Year	Amount
2011	$ 23,083,883
2012	23,898,648
2013	24,872,134
2014	25,383,667
2015	25,641,271
2016	24,737,319
2017	25,913,203
2018 (Unaudited)	27,579,909
2019 (Budgeted)	26,964,000

Largest Taxpayers –2018 Assessment Roll

Name	Type	Highest County Taxable Valuation
State of New York	Government	$176,651,500
National Fuel Gas Supply	Utility	96,560,857
National Grid	Utility	76,945,703
Niagara Mohawk Power Corp	Utility	64,499,845
NYS Electric & Gas Corp	Utility	26,716,218
Win-Sum Ski Corp	Resort	23,917,000
G&I IX Empire Walmart Plaza LL	Retail	17,766,000
Park Centre Development Inc	Retail	14,634,540
Indeck-Olean LP Total	Industry	10,600,000
Pengilly Corp Total	Housing	7,762,000

The ten largest taxpayers, listed above, have a total taxable valuation of $516,053,663 that represents approximately 13.7% of the County tax base.

Source: County Tax Rolls.

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.

The total property tax bill of the typical $100,000 residential property located in the County is approximately $3,445 including State, County, Town and School District taxes.

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. 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 are required 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 town may exceed the tax levy limitation for the coming fiscal year only if the governing body of such town first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law, 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 from the levy limitation 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 provisions.

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 effect`tive date of said 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.

Real Property Tax Rebate. Chapter 59 of the Laws of 2014 (“Chapter 59”), includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction’s compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved “government efficiency plan” which demonstrates “three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies”.

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they did provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the County are uncertain at this time.

COUNTY 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 the Bonds include the following:

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 or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The County may contract indebtedness only for a County purpose and shall pledge its faith and credit for the payment of principal of and 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; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the County Legislature authorizes and utilizes the issuance of bonds with substantially level or declining annual debt service. 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 estate 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 authorized 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, 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 County Legislature, the finance board of the County. Customarily, the County Legislature has delegated to the County Treasurer, 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) Such obligations are authorized for a purpose for which the County is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the

date of such publication,

or, (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the County complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal 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 Legislature, as the finance board of the County, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may, and generally does, delegate the power to sell the obligations to the County Treasurer, the chief fiscal officer of the County, pursuant to the Local Finance Law.

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 notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" 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 bond anticipation notes, deficiency notes and budget notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

Years Ending December 31:	2014	2015	2016	2017	2018
Bonds	$ 42,285,000	$ 41,010,000	$ 40,385,000	$ 48,111,145	$ 43,140,000
Bond Anticipation Notes	0	0	0	0	1,936,600
Operating Leases	635,378	759,892	616,947	815,167	422,687
Capital Leases	89,816	94,884	61,005	33,542	28,348
Total Debt Outstanding	$ 43,010,194	$ 41,864,776	$ 41,062,952	$ 48,959,854	$ 45,527,635

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the County as of March 5, 2019:

Type of Indebtedness	Maturity	Amount Outstanding
Bonds	2019-2032	$ 42,730,000
Bond Anticipation Notes	April 3, 2019	1,936,600 (1)
	Total Indebtedness	$ 44,666,600

(1) To be redeemed in full with the proceeds of the Bonds.

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Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of March 5, 2019:

Five-Year Average Full Valuation			$ 4,235,421,121
Debt Limit - 7% thereof			296,479,478
Inclusions:			
Bonds	$ 42,730,000		
Bond Anticipation Notes	1,936,600		
Total Inclusions		$ 44,666,600	
Exclusions:			
Appropriations [1]	4,585,000		
Total Exclusions		$ 4,585,000	
Total Net Indebtedness			$ 40,081,600
Net Debt-Contracting Margin			$ 256,397,878
The percent of debt contracting power exhausted is			13.52%

The issuance of the Bonds will increase the net indebtedness of the County by $5,954,051.

(1) Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

Bonded Debt Service

A schedule of Bonded Debt Service, including the principal of the Bonds, may be found in APPENDIX - B to this Official Statement.

Operating leases

The County has entered into a number of operating leases. Lease expenditures for the year ended December 31, 2018, amounted to $380,167. Future minimum payments under operating leases at December 31, 2018 are as follows:

Year	Amount
2019	$ 259,489
2020	126,243
2021 & Beyond	65,932
	$ 422,687

Landfill Post Closure Costs

State and Federal laws required the County to cap and close the Farwell and Five Points Landfills and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. The capping and closing of the Five Points Landfill was completed in 1988. The Farewell Landfill capping and closure was completed in 1989. Environmental and facility monitoring continues at both landfills including routine monitoring of groundwater, surface water and leachate samples.

The costs for testing and maintenance are estimated annually based on historical data and are included in the current year's budget. The estimates are subject to change due to inflation or deflation, technology, or changes in applicable laws and regulations. The liability for the long-term portion of the liability is recorded in the long-term liabilities of the governmental fund types. The balance as of December 31, 2016 was $606,642. The balance as of December 31, 2017 was $402,922. The estimated balance as of December 31, 2018 is $205,000.

Capital Project Plans

The County routinely authorizes and issues approximately $2.0 to $4.0 million annually for improvements to its roads, bridges and culverts. Other than these routine authorizations, no other projects are currently authorized nor are any contemplated at this time.

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 2016 fiscal year of the respective municipalities, not adjusted to include subsequent bond issues, if any.

	Indebtedness	Exclusions [1]		Net Indebtedness
Towns (32)	$ 14,785,093	$ 9,326,773 [2]		$ 5,458,319
Villages (9)	13,067,857	11,297,531 [2]		1,770,327
Cities (2)	33,657,938	12,931,534 [2]		20,726,404
School Districts (13)	183,537,193	164,898,242 [3]		18,638,951
Fire Districts (15)	3,182,901	375,798		2,807,103
			Total	$ 49,401,104

(1) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.
(2) Sewer debt and water debt.
(3) Estimated State Building aid.

Source 2016 New York State Comptroller's report. The 2017 New York State Comptroller's report is not available as of the date of this Official Statement.

Debt Ratios

The following table sets forth certain ratios relating to the County's indebtedness as of March 5, 2019:

	Amount of Indebtedness	Per Capita [1]	Percentage of Full Valuation [2]
Net Direct Indebtedness [3]	$ 40,081,600	$ 518.199	0.91%
Net Direct Plus Net Overlapping Indebtedness [4]	89,482,704	1,156.88	2.03%

Note: (1) The County's 2017 estimated population is 77,348. (See "Population Trends" herein.)
(2) The County's full valuation of taxable real estate for 2019 is $4,408,282,321. (See "Valuations, Rates and Tax Levies" herein.)
(3) See "Calculation of Net Direct Indebtedness" herein.
(4) The County's estimated applicable share of net underlying indebtedness is $49,401,104. (See "Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Bond 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 Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law 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.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. 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 the 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 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.

HISTORICAL CONTINUING DISCLOSURE COMPLIANCE

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"), the County will enter into a Continuing Disclosure Undertaking Certificate, the form of which is attached hereto as "APPENDIX – E."

Historical Compliance

The County has in the previous five years complied, in all material respects, with any previous undertakings pursuant to the Rule; however, the County was late in filing its audited financial reports for fiscal years ending 2012 and 2013. The audited financial report for fiscal year ending 2012 was due within 60 days of its completion date of June 26, 2013, but was not filed until September 3, 2013. The audited financial report for fiscal year ending 2013 was due within 60 days of its completion date of July 14, 2014, but was not filed until September 30, 2014.

The County on occasion did not file in a timely manner certain material event notices relating to rating changes of the various bond insurers of certain outstanding bonds of the County. The underlying rating of the County was not affected by such bond insurer rating changes.

A failure to file notice was submitted to EMMA on March 23, 2015.

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.

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 U.S. Internal Revenue 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 would have an adverse effect on the market value of the Bonds (See "TAX MATTERS" 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 own 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

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, 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") and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – D".

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The County has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) or any other matters coming to the attention of Bond Counsel after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to and may not be relied upon in connection with any such actions, events or matters.

Certain requirements and procedures contained or referred to the in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds may otherwise affect an Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been made in recent years that would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP as Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX – D."

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.

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.

BOND RATING

Moody’s Investors Service ("Moody’s") assigned its bond rating of “Aa3” to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, 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.

MISCELLANEOUS

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.

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.

Orrick, Herrington & Sutcliffe LLP, New York, 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 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.

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 County contact information is as follows: Mr. Joseph G. Keller, County Treasurer, 303 Court Street, Little Valley, New York 14755, Phone: (716) 938-9111, Fax: (716) 938-6897, Email: jgkeller@cattco.org.

COUNTY of CATTARAUGUS

Dated: March 13, 2019

BY: JOSEPH G. KELLER
County Treasurer

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	2013	2014	2015	2016	2017
ASSETS					
Cash and Cash Equivalents	$ 12,705,771	$ 12,260,551	$ 17,455,336	$ 16,709,910	$ 129,933
Restricted cash and cash equivalents	2,018,082	2,197,453	3,531,552	4,688,427	2,257,487
Investments	25,320,339	27,345,898	23,848,503	26,534,151	40,705,286
Receivables:					
Taxes, Interest, Penalties and Liens	13,538,824	13,463,372	13,644,795	12,798,522	11,773,766
Accounts	3,570,996	3,988,352	5,240,436	3,174,563	3,312,997
Due from Other Governments	10,626,967	10,569,168	8,982,978	9,442,304	9,454,216
Due from Other Funds	2,593,643	370,884	-	278,044	-
Other	-	-	-	-	-
Prepaid Items	2,284,415	2,086,111	1,907,244	1,663,741	1,579,937
TOTAL ASSETS	$ 72,659,037	$ 72,281,789	$ 74,610,844	$ 75,289,662	$ 69,213,622
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 10,701,061	$ 6,184,685	$ 10,667,234	$ 11,290,441	$ 7,264,798
Accrued Liabilities	4,766,542	4,670,882	3,567,347	3,237,961	3,415,792
Other Liabilities	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	8,702,312	8,973,075	8,637,456	8,304,105	8,783,641
Retained Percentages & Overpayments	-	-	-	-	-
Unearned Revenue	960,602	703,519	678,290	1,692,780	1,455,981
Deferred Revenue	7,385,634	7,227,201	7,528,336	7,171,770	5,778,058
TOTAL LIABILITIES	$ 32,516,151	$ 27,759,362	$ 31,078,663	$ 31,697,057	$ 26,698,270
FUND EQUITY					
Nonspendable	$ 2,284,415	$ 2,086,111	$ 1,907,244	$ 1,663,741	$ 1,579,937
Restricted	2,018,082	2,197,453	2,197,453	2,208,250	2,931,764
Committed	868,968	122,500	122,500	85,000	-
Assigned	4,893,624	3,203,691	2,606,932	2,549,862	3,323,615
Unassigned	30,077,797	36,912,672	36,698,052	37,085,752	34,680,036
TOTAL FUND EQUITY	$ 40,142,886	$ 44,522,427	$ 43,532,181	$ 43,592,605	$ 42,515,352
TOTAL LIABILITIES, DEFERRED REVENUES AND FUND EQUITY	$ 72,659,037	$ 72,281,789	$ 74,610,844	$ 75,289,662	$ 69,213,622

Source: Audited Financial Reports of the County.
This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	2012	2013	2014	2015	2016
REVENUES					
Real Property Taxes and Tax Items	$ 49,581,875	$ 52,603,402	$ 53,702,560	$ 53,568,654	$ 54,540,145
Non Property Tax Items	25,915,331	27,052,483	27,730,422	27,920,526	27,006,018
Departmental Income	16,229,977	16,800,247	16,269,379	15,697,958	15,907,227
Intergovernmental Revenues	6,755,744	5,993,334	5,692,341	6,033,449	4,906,686
Use of Money & Property	1,284,205	1,033,747	1,009,495	1,002,476	853,622
Sale of Property and Compensation for Loss	1,352,352	1,317,502	1,487,539	2,542,779	2,615,727
Licenses and Permits	-	-	49,559	65,284	88,591
Fines and Forfeitures	-	-	269,085	274,825	195,836
Miscellaneous	1,278,263	6,072,930	2,243,892	2,562,078	1,910,695
Interfund Revenues	22,307,512	22,311,116	23,615,066	24,362,332	25,368,168
State aid	16,113,896	16,161,667	15,925,850	16,564,926	17,413,620
Federal aid	19,510,918	18,847,352	19,248,254	19,118,818	18,713,545
Total Revenues	$ 160,330,073	$ 168,193,780	$ 167,243,442	$ 169,714,105	$ 169,519,880
EXPENDITURES					
General Government Support	$ 41,139,097	$ 41,458,391	$ 43,428,107	$ 45,413,934	$ 42,784,315
Education	6,775,966	6,569,625	6,755,996	8,132,550	6,847,973
Public Safety	18,009,868	18,615,714	19,424,737	19,912,572	20,001,118
Health	19,932,954	19,351,280	19,249,923	19,774,751	19,657,735
Transportation	54,228	-	17,000	-	17,000
Economic Assistance and Opportunity	53,108,190	53,926,758	55,306,612	53,567,493	58,932,227
Culture and Recreation	1,073,148	1,009,016	1,392,094	1,393,486	822,027
Home and Community Services	2,112,653	2,062,773	2,117,876	2,202,121	2,224,727
Employee Benefits	5,454,391	4,448,813	4,218,935	4,236,099	5,237,582
Intergovernmental Transfers	-	-	-	-	-
Debt Service	4,839	11,957	23,523	42,750	27,617
Total Expenditures	$ 147,665,334	$ 147,454,327	$ 151,934,803	$ 154,675,756	$ 156,552,321
Excess of Revenues Over (Under) Expenditures	$ 12,664,739	$ 20,739,453	$ 15,308,639	$ 15,038,349	$ 12,967,559
Other Financing Sources (Uses):					
Unappropriated Revenues	-	59,596	66,571	-	-
Capital Lease	-	-	-	47,818	-
Operating Transfers In	-	6,162	-	-	-
Operating Transfers Out	(10,020,542)	(11,032,081)	(10,995,669)	(16,076,413)	(12,907,135)
Total Other Financing	(10,020,542)	(10,966,323)	(10,929,098)	(16,028,595)	(12,907,135)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,644,197	9,773,130	4,379,541	(990,246)	60,424
FUND BALANCE					
Fund Balance - Beginning of Year	27,838,545	30,369,756	40,142,886	44,522,427	43,532,181
Prior Period Adjustments (net)	(112,986)	-	-	-	-
Fund Balance - End of Year	$ 30,369,756	$ 40,142,886	$ 44,522,427	$ 43,532,181	$ 43,592,605

Source: Audited Financial Reports of the County.
This Appendix is not itself audited.

APPENDIX - A2
Cattaraugus County

GENERAL FUND

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

Fiscal Years Ending December 31:	2017			2018	2019
	Original Budget	Final Actual	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	$ 52,489,538	$ 52,489,538	$54,384,843	$54,447,151	$55,700,000
Real Property Tax Items	2,656,874	2,656,874	2,443,916	1,998,812	$2,065,375
Non Property Tax Items	26,854,000	27,453,875	28,234,194	26,519,300	29,010,009
Departmental Income	15,768,754	15,933,566	15,954,265	15,716,180	15,924,495
Intergovernmental Revenue	5,079,084	5,299,830	5,389,910	5,145,993	5,523,230
Use of Money & Property	958,722	958,722	940,687	1,023,394	1,224,494
Sale of Property and Compensation for Loss	1,209,020	1,234,826	1,622,228	1,327,070	1,287,596
Licenses and Permits	80,225	80,225	79,912	85,200	65,200
Fines and Forfeitures	196,350	212,405	209,526	172,735	42,000
Miscellaneous	1,959,152	1,984,442	910,607	1,267,638	2,047,655
Interfund Revenues	27,292,365	27,332,338	27,188,652	26,669,347	29,403,913
State aid	17,300,484	18,784,010	16,771,867	17,679,512	19,040,292
Federal aid	20,178,319	21,962,824	19,230,749	20,710,773	19,849,296
Total Revenues	$ 172,022,887	$ 176,383,475	$173,361,356	$ 172,763,105	$ 181,183,555
EXPENDITURES					
General Government Support	$ 49,492,226	$ 49,430,363	$47,711,401	$48,363,644	$52,340,893
Education	7,343,859	7,997,373	7,988,762	7,382,528	7,541,146
Public Safety	19,953,365	20,466,932	19,774,954	19,704,848	22,258,655
Health	20,600,412	21,556,147	19,836,146	21,049,579	21,253,469
Transportation	17,000	17,000	17,000	17,313	17,659
Economic Assistance and					-
Opportunity	56,760,962	62,524,578	57,639,795	57,576,262	59,241,122
Culture and Recreation	694,064	1,159,111	1,015,402	893,545	891,852
Home and Community Services	2,731,311	2,931,508	2,691,173	3,310,792	3,986,351
Employee Benefits	6,990,108	5,985,094	5,846,646	7,887,737	6,907,648
Debt Service - Principal	39,307	38,919	38,919		22,502
Total Expenditures	$ 164,622,614	$ 172,107,025	$ 162,560,198	$ 166,186,248	$ 174,461,297
Excess of Revenues Over (Under) Expenditures	$ 7,400,273	$ 4,276,450	$ 10,801,158	$ 6,576,857	$ 6,722,258
Other Financing Sources (Uses):					
Appropriation of Prior Years Fund Balance	-	-		2,555,809	1,914,991
Unappropriated Revenues	-	-	-	-	-
Capital Lease	-	-	-	-	-
Operating Transfer In	-	-	-	-	-
Operating Transfers Out	(9,950,135)	(11,027,340)	(10,836,339)	(9,132,666)	(8,637,249)
Total Other Financing	(9,950,135)	(11,027,340)	(10,836,339)	(6,576,857)	(6,722,258)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,549,862)	(6,750,890)	(35,181)	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	2,549,862	6,750,890	42,550,533 (1)	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 42,515,352	$ -	$ -

(1) Fund Balance Restated.

Source: 2017 Audited Financial Reports and 2018 and 2019 Budgets (unaudited) of the County.
This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Excluding the Bonds Principal	Interest	Total	Principal of the Bonds	Total Principal All Bonds
2019	$ 4,995,000	$ 1,249,596	$ 6,244,596	$ -	4,995,000
2020	4,875,000	1,109,786	5,984,786	475,651	5,350,651
2021	4,670,000	969,204	5,639,204	595,000	5,265,000
2022	4,470,000	827,266	5,297,266	610,000	5,080,000
2023	4,270,000	682,869	4,952,869	630,000	4,900,000
2024	4,070,000	543,385	4,613,385	650,000	4,720,000
2025	3,370,000	434,164	3,804,164	545,000	3,915,000
2026	3,000,000	352,329	3,352,329	560,000	3,560,000
2027	2,580,000	277,919	2,857,919	575,000	3,155,000
2028	1,740,000	214,806	1,954,806	595,000	2,335,000
2029	1,235,000	166,294	1,401,294	610,000	1,845,000
2030	1,275,000	123,494	1,398,494	160,000	1,435,000
2031	1,290,000	79,294	1,369,294	165,000	1,455,000
2032	1,300,000	34,069	1,334,069	170,000	1,470,000
2033				175,000	175,000
2034				180,000	180,000
2035				185,000	185,000
2036				190,000	190,000
2037				195,000	195,000
2038				200,000	200,000
2039				210,000	210,000
2040				215,000	215,000
TOTALS	$ 43,140,000	$ 7,064,475	$ 50,204,475	$ 7,890,651	$ 51,030,651

CURRENT BONDS OUTSTANDING

Fiscal Year Ending December 31st	$8,100,000 2010 Various Purposes Principal	Interest	$3,750,000 2016 Ref of 2007 & 2008 Principal	Interest	$7,210,000 2010 Ref of 04, 05 & 06 Bonds Principal	Interest
2019	$ 615,000	$ 237,740	$ 615,000	$ 82,350	$ 785,000	$ 26,256
2020	635,000	201,817	615,000	63,900	575,000	12,297
2021	660,000	163,304	605,000	45,450	275,000	3,094
2022	680,000	120,416	600,000	27,300		
2023	710,000	73,531	310,000	9,300		
2024	735,000	24,792				
TOTAL	$ 4,035,000	$ 821,600	$ 2,745,000	$ 228,300	$ 1,635,000	$ 41,647

Fiscal Year Ending December 31st	$14,155,000 2011 Refunding of 2002A&B Principal	Interest	$6,160,615 2012 Various Purposes Principal	Interest	$12,911,145 2017 Principal	Interest	$6,460,000 2013 Various Purposes Principal	Interest	$3,750,000 Bridge & Road Improvements Principal	Interest	$4,500,000 2016 Various Purposes Principal	Interest
2019	$ 505,000	$ 303,194	$ 405,000	$ 81,100	$ 870,000	$ 286,750	$ 410,000	$ 111,544	$ 365,000	$ 51,675	$ 425,000	$ 68,988
2020	505,000	282,994	415,000	72,900	895,000	267,997	420,000	102,206	375,000	44,275	440,000	61,400
2021	530,000	262,794	425,000	64,500	915,000	248,194	430,000	92,644	380,000	36,725	450,000	52,500
2022	525,000	241,594	435,000	55,900	940,000	227,325	440,000	82,306	390,000	29,025	460,000	43,400
2023	525,000	220,594	440,000	47,150	960,000	205,950	455,000	71,119	400,000	21,125	470,000	34,100
2024	545,000	199,594	450,000	37,688	985,000	184,069	465,000	59,619	410,000	13,025	480,000	24,600
2025	540,000	177,794	435,000	27,514	1,010,000	161,625	475,000	47,869	420,000	4,463	490,000	14,900
2026	535,000	156,194	445,000	16,951	1,035,000	138,619	485,000	35,566			500,000	5,000
2027	560,000	134,794	460,000	5,750	1,060,000	115,050	500,000	22,325				
2028	550,000	112,394	-	-	675,000	94,688	515,000	7,725				
2029	545,000	90,394	-	-	690,000	75,900	-	-	-	-	-	-
2030	565,000	68,594	-	-	710,000	54,900	-	-	-	-	-	-
2031	560,000	45,994	-	-	730,000	33,300	-	-	-	-	-	-
2032	555,000	22,894	-	-	745,000	11,175	-	-	-	-	-	-
TOTAL	$ 7,545,000	$ 2,319,813	$ 3,910,000	$ 409,453	$ 12,220,000	$ 2,105,541	$ 4,595,000	$ 632,922	$ 2,740,000	$ 200,313	$ 3,715,000	$ 304,888

APPENDIX - C

COUNTY OF CATTARAUGUS, NEW YORK

GENERAL PURPOSE FINANCIAL STATEMENTS

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.

COUNTY OF CATTARAUGUS, NEW YORK
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Year Ended December 31, 2017

(continued)

(continued)

(concluded)

Federal Awards Information:

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable County Administrator and County Legislature
County of Cattaraugus, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Cattaraugus, New York (the "County"), 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

The County's 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 Pines Machias Campus and Pines Olean Campus (the "Pines"), which represent 94.1% and 97.2% of the assets and revenues, respectively, of the business-type activities or the Cattaraugus County Land Bank Corporation (the "Land Bank"), shown as business-type activities, or the financial statements of the County of Cattaraugus Industrial Development Agency ("CCIDA"), shown as a discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pines, the Land Bank, and the CCIDA, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Pines were not audited in accordance with *Government Auditing Standards.*

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2017, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Supplementary Information and Other Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Other Information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 27, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Drescher & Malecki LLP

June 27, 2018

As management of the County of Cattaraugus (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2017. This document should be read in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at December 31, 2017 by $60,979,194 (*net position*) compared to $66,440,346 (as restated), at December 31, 2016. There is a deficit in unrestricted net position totaling $62,147,567.

- The County's net position decreased by $5,461,152. Governmental activities decreased the County's net position by $7,836,008, while business-type activities increased the County's net position by $2,374,856.

- At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of $61,601,344, an increase of $5,131,618 in comparison with the prior year's fund balance of $56,469,726 (as restated). Approximately 56.3 percent, $34,680,036 of the combined fund balances is unassigned.

- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was $34,680,036, or approximately 20.0 percent of General Fund expenditures and transfers out. This total amount is *available for spending* at the County's discretion and constitutes approximately 81.6 percent of the General Fund's total fund balance of $42,515,352.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the County's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Nonfinancial factors, such as changes in the County's property tax base and the condition of the County's roads, should also be considered to assess the overall health of the County.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government support, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest and fiscal charges. The business-type activities of the County are the Pines Machias nursing home, the Pines Olean nursing home, the Onoville Marina, and the Cattaraugus County Land Bank Corporation, a blended component unit.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate development agency (County of Cattaraugus Industrial Development Agency) for which the County is financially accountable. Financial information presented for this discretely presented component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14-16 of this report.

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

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

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

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

The County adopts an annual appropriated budget for its General Fund, Debt Service Fund, County Road Fund, Road Machinery Fund, Conewango Watershed Fund and Economic Development Fund. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

Proprietary funds—The County maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its nursing homes, marina, and land bank. When the County charges customers for the services it provides, whether to outside customers or to other units of the County, these services are generally reported in Proprietary Funds.

The County's Enterprise Funds represent its Business-type Activities, reported in the Government-wide financial statements but provides more detail and additional information, such as cash flows for Proprietary Funds.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

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

The Agency Fund reports resources held by the County in custodial capacity for individual, private organizations and other governments.

The Agency Fund fund financial statement can be found on page 24 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-60 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County's progress in funding its obligation to provide postemployment benefits to its employees, the County's net pension liability, and the County's budgetary comparison for the General Fund. Required supplementary information can be found on pages 61-65 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as supplementary information immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 66-69.

Other Information is included in these financial statements, specifically, the Schedules of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual for the County's nonmajor funds. The Other Information can be found on pages 70-74 of this report.

The Federal Awards Information section presents the County's Schedule of Expenditures of Federal Awards. This section can be found on pages 75-86 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the County's primary government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $60,979,194 at the close of the most recent fiscal year, as compared to $66,440,346 (as restated), at the close of the fiscal year ended December 31, 2016.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2017	2016 (as restated)	2017	2016	2017	2016 (as restated)
Assets:						
Current assets	$ 94,174,562	$ 96,388,404	$ 26,336,383	$ 20,751,097	$ 120,510,945	$ 117,139,501
Noncurrent assets	-	-	1,010,157	1,303,362	1,010,157	1,303,362
Capital assets	139,647,791	126,193,094	11,912,367	12,388,979	151,560,158	138,582,073
Total assets	233,822,353	222,581,498	39,258,907	34,443,438	273,081,260	257,024,936
Deferred outflows of resources	14,396,901	30,944,366	2,803,203	5,867,528	17,200,104	36,811,894
Liabilities:						
Current liabilities	19,846,434	24,753,361	1,579,951	1,767,597	21,426,385	26,520,958
Noncurrent liabilities	168,326,788	160,366,419	33,040,254	33,401,672	201,367,042	193,768,091
Total liabilities	188,173,222	185,119,780	34,620,205	35,169,269	222,793,427	220,289,049
Deferred inflows of resources	5,572,185	6,096,229	936,558	1,011,206	6,508,743	7,107,435
Net Position:						
Net investment in capital assets	105,595,741	100,553,821	3,558,567	3,381,903	109,154,308	103,935,724
Restricted	13,972,453	8,270,386	-	-	13,972,453	8,270,386
Unrestricted	(65,094,347)	(46,514,352)	2,946,780	748,588	(62,147,567)	(45,765,764)
Total net position	$ 54,473,847	$ 62,309,855	$ 6,505,347	$ 4,130,491	$ 60,979,194	$ 66,440,346

The largest portion of the County's net position at December 31, 2017, $109,154,308, reflects its investment in capital assets (e.g. land, buildings and improvements, infrastructure and machinery and equipment), less any debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, $13,972,453 represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position was in a deficit position of $62,147,567. This demonstrates that future funding will be necessary to liquidate long-term obligations.

Table 2, as presented below, shows the changes in net position for the year ended December 31, 2017 and December 31, 2016.

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

	Governmental activities		Business-type activities		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2017	2016 (as restated)	2017	2016	2017	2016 (as restated)
Revenues:						
Program revenues	$ 64,897,076	$ 65,502,329	$ 31,157,535	$ 34,432,237	$ 96,054,611	$ 99,934,566
General revenues	98,199,087	97,564,873	38,906	33,243	98,237,993	97,598,116
Total revenues	163,096,163	163,067,202	31,196,441	34,465,480	194,292,604	197,532,682
Total expenses	170,932,171	166,676,785	28,821,585	28,600,407	199,753,756	195,277,192
Change in net position	(7,836,008)	(3,609,583)	2,374,856	5,865,073	(5,461,152)	2,255,490
Net position—beginning	62,309,855	66,961,510	4,130,491	(1,734,582)	66,440,346	65,226,928
Restatement	-	(1,042,072)	-	-	-	(1,042,072)
Net position—ending	$ 54,473,847	$ 62,309,855	$ 6,505,347	$ 4,130,491	$ 60,979,194	$ 66,440,346

Governmental Activities—Governmental activities decreased the County's net position by $7,836,008. A summary of revenues for governmental activities for the years ended December 31, 2017 and 2016 is presented below in Table 3.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2017	2016	Dollars	Percent %
Charges for services	$ 21,982,575	$ 21,365,332	$ 617,243	2.9
Operating grants and contributions	37,572,291	36,411,867	1,160,424	3.2
Capital grants and contributions	5,342,210	7,725,130	(2,382,920)	(30.8)
Property taxes and tax items	55,406,866	53,751,685	1,655,181	3.1
Non-property tax items	39,071,485	37,417,074	1,654,411	4.4
Miscellaneous	742,176	2,985,607	(2,243,431)	(75.1)
Other general revenues	2,978,560	3,410,507	(431,947)	(12.7)
Total revenues	$ 163,096,163	$ 163,067,202	$ 28,961	0.0

The most significant source of revenues is property taxes and tax items, which account for $55,406,866 or 34.0 percent of total government activities revenues. The next largest source of revenue is non-property tax items, which comprise $39,071,485 or 24.0 percent for the year ended December 31, 2017. Comparatively, for the year ended December 31, 2016, the most significant source of revenue was property taxes and tax items, which accounted for $53,751,685 or 33.0 percent of total government activities revenues. The next largest source of revenue was non-property tax items, which comprised $37,417,074 or 23.0 percent of total governmental activities revenues.

During the year ended December 31, 2017, total governmental activities revenues increased by 0.0 percent, mainly due to an increase in property taxes and tax items, non-property tax items, and operating grants and contributions offset by decreases in capital grants and contributions and miscellaneous revenue. The increases in property taxes and tax items is due to improved property tax collections as a result of changing from a three year to a two year tax foreclosure period. The increase in non-property tax items is the result of improved sales tax collections compared to the year ended December 31, 2016. Operating grants and contributions increased due to additional funding provided by state and federal sources for various operating grants. Decreases in capital grants and contributions is due a decrease in State aid for public safety capital projects and the decrease in miscellaneous revenue is due to decreases in tribal compact proceeds.

A summary of program expenses of governmental activities for the years ended December 31, 2017 and December 31, 2016 is presented below in Table 4.

Table 4—Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2017	2016	Dollars	Percent %
General government support	$ 23,862,677	$ 22,336,500	$ 1,526,177	6.8
Education	7,992,020	6,847,512	1,144,508	16.7
Public safety	24,404,403	24,349,526	54,877	0.2
Public health	22,288,254	22,975,027	(686,773)	(3.0)
Transportation	23,986,027	21,811,928	2,174,099	10.0
Economic assistance and opportunity	63,317,518	63,951,853	(634,335)	(1.0)
Culture and recreation	1,187,147	832,368	354,779	42.6
Home and community services	2,896,143	2,583,189	312,954	12.1
Interest and fiscal charges	997,982	988,882	9,100	0.9
Total program expenses	$ 170,932,171	$ 166,676,785	$ 5,027,184	3.0

As shown above, total governmental activities program expenses increased 3.0 percent from the year ended December 31, 2016. The most significant change in the County's expenses from 2016 to 2017 are the cost for transportation, general government support, and education, which increased by $2,174,099, $1,526,177, and $1,144,508, respectively. The increases were primarily due to increased employee benefits allocated to transportation and general government support as well as increased educational assistance, respectively.

Business-type Activities—Business-type activities increased the County's net position by $2,374,856. The major activities are for the County's nursing home facilities, marina, and land bank.

A summary of revenues and expenses for the County's business-type activities for the years ended December 31, 2017 and 2016 is presented on the following page.

Table 5—Summary of Revenues and Expenses—Business-type Activities

	Year Ended December 31,		Increase/(decrease)	
	2017	2016	Dollars	Percent %
Revenues:				
Charges for services	$ 21,079,091	$ 20,668,874	$ 410,217	2.0
Operating grants and contributions	10,078,444	13,763,363	(3,684,919)	(26.8)
General revenues	38,906	33,183	5,723	17.2
Transfers and donated services from County	-	60	(60)	(100.0)
Total revenues	$ 31,196,441	$ 34,465,480	$ (3,269,039)	(9.5)
Expenses:				
Nursing services	$ 15,351,953	$ 15,195,454	$ 156,499	1.0
Ancillary	2,262,788	2,115,554	147,234	7.0
Dietary services	2,005,273	1,955,400	49,873	2.6
Administrative and general	7,160,410	7,083,389	77,021	1.1
Fringe benefits	78,301	94,891	(16,590)	(17.5)
Depreciation	1,439,835	1,531,818	(91,983)	(6.0)
Bad debt expense	170,394	238,204	(67,810)	(28.5)
Interest expense	341,704	376,890	(35,186)	(9.3)
Amortization of bond issuance costs	7,697	7,697	-	0.0
Loss on disposal of capital assets	3,230	1,110	2,120	191.0
Total expenses	$ 28,821,585	$ 28,600,407	$ 221,178	0.8

During the year ended December 31, 2017, total business-type activities revenues decreased by 9.5 percent, mainly due to a decrease in operating grants and contributions. The reduction was primarily due to a decrease in the intergovernmental transfer provided by New York State.

As detailed above, the County's business-type activities total expenses for the year ended December 31, 2017 increased 0.8 percent from the previous year. The increase is primarily due to increased costs of nursing services and ancillary costs.

The County's business-type activities most significant expense items for the year ended December 31, 2017 are nursing and medical care, which accounts for $15,351,953 or 53.3 percent of total expenses and administrative and general expenses which account for $7,160,410 or 24.8 percent of total expenses. Similarly, for the year ended December 31, 2016, most significant expense items were nursing and medical care, which accounted for $15,195,454 or 53.1 percent of total expenses and administrative and general expenses which accounted for $7,083,389 or 24.8 percent of total expenses.

Financial Analysis of Governmental Funds

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

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

At December 31, 2017, the County's governmental funds reported combined ending fund balances of $61,601,344, an increase of $5,131,618 from the prior year. Approximately 56.3 percent of this amount, $34,680,036, constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is either *nonspendable, restricted, committed,* or *assigned* to indicate that it is: (1) not in spendable form, $1,579,937, (2) restricted for particular purposes, $20,222,862, or (3) assigned for particular purposes, $5,118,509.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $34,680,036, while total fund balance was $42,515,352. The General Fund balance decreased $35,181 from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both the *unassigned fund balance* and total fund balance to the total General Fund expenditures and transfers out. *Unassigned fund balance* represents approximately 20.0 percent of the total General Fund expenditures and transfers out, while total fund balance represents approximately 24.5 percent of that same amount.

The fund balance in the Capital Projects Fund increased $4,799,705 from December 31, 2016 due to resources received from the issuance of serial bonds and transfers in from the General Fund. The ending fund balance in the Capital Projects Fund was $16,865,036.

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

Overall net position of the proprietary funds increased $2,374,856. This was primarily a result of an increase in service revenue at the Pines. The Pines Machias' and the Pines Olean's net position increased $236,708 and $2,171,317, respectively. The Onoville Marina's and Land Bank's net position decreased by $27,333 and $5,836, respectively, during the year. The decreases in the Onoville Marina and Land Bank are primarily the result of operating expenses exceeding operating revenue.

General Fund Budgetary Highlights

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

A summary of the General Fund results of operations for the year ended December 31, 2017 is presented in Table 6 on the following page.

Table 6 – Summary of General Fund Results of Operations

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues	$ 172,022,887	$ 176,383,475	$ 173,361,356	$ (3,022,119)
Expenditures and other financing uses	174,572,749	183,134,365	173,396,537	9,737,828
Deficiency of revenues over expenditures and other financing uses	$ (2,549,862)	$ (6,750,890)	$ (35,181)	$ (6,715,709)

Original budget compared to final budget—During the year, the budget is modified, primarily to reflect the acceptance of new state and federal grants. These grants explain some of the increases in appropriations and revenue from the original adopted budget final budget. In the current year the largest increase in budgeted appropriations was the result of increased IGT expenditures related to the nursing homes.

Final budget compared to actual results—The General Fund had a favorable variance from the final budgetary appropriations of $6,715,709. The positive variances were realized primarily in economic assistance and opportunity and general government support due to lower than expected social service and employee health costs, respectively.

Capital Assets and Debt Administration

Capital assets—The County's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounts to $151,560,158 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure assets.

All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the County's capital asset policy.

Capital assets net of depreciation for the governmental activities and business-type activities at the years ended December 31, 2017 and December 31, 2016 are presented in Table 7 below.

Table 7—Summary of Capital Assets (Net of Depreciation)

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2017	2016	2017	2016	2017	2016
Land	$ 1,918,632	$ 1,918,632	$ 813,215	$ 813,215	$ 2,731,847	$ 2,731,847
Construction in progress	35,724,319	35,406,627	-	99,248	35,724,319	35,505,875
Infrastructure	82,595,354	69,923,377	-	-	82,595,354	69,923,377
Buildings and improvements	9,165,700	9,585,210	773,822	754,560	9,939,522	10,339,770
Machinery and equipment	10,243,786	9,320,054	51,534	34,266	10,295,320	9,354,320
The Pines	-	-	10,273,796	10,687,690	10,273,796	10,687,690
Books	-	39,194	-	-	-	39,194
Total	$ 139,647,791	$ 126,193,094	$ 11,912,367	$ 12,388,979	$ 151,560,158	$ 138,582,073

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements. The County has elected to depreciate its infrastructure assets. Additional information on the County's capital assets can be found in Note 5 of this report.

Long-term liabilities—The County currently has $39,747,145 in total bonded debt for governmental activities.

The County's business-type activities, the Pine Machias, the Pine Olean and the Onoville Marina, also have issued bonded debt and recorded as a long-term liability. The amount outstanding consists of public improvement serial bonds totaling $8,364,000 as of December 31, 2017.

The County carries an AA rating from Standard & Poor's.

A summary of the County's long-term liabilities at December 31, 2017 and December 31, 2016 are presented in Table 8 below:

Table 8—Summary of Long-Term Liabilities

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2017	2016	2017	2016	2017	2016
Bonds payable	$ 39,747,145	$ 31,480,000	$ 8,364,000	$ 8,905,000	$ 39,844,000	$ 48,652,145
Premium on serial bonds	526,966	645,424	171,868	195,614	817,292	722,580
Compensated absenses	5,479,090	5,491,980	464,916	490,891	5,956,896	5,969,981
Capital leases	28,348	67,267	-	2,828	67,267	31,176
Landfill post closure	402,922	606,643	-	-	606,643	402,922
Health insurance	1,576,574	1,183,523	-	-	1,183,523	1,576,574
Other postemployment benefits	87,825,945	74,856,250	20,701,466	18,069,489	95,557,716	105,895,434
Workers' compensation	15,736,521	15,911,619	-	-	15,911,619	15,736,521
Net pension liability	17,003,277	30,123,713	3,338,004	5,737,850	33,461,717	22,741,127
Total	$ 168,326,788	$ 160,366,419	$ 33,040,254	$ 33,401,672	$ 193,406,673	$ 201,728,460

For additional information on the County's long-term liabilities, refer to Note 11 of this report.

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing Cattaraugus County's budget for the 2018 year included:

- Full-value assessments increased 2.9%.
- Total appropriations—all funds increased 0.7%.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Joseph G. Keller
County Treasurer
303 Court Street
Little Valley, New York 14755

BASIC FINANCIAL STATEMENTS

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Net Position
December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Agency
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,207,451	$ 23,153,816	$ 24,361,267	$ 227,855
Restricted cash and cash equivalents	20,017,007	-	20,017,007	-
Cash, resident funds	-	152,938	152,938	-
Investments	37,773,522	-	37,773,522	733,205
Restricted investments	2,931,764	-	2,931,764	-
Receivables (net of allowances):				
Taxes receivable	11,773,766	-	11,773,766	-
Accounts receivable	6,728,202	2,528,381	9,256,583	170
Intergovernmental receivables	12,162,913	413,419	12,576,332	-
Inventory	-	42,253	42,253	-
Prepaid items	1,579,937	45,576	1,625,513	14,700
Total current assets	94,174,562	26,336,383	120,510,945	975,930
Noncurrent assets:				
Bond issuance costs, net of amortization	-	116,734	116,734	-
Intergovernmental receivables	-	893,423	893,423	-
Capital assets not being depreciated	37,642,951	813,215	38,456,166	149,299
Capital assets, net of accumulated depreciation	102,004,840	11,099,152	113,103,992	98,323
Total noncurrent assets	139,647,791	12,922,524	152,570,315	247,622
Total assets	233,822,353	39,258,907	273,081,260	1,223,552
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	14,279,084	2,803,203	17,082,287	59,546
Deferred charge on refunding	117,817	-	117,817	-
Total deferred outflows of resources	14,396,901	2,803,203	17,200,104	59,546

(continued)

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Net Position
December 31, 2017

(concluded)

LIABILITIES				
Current liabilities:				
Accounts payable	$ 6,444,474	$ 688,650	$ 7,133,124	$ -
Retainages payable	23,825	-	23,825	-
Accrued liabilities	1,228,786	303,069	1,531,855	6,034
Accrued interest payable	319,701	98,005	417,706	-
Intergovernmental payables	8,783,641	3,976	8,787,617	-
Due to third party payors	-	170,530	170,530	-
Unearned revenue	3,046,007	162,783	3,208,790	-
Resident funds held in trust	-	152,938	152,938	-
Total current liabilities	19,846,434	1,579,951	21,426,385	6,034
Noncurrent liabilities:				
Due within one year	8,967,779	813,049	9,780,828	-
Due in more than one year	159,359,009	32,227,205	191,586,214	67,000
Total noncurrent liabilities	168,326,788	33,040,254	201,367,042	67,000
Total liabilities	188,173,222	34,620,205	222,793,427	73,034
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	4,770,679	936,558	5,707,237	24,202
Deferred inflows—State aid	801,506	-	801,506	-
Total deferred inflows of resources	5,572,185	936,558	6,508,743	24,202
NET POSITION				
Net investment in capital assets	105,595,741	3,558,567	109,154,308	247,622
Restricted for:				
MDLF loan fund	278,749	-	278,749	-
Insurance	1,443,321	-	1,443,321	-
Workers' comp	650,000	-	650,000	-
Other	559,694	-	559,694	-
Capital projects	10,614,627	-	10,614,627	-
Debt	420,387	-	420,387	-
Trust accounts	5,675	-	5,675	-
Unrestricted	(65,094,347)	2,946,780	(62,147,567)	938,240
Total net position	$ 54,473,847	$ 6,505,347	$ 60,979,194	$ 1,185,862

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

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Activities
Year Ended December 31, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Industrial Development Agency
Primary government:								
Governmental activities:								
General government support	$ 23,862,677	$ 5,322,468	$ 820,847	$ -	$ (17,719,362)	$ -	$ (17,719,362)	$ -
Education	7,992,020	-	2,664,884	-	(5,327,136)	-	(5,327,136)	-
Public safety	24,404,403	2,463,909	3,232,025	-	(18,708,469)	-	(18,708,469)	-
Health	22,288,254	10,904,715	6,450,857	-	(4,932,682)	-	(4,932,682)	-
Transportation	23,986,027	335,156	-	5,342,210	(18,308,661)	-	(18,308,661)	-
Economic assistance and opportunity	63,317,518	1,763,698	23,684,607	-	(37,869,213)	-	(37,869,213)	-
Culture and recreation	1,187,147	65	318,744	-	(868,338)	-	(868,338)	-
Home and community services	2,896,143	1,192,564	294,101	-	(1,409,478)	-	(1,409,478)	-
Interest and fiscal charges	997,982	-	106,226	-	(891,756)	-	(891,756)	-
Total governmental activities	170,932,171	21,982,575	37,572,291	5,342,210	(106,035,095)	-	(106,035,095)	-
Business-type activities:								
The Pines Machias Campus	15,438,858	10,096,103	5,552,422	-	-	209,667	209,667	-
The Pines Olean Campus	12,772,191	10,405,646	4,526,022	-	-	2,159,477	2,159,477	-
Onoville Marina	570,417	543,084	-	-	-	(27,333)	(27,333)	-
Land Bank Corporation	40,119	34,258	-	-	-	(5,861)	(5,861)	
Total business-type activities	28,821,585	21,079,091	10,078,444	-	-	2,335,950	2,335,950	-
Total primary government	$ 199,753,756	$ 43,061,666	$ 47,650,735	$ 5,342,210	(106,035,095)	2,335,950	(103,699,145)	-
Component units:								
Cattaraugus County Industrial Development Agency	$ 263,254	$ 148,537	$ -	$ -				(114,717)
Total component units	$ 263,254	$ 148,537	$ -	$ -				(114,717)
General revenues:								
Property taxes, levied for general purpose					52,962,950	-	52,962,950	-
Property tax items					2,443,916	-	2,443,916	-
Non-property tax items					39,071,485	-	39,071,485	-
Unrestricted investment earnings					839,440	-	839,440	-
Miscellaneous					742,176	38,906	781,082	5,201
Sale of property and compensation for loss					2,139,120	-	2,139,120	1,284
Total general revenues					98,199,087	38,906	98,237,993	6,485
Change in net position					(7,836,008)	2,374,856	(5,461,152)	(108,232)
Net position—beginning (as restated)					62,309,855	4,130,491	66,440,346	1,294,094
Net position—ending					$ 54,473,847	$ 6,505,347	$ 60,979,194	$ 1,185,862

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

COUNTY OF CATTARAUGUS, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2017

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 129,933	$ -	$ 1,077,518	$ 1,207,451
Restricted cash and cash equivalents	2,257,487	15,767,657	1,991,863	20,017,007
Investments	37,773,522	-	-	37,773,522
Restricted investments	2,931,764	-	-	2,931,764
Receivables (net of allowances):				
Taxes, Penalties, Interest and Liens	11,773,766	-	-	11,773,766
Accounts receivable	3,312,997	-	78,854	3,391,851
Due from other funds	-	-	560,939	560,939
Intergovernmental receivables	9,454,216	1,517,073	1,191,624	12,162,913
Prepaid items	1,579,937	-	-	1,579,937
Total assets	69,213,622	17,284,730	4,900,798	91,399,150
LIABILITIES				
Accounts payable	$ 7,264,798	$ 418,361	$ 337,889	$ 8,021,048
Accrued liabilities	3,415,792	1,333	190,988	3,608,113
Intergovernmental payables	8,783,641	-	-	8,783,641
Due to other funds	-	-	560,939	560,939
Unearned revenue	1,455,981	-	1,590,026	3,046,007
Total liabilities	20,920,212	419,694	2,679,842	24,019,748
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources—Taxes	4,976,552	-	-	4,976,552
Deferred inflows of resources—State aid	801,506	-	-	801,506
Total deferred inflows of resources	5,778,058	-	-	5,778,058
FUND BALANCES				
Nonspendable	1,579,937	-	-	1,579,937
Restricted	2,931,764	16,865,036	426,062	20,222,862
Assigned	3,323,615	-	1,794,894	5,118,509
Unassigned	34,680,036	-	-	34,680,036
Total fund balances	42,515,352	16,865,036	2,220,956	61,601,344
Total liabilities, deferred inflows of resources and fund balances	$ 69,213,622	$ 17,284,730	$ 4,900,798	$ 91,399,150

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

COUNTY OF CATTARAUGUS, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position
December 31, 2017

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

Total fund balances—governmental funds (page 17)		$ 61,601,344
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $276,752,394 and the accumulated depreciation is $137,104,603.		139,647,791
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(23,825)
Deferred charges associated with refunding of bonds are not reported in the governmental funds. The charge is reported as a deferred outflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt.		117,817
Uncollected property taxes of $4,976,552 are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		4,976,552
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to employer contributions	$ 4,582,504	
Deferred outflows related to experience and investment earnings	9,696,580	
Deferred inflows related to pension plans	(4,770,679)	9,508,405
Certain accrued revenues reported in the Statement of Net Position are received after the availability period for recognition of revenue in the Governmental Funds.		3,336,351
Reclassification of accounts payable and accrued liabilities to long-term liabilities.		3,955,901
To recognize interest accrual on long term debt. Accrued interest for general long-term obligation bonds is $319,701.		(319,701)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds. The effect of these items are:		
Bonds payable	$ (39,747,145)	
Premium on serial bonds	(526,966)	
Compensated absences	(5,479,090)	
Capital leases	(28,348)	
Landfill post closure	(402,922)	
Health insurance	(1,576,574)	
Other postemployment benefits	(87,825,945)	
Workers' compensation	(15,736,521)	
Net pension liability	(17,003,277)	(168,326,788)
Total net position of governmental activities		$ 54,473,847

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

COUNTY OF CATTARAUGUS, NEW YORK

Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
Year Ended December 31, 2017

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes	$ 54,384,843	$ -	$ -	$ 54,384,843
Real property tax items	2,443,916	-	-	2,443,916
Non property tax items	28,234,194	-	10,837,291	39,071,485
Departmental income	15,954,265	-	13,881	15,968,146
Intergovernmental charges	5,389,910	-	335,081	5,724,991
Use of money and property	940,687	-	38,531	979,218
Licenses and permits	79,912	-	-	79,912
Fines and forfeitures	209,526	-	-	209,526
Sale of property and compensation for loss	1,622,228	-	516,892	2,139,120
Miscellaneous	910,607	-	311,989	1,222,596
Interfund revenues	27,188,652	-	3,476,979	30,665,631
State aid	16,771,867	5,428,378	167,287	22,367,532
Federal aid	19,230,749	556,022	760,198	20,546,969
Total revenues	173,361,356	5,984,400	16,458,129	195,803,885
EXPENDITURES				
Current:				
General government support	47,711,401	-	-	47,711,401
Education	7,988,762	-	-	7,988,762
Public safety	19,774,954	-	611,394	20,386,348
Health	19,836,146	-	-	19,836,146
Transportation	17,000	-	15,542,274	15,559,274
Economic assistance and opportunity	57,639,795	-	282,063	57,921,858
Culture and recreation	1,015,402	-	-	1,015,402
Home and community services	2,691,173	-	17,973	2,709,146
Employee benefits	5,846,646	-	-	5,846,646
Debt service:				
Principal	38,919	-	4,644,000	4,682,919
Interest and fiscal charges	-	-	914,853	914,853
Capital outlay	-	19,010,657	-	19,010,657
Total expenditures	162,560,198	19,010,657	22,012,557	203,583,412
Excess (deficiency) of revenues over expenditures	10,801,158	(13,026,257)	(5,554,428)	(7,779,527)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	4,914,817	10,463,061	15,377,878
Transfers out	(10,836,339)	-	(4,541,539)	(15,377,878)
Serial bonds issued	-	12,911,145	-	12,911,145
Total other financing sources (uses)	(10,836,339)	17,825,962	5,921,522	12,911,145
Net change in fund balances	(35,181)	4,799,705	367,094	5,131,618
Fund balances—beginning (as restated)	42,550,533	12,065,331	1,853,862	56,469,726
Fund balances—ending	$ 42,515,352	$ 16,865,036	$ 2,220,956	$ 61,601,344

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

COUNTY OF CATTARAUGUS, NEW YORK

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

Year Ended December 31, 2017

Amounts reported for governmental activities in the statement of activities (page 16) are different because:

Net change in fund balances—total governmental funds (page 19)		$ 5,131,618
Governmental funds report capital outlays 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 capital outlays exceeded depreciation in the current period.		
Capital asset additions	$ 23,059,213	
Loss on disposition of capital assets	(650,762)	
Depreciation expense	(8,953,754)	13,454,697
Governmental funds report retained percentages expenditures on construction contracts when such retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues.		1,280
Certain tax and other revenue in the governmental funds is deferred or not recognized because it is not available soon enough after year end to pay for the current period's expenditures. On the accrual basis, however, this is recognized regardless of when it is collected.		
Change in deferred inflows - taxes	$ (1,407,821)	
Change in other receivables	(1,357,379)	(2,765,200)
Net difference between pension contributions recognized on the fund financial statements and the government-wide statements are as follows:		
Direct pension contributions	$ 4,582,504	
Cost of benefits earned net of employee contributions	(7,449,351)	(2,866,847)
In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.		(61,100)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:		
Serial bonds issued	$ (12,911,145)	
Principal payments on serial bonds and refunding bonds	4,644,000	
Amortization of bond premiums	118,458	
Amortization of deferred charge on refunding	(22,029)	
Principal payments on capital lease	38,919	
Change in compensated absences	12,890	
Change in landfill post closure	203,721	
Change in other postemployment benefits	(12,969,695)	
Change in workers' compensation	154,425	(20,730,456)
Change in net position of governmental activities		$(7,836,008)

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

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Net Position—Proprietary Funds
December 31, 2017

	Business-type Activities				
	The Pines Machias Campus	The Pines Olean Campus	Onoville Marina	Land Bank Corporation	Total Enterprise Funds
ASSETS					
Current assets:					
Cash and cash equivalents	$ 9,891,106	$ 12,613,551	$ 466,307	$ 182,852	$ 23,153,816
Cash, resident funds	76,348	76,590	-	-	152,938
Receivable, resident (net of allowance)	1,409,034	1,119,347	-	-	2,528,381
Intergovernmental receivables	250,279	163,140	-	-	413,419
Inventory	20,598	12,174	9,481	-	42,253
Prepaid items	28,366	17,210	-	-	45,576
Total current assets	11,675,731	14,002,012	475,788	182,852	26,336,383
Noncurrent assets:					
Bond issuance costs, net of amortization	113,009	3,725	-	-	116,734
Intergovernmental receivables	836,705	56,718	-	-	893,423
Capital assets not being depreciated	-	-	813,215	-	813,215
Capital assets, net of accumulated depreciation	6,570,424	3,703,372	825,356	-	11,099,152
Total noncurrent assets	7,520,138	3,763,815	1,638,571	-	12,922,524
Total assets	19,195,869	17,765,827	2,114,359	182,852	39,258,907
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows—relating to pensions	1,489,575	1,269,214	44,414	-	2,803,203
Total deferred outflows of resources	1,489,575	1,269,214	44,414	-	2,803,203
LIABILITIES					
Current liabilities:					
Accounts payable	222,736	439,299	710	25,905	688,650
Accrued liabilities	164,453	136,279	2,337	-	303,069
Accrued interest payable	94,695	3,310	-	-	98,005
Intergovernmental payables	-	-	3,976	-	3,976
Due to third party payors	170,530	-	-	-	170,530
Unearned revenue	-	-	-	162,783	162,783
Resident funds held in trust	76,348	76,590	-	-	152,938
Total current liabilities	728,762	655,478	7,023	188,688	1,579,951
Noncurrent liabilities:					
Due within one year	625,452	182,536	5,061	-	813,049
Due in more than one year	20,606,839	11,352,898	267,468	-	32,227,205
Total noncurrent liabilities	21,232,291	11,535,434	272,529	-	33,040,254
Total liabilities	21,961,053	12,190,912	279,552	188,688	34,620,205
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows—relating to pensions	497,671	424,048	14,839	-	936,558
Total deferred inflows of resources	497,671	424,048	14,839	-	936,558
NET POSITION					
Net investment in capital assets	(1,469,376)	3,389,372	1,638,571	-	3,558,567
Unrestricted	(303,904)	3,030,709	225,811	(5,836)	2,946,780
Total net position	$ (1,773,280)	$ 6,420,081	$ 1,864,382	$ (5,836)	$ 6,505,347

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

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2017

	Business-type Activities				
	The Pines Machias Campus	The Pines Olean Campus	Onoville Marina	Land Bank Corporation	Total Enterprise Funds
Operating revenues:					
Net service revenue	$ 10,054,904	$ 10,370,296	$ 543,084	$ 34,258	$ 21,002,542
Other operating revenue	41,199	35,350	-	25	76,574
Total operating revenues	10,096,103	10,405,646	543,084	34,283	21,079,116
Operating expenses:					
Nursing services	8,138,457	7,213,496	-	-	15,351,953
Ancillary services	1,161,345	1,101,443	-	-	2,262,788
Dietary services	1,153,773	851,500	-	-	2,005,273
Personnel services	-	-	402,672	-	402,672
Housekeeping	587,192	428,249	-	-	1,015,441
Laundry service	162,178	176,894	-	-	339,072
Maintenance and utilities	720,212	585,518	-	-	1,305,730
Fiscal services	621,525	627,542	-	-	1,249,067
Fringe benefits	-	-	78,301	-	78,301
Administrative services	861,124	760,480	-	-	1,621,604
Assessments	574,938	611,767	-	-	1,186,705
Depreciation, including indirect charges	852,817	497,574	89,444	-	1,439,835
Provision for bad debt	257,843	(87,449)	-	-	170,394
Contracted services	-	-	-	25,905	25,905
Professional fees	-	-	-	14,050	14,050
Office expenses	-	-	-	164	164
Total operating expenses	15,091,404	12,767,014	570,417	40,119	28,468,954
Operating loss	(4,995,301)	(2,361,368)	(27,333)	(5,836)	(7,389,838)
Nonoperating revenues (expenses):					
Interest expense	(337,186)	(4,518)	-	-	(341,704)
Intergovernmental transfers	5,552,422	4,526,022	-	-	10,078,444
Amortization of bond premium	19,971	-	-	-	19,971
Amortization of bond issuance costs	(7,697)	-	-	-	(7,697)
Loss on disposal of capital assets	(2,571)	(659)	-	-	(3,230)
Other	7,070	11,840	-	-	18,910
Total nonoperating revenues (expenses)	5,232,009	4,532,685	-	-	9,764,694
Change in net position	236,708	2,171,317	(27,333)	(5,836)	2,374,856
Total net position—beginning	(2,009,988)	4,248,764	1,891,715	-	4,130,491
Total net position—ending	$ (1,773,280)	$ 6,420,081	$ 1,864,382	$ (5,836)	$ 6,505,347

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

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Cash Flows—Proprietary Funds
Year Ended December 31, 2017

	Business-type Activities				
	The Pines Machias Campus	The Pines Olean Campus	Onoville Marina	Land Bank Corporation	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from services provided	$ 14,200,504	$ 14,107,359	$ 543,674	$ 34,258	$ 28,885,795
Receipts from grants	-	-	-	162,783	162,783
Payments to suppliers and service providers	(3,663,948)	(3,663,100)	(212,185)	(14,214)	(7,553,447)
Payments to employees for salaries and benefits	(8,761,881)	(7,916,046)	(255,499)	-	(16,933,426)
Other receipts	41,199	35,350	-	25	76,574
Net cash provided by operating activities	1,815,874	2,563,563	75,990	182,852	4,638,279
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental transfers	5,552,422	4,526,022	-	-	10,078,444
Net cash provided by noncapital financing activities	5,552,422	4,526,022	-	-	10,078,444
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on serial bonds	(480,000)	(61,000)	-	-	(541,000)
Principal payments on capital lease	(2,828)	-	-	-	(2,828)
Increase in net pension liability	(1,260,117)	(1,106,548)	-	-	(2,366,665)
Net change in deferred inflows/outflows related to pensions	1,575,867	1,370,540	-	-	2,946,407
Interest paid on capital debt	(355,085)	(9,202)	-	-	(364,287)
Acquisition and construction of capital assets	(316,978)	(612,295)	(26,726)	-	(955,999)
Net cash used for capital and related financing activities	(839,141)	(418,505)	(26,726)	-	(1,284,372)
CASH FLOWS FROM INVESTING ACTIVITIES					
Other	7,070	2,489	-	-	9,559
Net cash provided by investing activities	7,070	2,489	-	-	9,559
Net increase in cash and cash equivalents	6,536,225	6,673,569	49,264	182,852	13,441,910
Cash and cash equivalents—beginning	3,354,881	5,939,982	417,043	-	9,711,906
Cash and cash equivalents—ending	$ 9,891,106	$ 12,613,551	$ 466,307	$ 182,852	$ 23,153,816
Reconciliation of operating loss to net cash used for operating activities:					
Operating loss	$ (4,995,301)	$ (2,361,368)	$ (27,333)	$ (5,836)	$ (7,389,838)
Adjustments to reconcile operating loss to net cash used for operating activities:					
Depreciation expense	848,845	493,778	89,444	-	1,432,067
Bad debt expense (recoveries)	257,843	(87,449)	-	-	170,394
(Increase) in accounts receivable	(644,860)	(176,723)	-	-	(821,583)
Decrease (increase) in inventories	5,218	5,677	(798)	-	10,097
Decrease in prepaid items	94,174	92,293	-	-	186,467
Decrease in intergovernmental receivables	4,619,930	-	-	-	4,619,930
Decrease in deferred outflows of resources	-	-	43,599	-	43,599
(Decrease) increase in accounts payable	(12,441)	(457,365)	(12,811)	25,905	(456,712)
(Decrease) increase in accrued items	(6,074)	(4,501)	8,277	-	(2,298)
Increase in intergovernmental payables	-	-	590	-	590
Increase in due to third-party payors	170,530	3,913,786	-	-	4,084,316
Increase in unearned revenue	-	-	-	162,783	162,783
Increase in other post employment benefits	1,478,010	1,145,435	8,532	-	2,631,977
(Decrease) in net pension liability	-	-	(33,181)	-	(33,181)
(Decrease) in deferred inflows of resources	-	-	(329)	-	(329)
Total adjustments	6,811,175	4,924,931	103,323	188,688	12,028,117
Net cash provided by operating activities	$ 1,815,874	$ 2,563,563	$ 75,990	$ 182,852	$ 4,638,279

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

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Net Position—Agency Fund
December 31, 2017

	Agency Fund
ASSETS	
Cash	$ 1,204,909
Total assets	$ 1,204,909
LIABILITIES	
Agency liabilities	$ 1,204,909
Total liabilities	$ 1,204,909

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County of Cattaraugus, New York (the "County') have been prepared in conformity with the accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Government 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.

Description of Government-wide Financial Statements

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

Reporting Entity

The County was established in 1808 and is governed by the County Law and other laws of the State of New York. Independently elected officials of the County include the County Legislature, County Treasurer, County Clerk, Sheriff, and District Attorney. The Legislature is the governing body of the County. It consists of 17 members elected from 8 legislative districts for four-year terms. The County Legislature appoints a County Administrator to coordinate fiscal and operational functions.

Units of local government, which operate within the boundaries of the County, include the cities of Olean and Salamanca, as well as 32 towns and 9 villages. Public education is provided by the various city and other school districts.

The scope of activities included within the accompanying financial statements are those transactions which comprise County operations, and are governed by, or significantly influenced by, the County Legislature. The County provides mandated social service programs such as Medicaid, food stamps and other public assistance. Additionally, the County provides services and facilities in the areas of culture, recreation, police, youth, health, senior services and roads. The County also operates the Pines Healthcare and Rehabilitation Centers (Machias and Olean Campuses) and the Onoville Marina.

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

County of Cattaraugus Industrial Development Agency—The County of Cattaraugus Industrial Development Agency (the "CCIDA") was created in 1971 by the Cattaraugus County Legislature under the provisions of Chapter 536 of the laws of New York State for the purpose of encouraging economic growth in Cattaraugus County. The Agency is exempt from federal and state income taxes. The Agency's annual financial report can be obtained by writing the County of Cattaraugus Industrial Development Agency, 9 East Washington Street, P.O. Box 1749, Ellicottville, New York 14731.

Excluded from the Financial Reporting Entity—Although the following are related to the County, they are not included in the County reporting entity.

Cattaraugus County Economic Sustainability and Growth Corporation—The Cattaraugus County Economic Sustainability and Growth Corporation (the "Corporation) was created in April of 2015 by the Cattaraugus County Legislature under the provisions of Section 201 of the Not-for-Profit Corporation Law of New York. The Corporation is a nonprofit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The general purposes of the Corporation are the planning and implementation of programs, projects, and activities designed to create or stimulate economic and community development in the County of Cattaraugus. The Corporation is excluded from the financial reporting entity due to a lack of activity for the year ended December 31, 2017. The Corporation will be reported as a discretely presented component unit in subsequent years because the Corporation's board members are appointed by the County. Further information can be obtained by writing the Cattaraugus County Economic Sustainability and Growth Corporation, 303 Court Street, Little Valley, New York 14755.

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

Cattaraugus County Soil & Water Conservation District—The Cattaraugus County Soil & Water Conservation District (the "District") was formed by an act of the Cattaraugus County Board of Supervisors on April 24, 1941, under the provisions of Article 3, Section 30, of the General Municipal Law. The District is a nonprofit corporation set up to coordinate state and federal conservation programs on a local level. The District provides education and technical assistance on managing soil, water, and related natural resources to municipalities, farmers, business owners, and homeowners. The District is excluded from the reporting entity because the County is unable to appoint a voting majority of the Board of Directors of the District and the District is not fiscally dependent on the County. Further information can be obtained by writing Cattaraugus County Soil & Water Conservation District, 8 Martha Street Suite 2, P.O. Box 1765, Ellicottville, NY 14731.

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

> **Cattaraugus County Land Bank Corporation**—The Cattaraugus County Land Bank Corporation (the "Land Bank") was created in September of 2016 by the Cattaraugus County Board of Legislators under the provisions of the 1973 Laws of New York State. The Land Bank is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Land Bank is a blended component unit because the County is the sole corporate member of the Land Bank. The land Bank's annual financial report can be obtained by writing the Cattaraugus County Land Bank Corporation, 303 Court Street, Little Valley, NY 14755.

Basis of Presentation—Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements.

As discussed earlier, the County has one discretely presented component unit. While the CCIDA is not considered to be a major component unit, it is shown in a separate column in the government-wide statements.

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

Basis of Presentation—Fund Financial Statements

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

The County reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the County and accounts for all financial resources of the general government, except those required to be accounted for in other funds. The principal sources of revenue for the General Fund are property taxes and sales tax.

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

The County reports the following major enterprise funds:

- *The Pines Healthcare and Rehabilitation Center Fund*—Machias Campus—Nursing facility delivering long-term care and short-term rehabilitation services to the citizens of Cattaraugus County and neighboring communities.

- *The Pines Healthcare and Rehabilitation Center Fund*—Olean Campus—Nursing facility delivering long-term care and short-term rehabilitation services to the citizens of Cattaraugus County and neighboring communities.

- *Onoville Marina*—Marina maintained and operated by the Cattaraugus County Department of Public Works.

- *Cattaraugus County Land Bank Corporation*—The Land Bank, a blended component unit, is used to account for operations aimed to help communities recover from the effects of foreclosures.

These entities are financed and operated in a manner similar to a private business enterprise. The intent of the County is that the operating expenses (including depreciation and amortization expense) of providing goods or services to the general public on a continuous basis are to be financed or recovered primarily through user charges. The County may provide administrative, legal and operational assistance to the proprietary funds, which are not charged. Additionally, the General Fund periodically provides advances to the proprietary funds for operational needs.

Additionally, the County reports the following fund types:

- *Special Revenue Funds*—The Special Revenue Funds are used to group operating funds for which the use of revenues is restricted. These funds include County Road, Road and Machinery (which is funded primarily through interfund revenues), Conewango Watershed and Economic Development.

- *Debt Service Fund*—The County maintains a Debt Service Fund for recording payment of its general long-term debt principal, interest and related costs.

- *Permanent Fund*—The Permanent Fund is classified as a governmental fund type and is used to account for all trust assets, liabilities, fund balances, revenues and distributions to beneficiaries on the full accrual basis of accounting. The Permanent Fund represents the historic dollar value of the permanent fund assets, along with certain additions, and must be maintained in perpetuity.

- *Agency Fund*—The Agency Fund is a fiduciary fund used to account for money received and held by the County in the capacity of trustee, custodian, or agent. The Agency Fund is custodial in nature and does not involve measurement of results of operations.

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Cash and Cash Equivalents and Investments—Cash and cash equivalents include cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have maturities of three months or less from the date of acquisition. The County's investments are recorded at fair value based on quoted market value.

Restricted Cash and Cash Equivalents and Investments—Restricted cash and cash equivalents and investments represent amounts to support fund balance restrictions, unspent proceeds of debt, and resources received in advance relating to unearned revenue and deferred inflows of resources.

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

Inventory—Inventory, which is comprised of gasoline, is valued at the lower of cost using the first in, first out (FIFO) method or market value.

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

Capital Assets—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements, as well as within the individual proprietary fund. Capital assets are defined by the County as assets with an initial, individual cost as defined on the following page and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are incurred.

The County depreciates capital assets using the straight-line method over the following estimated useful lives:

Class of Assets	Governmental Activities (years)	Business-type Activities (years)	Capitalization Threshold
Land & land improvements	None	None	$ 5,000
Construction in progress	None	None	50,000
Buildings & building improvements	40	40	50,000
Facilities & other improvements	30-40	30-40	50,000
Infrastructure	10-40	10-40	50,000
Computers	5	5	Capitalize All
Software	3	3	5,000
Equipment & vehicles	3-20	2-20	1,000
Library books & materials	5	5	Capitalize All

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

Unearned Revenue—Certain cash receipts have not met the revenue recognition criteria for government-wide or fund financial purposes. At December 31, 2017, the County reported unearned revenues within the General Fund of $1,455,981 and within other governmental funds of $1,590,026.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2017, the County has two items that qualified for reporting in this category. One is related to pensions reported in the government-wide financial statements, as well as within individual proprietary funds. This represents the effect of the net change in the County's proportion of the collective net pension liability, the difference during the measurement period between the County's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension system made subsequent to the measurement date. The second item is related to a deferred charge on refunding, which the County reports within its governmental activities.

In addition to liabilities, the statement of financial position and the balance sheet 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 has three types of items which qualify for reporting in this category. The first item, taxes receivable, arises only under a modified accrual basis of accounting. Accordingly, a deferred inflow of resources for taxes receivable is reported only on the governmental funds balance sheet. The second item reports deferred inflows related to State aid on both the governmental funds balance sheet and the statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The final item represents the effect of the net change in the County's proportion of the collective net pension liability and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide financial statements.

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

Fund Balance Flow Assumption—Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the

County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

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

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

Revenues and Expenditures/Expenses

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses—Proprietary funds distinguish *operating* revenues and expense 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 for the Pines, Onoville Marina, and Land Bank are elderly assistance and healthcare related services, dock and marina charges, and grants, respectively. Operating expenses for the Pines are nursing, dietary, ancillary, housekeeping, laundry, maintenance, fiscal, assessments and administrative services. Operating expenses for the Onoville Marina include contractual services and fringe benefits. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property Taxes—The Countywide property tax is levied by the County upon the taxable real property, in the towns and cities in the County. Town taxes are levied along with the County tax except in the cities. The levy is effective January 1st, the lien date, on the assessed valuation of property located in the County as of the preceding March 1st. The respective collection officers in each town and city collect such taxes.

County taxes are payable through January 31st without interest. After that, penalties are imposed on unpaid taxes by charging 1% interest in February, and an additional 1% interest in March. Unpaid taxes are returned to the County for collection April 1st. At that time, a return penalty of 5% is added to the original tax amount with 3% interest for the month of April. An additional 1% interest is added each month that the tax remains unpaid. County taxes within the City of Salamanca do not get returned to the County for collection. The City of Salamanca guarantees collection of all County taxes. Town taxes, levied along with the County tax, include special district, fire district and highway taxes. All towns first retain their share of taxes from collection and then remit the balance to the County. The City of Olean levies a city tax May 1st. Unpaid City of Olean taxes are returned to the County for collection on November 1st. The City of Salamanca taxes are levied and collected only by the city. Cattaraugus County does not collect City of Salamanca taxes. The County levies taxes for school districts throughout the County and is responsible for uncollected school district taxes. Additionally, at the option of the villages within the County, the County is responsible for uncollected village taxes. Therefore, if there are any unpaid and returned school, City of Olean, or village taxes, they will be relieved onto the County tax.

A petition and notice of foreclosure is filed in the Cattaraugus County Clerk's office in October for any property that has an unpaid tax lien at least twenty-one (21) months old. A judgment of Foreclosure is obtained if the property is not redeemed by a date in January, a date that is fixed and identified in the petition and notice of foreclosure. A property tax auction is held, usually in May, following that judgment of foreclosure. All actions, along with necessary notices and advertisements are carried out according to Article 11 of the Real Property Tax Law.

Compensated Absences—The County's union contracts and agreements permit employees to accumulate earned but unused vacation and sick benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Payment of sick leave and compensatory time is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of sick leave and compensatory time when such payment becomes due.

Pensions—The County is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension (asset)/liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plan, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

Other Postemployment Benefits—In addition to providing pension benefits, the County provides payments for fractional values of unused sick leave for certain retired employees at the time of retirement as discussed in Note 8.

Other

Estimates—The preparation of the financial statements, in conformity with GAAP, requires management to make estimates and assumptions that can affect the reported amounts of revenues, expenditures, assets, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement—During the year ended December 31, 2017, the County implemented GASB Statement No. 72, *Fair Value Measurement and Application,* No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68;* No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans;* No. 80, *Blending Requirements for Certain Component Units;* No. 81, *Irrevocable Split-Interest Agreement,* and No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68,* effective for the year ending December 31, 2017. GASB Statement No. 72 provides guidance for determining a fair value measurement for financial reporting purposes, as well as guidance on applying fair value to certain investments and disclosures related to all fair value measurements. GASB Statement No. 73 establishes a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. GASB Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) for making decisions and accessing accountability. GASB Statement No. 80 improves financial reporting by clarifying the financial statement presentation requirements for certain component units. GASB Statement No. 81 establishes recognition and measurement requirements for irrevocable split-interest agreements. GASB Statement No. 82 addresses issues regarding the (1) presentation of payroll-related measures in the supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 72 is discussed in Note 2. GASB Statement No. 80 resulted in the blending presentation of the Land Bank. GASB Statements No. 73, 74, 81, and 82 did not have a material impact on the County's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; No. 85, *Omnibus 2017*; and No. 86, *Certain Debt Extinguishment Issues* effective for the year ending December 31, 2018, No. 83, *Certain Asset Retirement Obligations*; and No. 84, *Fiduciary Activities*; and No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* effective for the year ending December 31, 2019, No. 87, *Leases;* and No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* effective for the year ending December 31, 2020. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 75, 83, 84, 85, 86, 87, 88, and 89 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets

Budgets and Budgetary Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, County Road Fund, Road Machinery Fund, Conewango Watershed Fund and Debt Service Fund. The Capital Projects Fund is appropriated on a project-length basis. Other special revenue funds and the permanent fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. The Administrator's Office is authorized by the County Legislature to transfer up to a total of $10,000 per year into any budgetary account, with the following exceptions: (1) Departments of Social Services and Public Works, transfers can be made in excess of $10,000 with the approval of the 28 Chairman of the Finance Committee and the County Administrator, (2) transfers without limitation for the purpose of budgeting or amending appropriations and revenues for the Workforce Investment Board, upon notification from the federal government of the grant amount, and (3) transfers within the budget in connection with settlements of collective bargaining agreements. After November 1 of each budget year, the Administrator's Office is authorized to transfer without limitations for the purpose of closure of the County's financial books for the fiscal year, with the approval of the Chairman of the Finance Committee and the County Administrator. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Deficit Net Position—The Pines Machias Campus and Land Bank Corporation Proprietary Funds reported a net position deficits of $1,773,280 and $5,836, respectively. The County anticipates that this deficit will be remedied through enhanced operations or future subsidies from the County.

2. RESTATEMENT OF FUND BALANCE AND NET POSITION

For the fiscal year ended December 31, 2017, the County implemented GASB Statement No. 72, *Fair Value Measurement and Application.* The implementation of GASB Statement No. 72 requires the County's investments to be measured at fair value.

The effect of the aforementioned restatement to the County's Governmental Activities is summarized below:

	Governmental Activities Net Position
Net position—December 31, 2016, as previously stated	$ 63,351,927
GASB Statement No. 72 implementation	(1,042,072)
Net position—December 31, 2016, as restated	$ 62,309,855

The effect of the restatement to the General Fund is summarized as follows:

	General Fund
Fund balance—December 31, 2016, as previously stated	$ 43,592,605
GASB Statement No. 72 implementation	(1,042,072)
Fund balance—December 31, 2016, as restated	$ 42,550,533

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The County deposits cash into a number of bank accounts. Various statutes require some of these accounts and borrowing restrictions for specific funds, while the remainder is used for a combination of pooled County operating cash and investment purposes. Cash and cash equivalents represent demand deposits with banks and certificates of deposit held by financial institutions all having original maturities of less than one year. The Pines Machias and Olean campus hold patient funds in trust. Those amounts totaled $76,348 and $76,590 at December 31, 2017, respectively. Management is responsible for accounting and safeguarding the patient trust funds, however the funds are not accessible by the County.

The County's investment policies are governed by State statutes. In addition, the County has its own written investment policy. County monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

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

Cash and cash equivalents at December 31, 2017, are as follows:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total Balance
Petty cash (uncollateralized)	$ 56,137	$ -	$ -	$ 56,137
Cash and cash equivalents	21,168,321	23,153,816	1,204,909	45,527,046
Total	$ 21,224,458	$ 23,153,816	$ 1,204,909	$ 45,583,183

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2017 as follows:

	December 31, 2017	
	Bank Balance	Carrying Amount
FDIC Insured	$ 3,503,671	$ 3,503,671
Unisured:		
Collateral held by bank's agent in the County's name	44,820,000	42,023,375
Total	$ 48,323,671	$ 45,527,046

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As noted above, by New York State statute all deposits in excess of FDIC insurance coverage must be collateralized. At December 31, 2017, the County's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the County's name.

Restricted cash and cash equivalents—The County reports fund balance restrictions, unspent proceeds of debt and resources received in advance relating to unearned revenue and deferred inflows of resources as restricted cash and cash equivalents. At December 31, 2017, the County reported $20,017,007 of restricted cash and cash equivalents within its governmental activities.

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

- Level 1. Quotes prices for identical assets or liabilities in active markets to which the County has access at the measurement date.
- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
    - Quoted prices for similar assets or liabilities in active markets;
    - Quoted prices for identical or similar asses in markets that are not active;
    - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
    - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

The County has the following fair value measurements as of December 31, 2017:

- Government National Mortgage Association ("GNMA") bonds of $30,501,727 are valued using quoted market prices for identical assets in active markets (level 1 input).
- U.S. Treasury Notes of $9,279,510 are valued using quoted market prices for identical assets in active markets (level 1 input).
- Municipal Bonds of $924,049 are valued using quoted market prices for identical assets in active markets (level 1 input).

Investments at December 31, 2017 are as follows:

		Fair Value Measurements Using		
	12/31/17	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
GNMA bonds	$ 30,501,727	$ 30,501,727	$ -	$ -
U.S. Treasury notes	9,279,510	9,279,510	-	-
Municipal bonds	924,049	924,049	-	-
	$ 40,705,286	$ 40,705,286	$ -	$ -

Restricted investments—The County reports fund balance restrictions as restricted investments. At December 31, 2017, the County reported $2,931,764 of restricted investments within its governmental activities.

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of deposits and investments. The County's investment policy minimizes the risk by structuring the investment portfolio so that the deposits and investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell deposits and investments on the open market prior to maturity. Deposits are primarily invested in short-term securities or similar investment pools with maturities less than one year. Investments are invested in long-term securities or similar investment pools with maturities greater than one year.

Custodial Credit Risk—Investments—Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The County's investment policy minimizes credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the County does business, and diversifying the investment portfolio so that potential losses on individual securities are minimized. The U.S. Government Securities are not considered to have credit risk and do not require disclosure of credit quality.

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy places limits on the amount the County may invest in any one issuer of $30 million. As of December 31, 2017, the County's investments in any single issuer do not exceed the limit established by its policy. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement.

County of Cattaraugus Industrial Development Agency

The carrying amount and bank balance of cash and investments held by the CCIDA at December 31, 2017 was $961,060. The CCIDA deposits were fully covered by FDIC insurance or collateral held by a third-party custodian in CCIDA's name at December 31, 2017.

Cattaraugus County Land Bank Corporation

The carrying amount and bank balance of cash held by the Land Bank at December 31, 2017 was $182,852. The Land Bank deposits were fully covered by FDIC insurance at December 31, 2017.

4. RECEIVABLES

Major revenues accrued by the County at December 31, 2017:

Taxes Receivable—Represents unpaid county, school, and village taxes. At December 31, 2017, the General Fund reported taxes receivable of $11,773,766.

Accounts Receivable—Represents amounts due from various sources. The County's accounts receivable at December 31, 2017 are presented on the following page.

General Fund:		
Various fees and charges		$ 3,312,997
Nonmajor Governmental Funds:		
County road	$ 1,699	
Road machinery	52,630	
Conewango watershed	300	
Debt service	24,225	78,854
Total governmental funds		$ 3,391,851
Enterprise Funds:		
Resident accounts receivable, net		$ 2,528,381
Total enterprise funds		$ 2,528,381

At December 31, 2017, the Statement of Net Position presents an additional $3,336,351 of accounts receivable that are received after the availability period for recognition of revenue in the Governmental Funds. $3,227,591 represents amounts due from other members of the workers' compensation pool that will be used to pay future claims included within the long-term workers' compensation liability.

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State, or other local municipalities. Intergovernmental receivables at December 31, 2017 are presented on the following page.

Governmental Funds:		
General Fund:		
Due From New York State		
and Federal government		$ 9,454,216
Capital Projects Fund:		
Due From New York State		
and Federal government		1,517,073
Nonmajor Governmental Funds:		
County road	$ 1,124,864	
Road machinery	66,760	1,191,624
Total governmental funds		$ 12,162,913
Enterprise Funds:		
Due From New York State		
and Federal government		$ 1,306,842
Total enterprise funds		$ 1,306,842

5. CAPITAL ASSETS

Governmental activities—Capital asset activity for governmental activities for fiscal year ending December 31, 2017 was as follows:

	Primary Government - Governmental Activities			
	Balance 1/1/2017	Increases	Decreases	Balance 12/31/2017
Capital assets, not being depreciated:				
Land	$ 1,918,632	$ -	$ -	$ 1,918,632
Construction in progress	35,406,627	12,205,175	(11,887,483)	35,724,319
Total capital assets not being depreciated	37,325,259	12,205,175	(11,887,483)	37,642,951
Capital assets, being depreciated:				
Infrastructure	167,082,221	19,456,928	-	186,539,149
Buildings and improvements	27,161,909	500	-	27,162,409
Machinery and equipment	23,029,752	3,284,093	(1,411,618)	24,902,227
Books	505,658	-	-	505,658
Total capital assets being depreciated	217,779,540	22,741,521	(1,411,618)	239,109,443
Less accumulated depreciation for:				
Infrastructure	97,158,844	6,784,951	-	103,943,795
Buildings and improvements	17,576,699	420,010	-	17,996,709
Machinery and equipment	13,709,698	1,709,599	(760,856)	14,658,441
Books	466,464	39,194	-	505,658
Total accumulated depreciation	128,911,705	8,953,754	(760,856)	137,104,603
Total capital assets, being depreciated, net	88,867,835	13,787,767	(650,762)	102,004,840
Governmental activities capital assets, net	$ 126,193,094	$ 25,992,942	$ (12,538,245)	$ 139,647,791

Construction in progress at December 31, 2017 is comprised primarily of County roads, bridges and culverts in which the project was not complete at year end.

Depreciation expense, for governmental activities, was charged to the functions and programs of the primary government as presented below:

Governmental activities:	
General government support	$ 972,258
Education	3,258
Public safety	311,297
Health	53,978
Transportation	7,439,085
Economic assistance and opportunity	31,465
Culture and recreation	542
Home and community services	141,871
Total depreciation expense—governmental activities	$ 8,953,754

Business-type activities—*The Pines Funds*—Capital assets for the primary government's business-type activities—The Pines Funds—at December 31, 2017 are presented below:

Business-type Activities The Pines Machias Campus	Balance 12/31/2017
Capital assets	
Land, building and improvements	$ 15,883,971
Fixed and movable equipment	2,450,732
Construction in progress	191,982
Total capital assets being depreciated	18,526,685
Less accumulated depreciation:	(11,956,261)
Total capital assets, net	$ 6,570,424

Business-type Activities The Pines Olean Campus	Balance 12/31/2017
Capital assets	
Land, building and improvements	$ 6,322,166
Fixed and movable equipment	7,703,795
Construction in progress	178,644
Total capital assets being depreciated	14,204,605
Less accumulated depreciation for:	(10,501,233)
Total capital assets, net	$ 3,703,372

Business-type activities—*Onoville Marina*—Capital assets for the primary government's business-type activities—Onoville Marina—for the year ended December 31, 2017 as presented below:

	Busness-type Activities–Onoville Marina			
	Balance 1/1/2017	Increases	Decreases	Balance 12/31/2017
Capital assets, not being depreciated:				
Land	$ 813,215	$ -	$ -	$ 813,215
Construction in progress	99,248	-	(99,248)	-
Total capital assets not being depreciated	912,463	-	(99,248)	813,215
Capital assets, being depreciated:				
Buildings and improvements	2,451,511	99,248	-	2,550,759
Machinery and equipment	237,955	26,726	-	264,681
Total capital assets being depreciated	2,689,466	125,974	-	2,815,440
Less accumulated depreciation for:				
Buildings and improvements	1,696,950	79,986	-	1,776,936
Machinery and equipment	203,690	9,458	-	213,148
Total accumulated depreciation	1,900,640	89,444	-	1,990,084
Total capital assets, being depreciated, net	788,826	36,530	-	825,356
Onoville Marina capital assets, net	$ 1,701,289	$ 36,530	$ (99,248)	$ 1,638,571

County of Cattaraugus Industrial Development Agency

Capital asset activity for the CCIDA for the year ended December 31, 2017 was as follows:

	Balance 1/1/2017	Increases	Decreases	Balance 12/31/2017
Capital assets, not being depreciated:				
Land	$ 149,299	$ -	$ -	$ 149,299
Total capital assets not being depreciated	149,299	-	-	149,299
Capital assets, being depreciated:				
Improvements	929,373	-	-	929,373
Furniture and equipment	35,275	-	-	35,275
Total capital assets being depreciated	964,648	-	-	964,648
Less accumulated depreciation	(865,400)	(925)	-	(866,325)
CCIDA capital assets, net	$ 248,547	$ (925)	$ -	$ 247,622

6. ACCRUED LIABILITIES

Accrued liabilities reported by the governmental funds at December 31, 2017, were as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Salary and employee benefits	$ 1,036,465	$ 1,333	$ 190,988	$ 1,228,786
Workers' compensation	2,379,327	-	-	2,379,327
Total accrued liabilities	$ 3,415,792	$ 1,333	$ 190,988	$ 3,608,113

County of Cattaraugus Industrial Development Agency

Accrued liabilities for the CCIDA consisted of $2,753 in payroll and $3,281 in payroll related liabilities requiring accrual at December 31, 2017.

7. PENSION OBLIGATIONS

Plan Descriptions and Benefits Provided

Employees' Retirement System ("ERS")—The County participates in the New York State and Local Employees' Retirement System (the "System"). The system provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to held all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12236.

The system is noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010, who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2017, the County reported the following liabilities for its proportionate share of the net pension liabilities for ERS. The net pension liabilities were measured as of March 31, 2017. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2016, with update procedures used to roll forward the total net pension liabilities to the measurement date. The County's proportion of the net pension liabilities were based on projections of the County's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the County.

	ERS	
	Governmental Activities	Business-type Activities
Measurement date	March 31, 2017	March 31, 2017
Net pension liability	$ 17,003,277	$ 3,338,004
County's portion of the Plan's total net pension liability	0.1809586%	0.0355250%

For the year ended December 31, 2017, the County recognized pension expense of $9,017,913 and $1,770,355 for governmental activities and business-type activities, respectively. The deferred outflows of resources and deferred inflows of resources related to pensions reported at December 31, 2017 are as follows:

	ERS			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Differences between expected and actual experiences	$ 426,086	$ 83,647	$ 2,582,044	$ 506,895
Changes in assumption	5,808,942	1,140,384		
Net difference between projected and actual earnings on pension plan investments	3,396,243	666,735	-	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	65,309	12,821	2,188,635	429,663
County contributions subsequent to the measurement date	4,582,503	899,616	-	-
Total	$ 14,279,083	$ 2,803,203	$ 4,770,679	$ 936,558

The County's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the year ended December 31, 2018. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	
Year Ending December 31,	Governmental Activities	Business-type Activities
2018	$ 2,496,425	$ 490,087
2019	2,496,425	490,087
2020	2,456,066	482,163
2021	(2,523,015)	(495,308)

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

	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
Inflation rate	2.50%
Cost-of-living adjustments	1.30%

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

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:

	Target Allocation	Long-Term Expected Real Rate of Return
	ERS	
Measurement date	March 31, 2016	
Asset class:		
Domestic equities	36.0 %	4.6 %
International equities	14.0	6.4
Private equity	10.0	7.8
Real estate	10.0	5.8
Absolute return strategies	2.0	4.0
Opportunistic portfolio	3.0	5.9
Real assets	3.0	5.5
Bonds and mortgages	17.0	1.3
Cash	1.0	(0.3)
Inflation-indexed bonds	4.0	1.5
Total	100.0 %	

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Governmental Activities:			
Employer's proportionate share of the net pension liability/(asset)—ERS	$ 54,305,096	$ 17,003,277	$ (14,535,342)
Business-type Activities:			
Employer's proportionate share of the net pension liability/(asset)—ERS	$ 10,660,924	$ 3,338,004	$ (2,853,511)

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

	(Dollars in Thousands) ERS
Valuation date	March 31, 2017
Employers' total pension liability	$ 177,400,586
Plan fiduciary net position	168,004,363
Employers' net pension liability	$ 9,396,223
System fiduciary net position as a percentage of total pension liability	94.7%

County of Cattaraugus Industrial Development Agency

Pension obligations for the CCIDA for the year ended December 31, 2017 are as follows:

At December 31, 2017, the CCIDA reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The CCIDA's long-term share of contributions to the System relative to the projection of the CCIDA's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSLRS in a report provided to the CCIDA.

	ERS
Actuarial Valuation Date	April 1, 2016
Net pension liability	$ 67,000
CCIDA's portion of the Plan's total net pension liability	0.0007131%

For the year ended December 31, 2017 the CCIDA recognized pension expense of $12,740 for NYSLRS. The CCIDA's deferred outflows of resources and deferred inflows of resources related to pensions reported at December 31, 2017 are as follows:

	ERS Deferred Outflows of Resources
Difference between expected and actual experience	$ 1,679
Changes of Assumptions	22,890
Net difference between projected and actual earnings on pension investments	13,383
Changes in proportion and differences between the CCIDA's contributions and proportionate share of contributions	21,594
Total	$ 59,546

The CCIDA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. 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 Ending March 31,	ERS
2018	$ 8,014
2019	8,014
2020	8,360
2021	(10,639)

8. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATIONS

Plan description—Cattaraugus County administers the Cattaraugus County Retiree Health Insurance Plan (the "Plan") as a single-employer defined benefit other postemployment benefit plan. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the County subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The number of participants as of December 31, 2017, follows. There have been no significant changes in the number covered or the type of coverage since that date.

Active employees	852
Retired employees	542

Funding policy—The obligations of the plan members, employers and other entities are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement The County currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the County.

Annual OPEB cost and net OPEB obligation—The County's annual postemployment benefit ("OPEB") cost is calculated based on the annual required contributions ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed thirty years. The table below shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the County's net OPEB obligation.

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Annual required contribution	$ 19,516,420	$ 3,870,208	$ 14,721,449	$ 3,609,318
Interest on net OPEB obligation	2,994,250	722,780	2,603,801	638,623
Adjustment to annual required contribution	(4,328,944)	(1,044,960)	(3,106,656)	(822,443)
Annual OPEB costs (expense)	18,181,726	3,548,028	14,218,594	3,425,498
Contributions	(5,212,031)	(916,051)	(4,643,246)	(818,124)
Increase in net OPEB obligation	12,969,695	2,631,977	9,575,348	2,607,374
Net OPEB obligation - beginning of year	74,856,250	18,069,489	65,280,902	15,462,115
Net OPEB obligation - end of year	$ 87,825,945	$ 20,701,466	$ 74,856,250	$ 18,069,489
Percentage of ARC contributed	26.7%	23.7%	31.5%	22.7%

	Year Ended December 31, 2015	
	Governmental Activities	Business-type Activities
Annual required contribution	$ 17,279,549	$ 3,651,228
Interest on net OPEB obligation	2,145,215	520,607
Adjustment to annual required contribution	(3,101,450)	(752,670)
Annual OPEB costs (expense)	16,323,314	3,419,165
Contributions	(4,672,785)	(972,236)
Increase in net OPEB obligation	11,650,529	2,446,929
Net OPEB obligation - beginning of year	53,630,373	13,015,186
Net OPEB obligation - end of year	$ 65,280,902	$ 15,462,115
Percentage of ARC contributed	27.0%	26.6%

As of January 1, 2017, the most recent actuarial valuation date, the plan was not funded. Since there were no assets, the unfunded actuarial liability for benefits was $254,310,617.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multiyear information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

Actuarial valuations of an ongoing plan involve 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 the healthcare cost trend. 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 compared with past expectations and new estimates are made about the future.

The County's schedule of contributions for the primary government is shown below:

Year Ended December 31,	Annual Required Contribution	Annual OPEB Cost	Contributions Made	Percentage Contributed
2017	$ 23,386,628	$ 21,729,754	$ 6,386,568	29.4%
2016	$ 18,330,767	$ 17,644,092	$ 5,461,370	31.0%
2015	20,930,777	19,742,479	5,645,021	28.6%

Actuarial methods and assumptions—The valuation of retiree group health benefits involves estimates and assumptions about the probability of events occurring far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of cost sharing between the employer and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility. Below is a description of the actuarial assumptions and methodology used in the actuarial valuation.

Valuation date—January 1, 2017

Measurement date—January 1, 2017

Actuarial cost method—Projected Unit Credit

Amortization method—Level Dollar

Amortization period—30 Year, Open, Single Amortization Period

Investment rate of return—The investment rate of return is based on the projected long-term earning rate of the assets expected to be available to pay benefits. Plan assets must be legally segregated for the sole purpose of paying Retiree Group Health Benefits under the Plan. Ear-marking a portion of the County's general assets is insufficient to be considered assets for this purpose. Since the County does not currently segregate funding for these benefits, the appropriate rate is the expected return on the County's general assets. The investment rate of return as presented below was selected based on the County's expectations:

Expected return on Plan assets	N/A
Expected return on the County's general assets	4.0%
Investment rate of return selected	4.0%

Rate of compensation increase—N/A

Mortality—The sex-distinct RP-2014 Mortality Tables for employees and health annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2017 mortality improvement scale on a fully generational basis. This assumption was based on a review of published mortality tables and demographics of the Plan.

Disability—Rates of decrement due to disability are assumed to be 0%.

Turnover—Rates of turnover and retirement are based on the experience under the ERS and PFRS rates. The rates are based on the April 1, 2010 to March 31, 2015 experience study releases by the Systems actuary published in their August 2015 report. Revised assumptions resulted in an increase in liabilities.

Retirement Incidence—Rates of retirement are based on the experience under the New York State Employees' Retirement System ("ERS") and the New York State Police and Fire Retirement System ("PFRS"). The ERS and PFRS (the "Systems") rates are based on the April 1, 2010 to March 31, 2015 experience study released by the Systems' Actuary and published in their August 2015 report. The County's experience is not expected to deviate significantly from the experience of the Systems as a whole. The County has relied on the System's rates, but were unable to assess reasonableness as an independent examination of the underlying experience would require a substantial amount of additional work beyond the scope of this valuation.

Election Percentage—It was assumed that 95% of future retirees eligible for coverage will elect retiree group health benefits. This assumption was determined based on valuation data from January 1, 2009 through January 1, 2017. Future experience is not expected to deviate significantly from these results. Current retirees were assumed to continue participation in their current plans.

Spousal Coverage—60% of future retirees are assumed to elect spousal coverage upon retirement, with male spouses assumed to be three years older and female spouses assumed to be three years younger than the retiree. This assumption was determined based on valuation data from January 1, 2009 through January 1, 2017. Future experience is not expected to deviate significantly from these results.

Unused Sick Time—All employees required to accumulate a minimum number of sick days in order to be eligible for retiree group health care benefits are assumed to have accumulated the required number at the time of retirement.

Per Capita Costs—The County's Plan is an experience-related healthcare plan. Retiree claim cost information for the Plan was not available. To develop a baseline cost assumption, the County utilized experience from other medical studies with similar designs. The County used the Society of Actuaries Study "Health Care Costs – From Birth to Death" to apply mathematical smoothing techniques and develop reasonable assumptions for estimating age-specific retiree costs.

Annual Rate of Increase in Healthcare Costs—The annual rate of increase in healthcare costs was developed based on a review of published national trend survey data in relation to the retiree health plan offerings and updated long-term rates based on the Society of Actuaries Long Term Healthcare Cost Trends Model v2018_c (the Getzen model). Administrative fees were assumed to increase at 3.25% per year. Based on the County's expectations, retiree contributions are not expected to increase beyond the January 1, 2021 level.

Annual Rate of Increase in the Consumer Price Index ("CPI")—CPI of 2.25% was assumed for purposes of determining future increases in limits corresponding to the excise tax of the Affordable Care Act on high cost employer-sponsored health plans as well as developing the rate of increase in healthcare costs. This assumption is consistent with historical CPI data as well as future expectations.

9. RISK MANAGEMENT

The County records its risk management activities in the General Fund. The County assumes the liability for most risk including, but not limited to workers' compensation, employee health insurance, property damage, and personal injury liability. The insurance policies obtained at this time include: property; boiler and machinery; faithful performance bonds; and auto liability on specific vehicles of the sheriff's department. For these insurance policies, no amount of settlements exceeded the insurance coverage during the past three years. In order to control losses due to risk exposure, the risk management department has developed a program to identify, evaluate, control and fund various municipal exposures. The County assumes the risk for its nursing homes, the Pines, workers' compensation liabilities. The Pines pay an annual premium to the County.

Risk Management—The County carries commercial excess liability insurance of $10,000,000 per occurrence with a $10,000,000 aggregate annual limit for its government operations. The County carries commercial property coverage insurance subject to a maximum limit of any one occurrence of $10,000,000. The County is self-insured for workers' compensation and employers' liability with a specific excess maximum limit of indemnity per occurrence of $1,000,000 and an aggregate maximum limit of liability with respect to all occurrences taking place within the liability period of $1,000,000. The County also carried employee dishonest coverage and commercial crime coverage insurance at varying limits dependent on the type of claim.

Litigation/claims payable—The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently able to be determined, in the opinion of the County's attorney and outside legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Cattaraugus County health plan—As of April 1, 1998, the County established a self-insured health plan for its eligible employees and retirees. The County's departments pay a "premium" to the plan based on the estimated costs, which is used to fund claims as they are incurred. The plan claims incurred but not paid is $1,576,574 as of December 31, 2017, which is recorded as a liability.

Worker's compensation plan—The County established a self-insured plan for worker's compensation by a local law on January 1, 1990. The plan is administered by the risk manager. The County is a participant in the plan and the Cities of Olean and Salamanca, the towns and villages located within the County and other eligible public entities may elect to become a participant. The annual estimate of expense is apportioned among the participant's based on the total value of the participant's taxable real property bears to the aggregate full valuation of all participants. Since the County is the predominant participant in the plan, this is not considered a public entity risk pool per GASB. The worker's compensation activities of the County are recorded in the General Fund.

All employees of the County participate in this program based on estimates of the amounts needed to pay prior and current year claims. During the year 2017, an actuarial study estimated the plan's liability to be $15,736,521, discounted at 1.5 percent. Changes in the claims liability in fiscal years 2015, 2016, and 2017 are presented on the following page.

	Beginning of Year	Changes in Estimates	Claims Payments	End of Year
2017	$ 15,911,619	$ 2,093,308	$ 2,268,406	$ 15,736,521
2016	15,255,163	3,129,846	2,473,390	15,911,619
2015	16,072,780	896,668	1,714,285	15,255,163

An accounts receivable of $3,227,591 is due to the County for the non-County participating employers' (Cities, Towns, and Villages) share of this liability.

10. LEASE OBLIGATIONS

Capital leases—The County has recorded capital leases for various equipment in long-term liabilities in the Governmental and Proprietary Funds. The County's imputed interest for its capitalized lease obligations are not considered significant. Of the $28,348 in remaining payments, $26,228 is due during the year ending December 31, 2018.

Operating leases—The County has entered into a number of operating leases. Lease expenditures for the year ended December 31, 2017, amounted to $430,821. Future minimum payments under operating leases at December 31, 2017 were as follows:

Year Ending December 31,	Governmental Activities
2018	376,729
2019	251,240
2020	126,243
2021	36,955
2022	28,976
	$ 820,143

11. LONG-TERM LIABILITIES

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

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

The following is a summary of changes in the County's long-term liabilities for the year ended December 31, 2017:

	Balance 1/1/2017	Additions	Reductions	Balance 12/31/2017	Due Within One Year
Governmental activities:					
Bonds payable	$ 31,480,000	$ 12,911,145	$ (4,644,000)	$ 39,747,145	$ 4,402,145
Premium on serial bonds	645,424	-	(118,458)	526,966	93,140
Compensated absenses	5,491,980	97,777	(110,667)	5,479,090	490,365
Capital leases	67,267	-	(38,919)	28,348	26,228
Landfill post closure	606,643	-	(203,721)	402,922	-
Health insurance	1,183,523	15,214,810	(14,821,759)	1,576,574	1,576,574
Other postemployment benefits	74,856,250	18,181,726	(5,212,031)	87,825,945	-
Workers' compensation	15,911,619	2,093,308	(2,268,406)	15,736,521	2,379,327
Net pension liability*	30,123,713	-	(13,120,436)	17,003,277	-
Total governmental activities	$ 160,366,419	$ 48,498,766	$ (40,538,397)	$ 168,326,788	$ 8,967,779
Business type activities:					
Bonds payable	$ 8,905,000	$ -	$ (541,000)	$ 8,364,000	$ 569,000
Premium on serial bonds	195,614	-	(23,746)	171,868	-
Compensated absenses	490,891	-	(25,975)	464,916	244,049
Capital leases	2,828	-	(2,828)	-	-
Other postemployment benefits	18,069,489	3,548,028	(916,051)	20,701,466	-
Net pension liability*	5,737,850	-	(2,399,846)	3,338,004	-
Total business-type activities	$ 33,401,672	$ 3,548,028	$ (1,509,600)	$ 33,040,254	$ 813,049

*Reductions of the net pension liability are shown net of additions

Bonds payable—The County borrows money in order to acquire land or equipment or construction of 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 local government.

In the current year, the County issued $12,911,145 in public improvement Serial Bonds for various purposes. The interest rate ranges from 2.0% to 3.0% and the bonds will mature on April 1, 2032.

A listing of bonded indebtedness transactions for the year ended December 31, 2017 is presented on the following page.

Purpose	Issue/ Maturity Date	Interest Rate	Principal Outstanding 1/1/2017	Issues	Redemptions	Principal Outstanding 12/31/2017
Governmental activities:						
Public Improvement	2004/2017	2.50-5.00%	$ 270,000	$ -	$ 270,000	$ -
Public Improvement	2006/2018	4.00-4.20%	250,000	-	125,000	125,000
Public Improvement	2008/2017	3.25-4.30%	375,000	-	375,000	-
Public Improvement	2010/2024	2.11-6.75%	5,190,000	-	565,000	4,625,000
Public Improvement	2011/2017	2.00-4.13%	355,000	-	355,000	-
Public Improvement	2012/2027	2.00-2.50%	4,695,000	-	390,000	4,305,000
Public Improvement	2013/2021	1.50-4.00%	3,640,000	-	1,205,000	2,435,000
Public Improvement	2013/2028	2.25-3.00%	5,395,000	-	395,000	5,000,000
Public Improvement	2015/2025	2.00%	3,450,000	-	350,000	3,100,000
Public Improvement	2016/2023	2.00%	3,360,000	-	249,000	3,111,000
Public Improvement	2016/2026	1.50%	4,500,000	-	365,000	4,135,000
Public Improvement	2017/2032	2.00%-3.00%	-	12,911,145	-	12,911,145
Total governmental activities			$ 31,480,000	$ 12,911,145	$ 4,644,000	$ 39,747,145
Business-type activities:						
Public Improvement - Pines	2011/2032	2.00-4.125%	$ 8,530,000	$ -	$ 480,000	$ 8,050,000
Public Improvement - Pines	2016/2023	2:00%	375,000	-	61,000	314,000
Total business-type activities			$ 8,905,000	$ -	$ 541,000	$ 8,364,000

Annual debt service requirements to maturity are as follows:

	Governmental Activities			Business-type Activities		
Year	Principal	Interest	Total	Principal	Interest	Total
2018	$ 4,402,145	$ 1,186,983	$ 5,589,128	$ 569,000	$ 332,174	$ 901,174
2019	4,427,000	929,564	5,356,564	568,000	310,694	878,694
2020	4,307,000	811,620	5,118,620	568,000	288,604	856,604
2021	4,078,000	692,353	4,770,353	592,000	266,514	858,514
2022	3,883,000	572,625	4,455,625	587,000	243,454	830,454
2023 - 2027	14,585,000	1,338,306	15,923,306	2,705,000	888,969	3,593,969
2028 - 2032	4,065,000	269,964	4,334,964	2,775,000	340,267	3,115,267
Total	$ 39,747,145	$ 5,801,415	$ 45,548,560	$ 8,364,000	$ 2,670,676	$ 11,034,676

Compensated absences—As explained in Note 1, the County records the value of compensated absences (primarily accrued vacation and sick time benefits) in long-term liabilities in the governmental and proprietary fund types. The annual budget of the operating funds provides funding for the current portion of these benefits. The value recorded at December 31, 2017 for governmental activities is $5,479,090.

The value of compensated absences for the Pines Healthcare and Rehabilitation Centers (Machias and Olean Campus) and Onoville Marina is recorded as accrued liabilities in the proprietary funds. The amount recorded at December 31, 2017 is $464,916.

In the governmental fund financial statements, none of the liability is reported, as it is not expected to be paid using expendable available resources. In proprietary funds, the entire amount of compensated absences related to employees of those funds is reported as a fund liability.

Landfill post closure—The County tests and maintains certain landfill sites. Estimated long-term costs associated with future maintenance and testing total $402,922. Further discussion of the County's post closure obligation can be found in Note 18.

Health insurance, workers' compensation and judgments and claims—The County's liability related to its health insurance plan totaled $1,576,574 at December 31, 2017. The liability of the County's workers' compensation totaled $15,736,521 at December 31, 2017. There was no liability related to the County's judgments and claims at December 31, 2017. Further discussion of the County's risk management programs can be found in Note 9.

OPEB obligation—As explained in Note 8, the County provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee's total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The County's annual postemployment benefit ("OPEB") cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The estimated OPEB liability for governmental and business-type activities is estimated to be $87,825,945 and $20,701,466, respectively, at December 31, 2017.

Net Pension Liability—The County reports a liability for its proportionate share of the net pension liability for the Employees' Retirement System. The net pension liability for governmental and business-type activities is $17,003,277 and $3,338,004, respectively, at December 31, 2017. Refer to Note 7 for additional information related to the County's net pension liability.

County of Cattaraugus Industrial Development Agency

Long-term liabilities for the CCIDA for the year ended December 31, 2017 consisted of a net pension liability of $67,000. Refer to Note 7 for additional information.

12. NET POSITION AND FUND BALANCE

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

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

Capital assets, net of accumulated depreciation		$ 139,647,791
Related debt:		
Serial bonds issued	$ (39,747,145)	
Unamortized bond premium	(526,966)	
Capital leases	(28,348)	
Unspent proceeds reported within Capital Projects Fund	6,250,409	
Debt issued for capital assets		(34,052,050)
Net investment in capital assets		$ 105,595,741

The table below is a reconciliation of the County's business-type activities net investment in capital assets:

Capital assets, net of accumulated depreciation		$ 11,912,367
Related debt:		
Serial bonds issued	$ (8,364,000)	
Unspent proceeds	10,200	
Debt issued for capital assets		(8,353,800)
Net investment in capital assets		$ 3,558,567

- ***Restricted amounts***—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- ***Unrestricted amounts***—This category represents net position of the County not restricted for any project or other purpose.

In the fund financial statements the County maintains nonspendable, restricted, committed, assigned and unasigned categories.

- ***Nonspendable***—Amounts represent net current financial resources that cannot be spent because they are either not in spendable for or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the County at December 31, 2017 includes the portion of fund balance composed of prepaid assets. $1,579,937 is nonspendable as the asset does not represent an available resource.

- ***Restricted***—Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Restrictions of the County at December 31, 2017 are presented on the following page.

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
MDLF loan fund	$ 278,749	$ -	$ -	$ 278,749
Insurance	1,443,321	-	-	1,443,321
Workers' Compensation	650,000	-	-	650,000
Other	559,694	-	-	559,694
Capital projects	-	16,865,036	-	16,865,036
Debt	-	-	420,387	420,387
Trust accounts	-	-	5,675	5,675
Total restricted fund balance	$ 2,931,764	$ 16,865,036	$ 426,062	$ 20,222,862

- ***Committed***—Amounts that are subject to a purpose constraint imposed by a formal action of the County's highest level of decision-making authority, or by their designated body or official. As of December 31, 2017, Cattaraugus County did not report committed fund balance.

- ***Assigned***—Amounts that are subject to a purpose constraint that represents an intended use established by the County Legislature. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. As of December 31, 2017, the balances presented below were considered to be assigned:

	General Fund	Nonmajor Governmental Funds	Total
Subsequent years' expenditures	$ 2,555,809	$ 14,800	$ 2,570,609
Encumbrances	767,806	1,004,308	1,772,114
Home and community services	-	38,625	38,625
Economic assistance and opportunity	-	737,161	737,161
Total assigned fund balance	$ 3,323,615	$ 1,794,894	$ 5,118,509

- ***Unassigned***—Represents the residual classification of the County's General Fund, and could report a surplus or deficit. As of December 31, 2017, the unassigned fund balance was $34,680,036.

The County will spend the most restricted dollars before less restricted where such spending is appropriate and the legal restriction does not limit the use of such restricted amount for the particular purpose in question in the following order: Nonspendable (if funds become spendable), Restricted, Committed, Assigned, and Unassigned.

13. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables are short term in nature and exist because of temporary advances or payments made on behalf of other funds. Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the fund making payments when due, and (3) move residual cash from closed projects.

The composition of interfund balances as of December 31, 2017 is show below:

	Interfund	
Fund	Receivable	Payable
Nonmajor funds:		
Road Machinery Fund	$ 560,939	$ -
County Road Fund	-	560,939
Total	$ 560,939	$ 560,939

Interfund transfers of the County for the year ended December 31, 2017 are presented as follows:

	Transfers in:		
Transfers out:	Capital Projects Fund	Nonmajor Governmental Funds	Total
General Fund	$ 4,914,817	$ 5,921,522	$ 10,836,339
Nonmajor governmental funds	-	4,541,539	4,541,539
Total	$ 4,914,817	$ 10,463,061	$ 15,377,878

14. DEFERRED COMPENSATION PLAN

The County offers all employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All assets at December 31, 2017 were held by a third-party in trust for the exclusive benefit of participants.

15. LABOR RELATIONS

The County's employees operate under seven collective bargaining units, the Civil Service Employees Association, the Civil Service Employees Association Part-Time Employee Unit, the Civil Service Employees Association Supervisory Unit, Civil Service Employees Association Sheriff's Department Employees Unit, the Deputy Sheriff's Supervisory Unit, Deputies Association, and the Corrections Supervisory Unit. All contracts were settled through December 31, 2017.

16. CONTINGENCIES

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

Sales tax—The State of New York periodically audits its distribution of sales tax revenues to counties throughout the state. Thus, revenues recorded as the fiscal year end are subject to revision should such an audit take place.

County of Cattaraugus Industrial Development Agency

The Agency is exposed to various risks of loss such as torts, theft, injuries, errors, omissions, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Any settled claims from these risks have not exceeded commercial insurance coverage for the past four years. In management's opinion, there are no material contingencies required to be accrued or disclosed.

17. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Open encumbrances are reported as an assignment of fund balance since such commitments will be honored through budget appropriations in the subsequent year. The County considers encumbrances to be significant for amounts that are encumbered in excess of $100,000. Significant encumbrances as of December 31, 2017, are as listed below:

Fund	Purpose	Amount Encumbered
General	Document recording software	$ 102,221
General	Olean farmers market	200,000
General	Penney trail project	100,000
County Road	Road materials	163,606
Road Machinery	Heavy equipment	613,283

18. LANDFILL POST CLOSURE COSTS

State and Federal laws required the County to cap and close the Farwell and Five Points Landfills and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. The capping and closing of the Five Points Landfill was completed in 1988. The Farewell Landfill capping and closure was completed in 1989. Environmental and facility monitoring continues at both landfills including routine monitoring of groundwater, surface water and leachate samples.

The costs for testing and maintenance are estimated annually based on historical data and are included in the current year's budget. The estimates are subject to change due to inflation or deflation, technology, or changes in applicable laws and regulations. The liability for the long-term portion of the liability is recorded in the long-term liabilities of the governmental fund types. The balance as of December 31, 2017, is $402,922.

19. TAX ABATEMENTS

The County is subject to tax abatements granted by the County of Cattaraugus Industrial Development Agency ("CCIDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the CCIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the County, the abatements have resulted in reductions of property taxes, which the County administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by CCIDA, the County collected $186,823 during 2017 in payments in lieu of taxes ("PILOT"), these collections were made in lieu of $332,600 in property taxes.

20. SUBSEQUENT EVENTS

On April 3, 2018, the County issued $1,936,600 in bond anticipation notes with an interest rate of 2.75 percent for bridge, road, and culvert improvements. These bonds mature on April 3, 2019.

Management has evaluated subsequent events through June 27, 2018, which is the date the financial statements are available for issuance, and have determined, except as disclosed above, there are no subsequent events that require disclosure under generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Funding Progress—Other Postemployment Benefit Plan
Year Ended December 31, 2017

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2017	$ -	$ 254,310,617	$ 254,310,617	0.0%	$ 52,686,856	482.7%
January 1, 2015	-	221,513,537	221,513,537	0.0%	N/A	N/A
January 1, 2013	-	157,834,473	157,834,473	0.0%	N/A	N/A

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of the Local Governments' Proportionate Share of the Net Pension Liability—Employees' Retirement System
Last Four Fiscal Years*

	Year Ended December 31,			
	2017	2016	2015	2014
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
County's proportion of the net pension liability (asset)	0.2164836%	0.2234327%	0.2185799%	0.2185799%
County's proportionate share of the net pension liability (asset)	$ 20,341,281	$ 35,861,564	$ 7,384,164	$ 9,877,320
County's covered-employee payroll	$ 44,612,640	$ 46,629,066	$ 46,540,732	$ 45,462,491
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.6%	76.9%	15.9%	21.7%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%	97.2%

*Information prior to the year ended December 31, 2014 is not available.

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of the Local Governments' Contributions—
Employees' Retirement System
Last Four Fiscal Years*

	Year Ended December 31,			
	2017	2016	2015	2014
Contractually required contribution	$ 7,397,884	$ 8,356,702	$ 9,055,794	$ 9,221,894
Contributions in relation to the contractually required contribution	(7,397,884)	(8,356,702)	(9,055,794)	(9,221,894)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered-employee payroll	$ 45,195,507	$ 46,847,246	$ 48,100,849	$ 46,092,077
Contributions as a percentage of covered-employee payroll	16.4%	17.8%	18.8%	20.0%

*Information prior to the year ended December 31, 2014 is not available.

COUNTY OF CATTARAUGUS, NEW YORK

Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—General Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	$ 52,489,538	$ 52,489,538	$ 54,384,843	$ 1,895,305
Real property tax items	2,656,874	2,656,874	2,443,916	(212,958)
Non property tax items	26,854,000	27,453,875	28,234,194	780,319
Departmental income	15,768,754	15,933,566	15,954,265	20,699
Intergovernmental charges	5,079,084	5,299,830	5,389,910	90,080
Use of money and property	958,722	958,722	940,687	(18,035)
Licenses and permits	80,225	80,225	79,912	(313)
Fines and forfeitures	196,350	212,405	209,526	(2,879)
Sale of property and compensation for loss	1,209,020	1,234,826	1,622,228	387,402
Miscellaneous	1,959,152	1,984,442	910,607	(1,073,835)
Interfund revenues	27,292,365	27,332,338	27,188,652	(143,686)
State aid	17,300,484	18,784,010	16,771,867	(2,012,143)
Federal aid	20,178,319	21,962,824	19,230,749	(2,732,075)
Total revenues	172,022,887	176,383,475	173,361,356	(3,022,119)
EXPENDITURES				
Current:				
General government support	49,492,226	49,430,363	47,711,401	1,718,962
Education	7,343,859	7,997,373	7,988,762	8,611
Public safety	19,953,365	20,466,932	19,774,954	691,978
Health	20,600,412	21,556,147	19,836,146	1,720,001
Transportation	17,000	17,000	17,000	-
Economic assistance and opportunity	56,760,962	62,524,578	57,639,795	4,884,783
Culture and recreation	694,064	1,159,111	1,015,402	143,709
Home and community services	2,731,311	2,931,508	2,691,173	240,335
Employee benefits	6,990,108	5,985,094	5,846,646	138,448
Debt service:				
Principal	39,307	38,919	38,919	-
Total expenditures	164,622,614	172,107,025	162,560,198	9,546,827
Excess of revenues over expenditures	7,400,273	4,276,450	10,801,158	6,524,708
OTHER FINANCING USES				
Transfers out	(9,950,135)	(11,027,340)	(10,836,339)	191,001
Total other financing uses	(9,950,135)	(11,027,340)	(10,836,339)	191,001
Net change in fund balances*	(2,549,862)	(6,750,890)	(35,181)	6,715,709
Fund balances—beginning (as restated)	42,550,533	42,550,533	42,550,533	-
Fund balances—ending	$ 40,000,671	$ 35,799,643	$ 42,515,352	$ 6,715,709

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

The note to the required supplementary information is an integral part of this schedule.

1. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, with the exception of the Capital Projects Fund. The Capital Projects Fund is appropriated on a project-length basis; appropriations are approved through a County Legislative resolution at the project's inception and lapse upon termination of the project.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the County Legislature. Expenditures may not legally exceed appropriations at the functional classification.

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

Actual results of operations presented in accordance with GAAP and the County's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. Significant encumbrances are disclosed in the notes to the financial statements. The General Fund original budget for the year ended December 31, 2017 includes encumbrances from the prior year of $549,862.

SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS AND SCHEDULES OF NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

County Road Fund—required by Highway Law Section 114 and accounts for salaries and expenses of the county highway office, maintenance of county roads and bridges, snow removal and construction and reconstruction of county roads.

Road Machinery Fund—required by Highway Law Section 133 and accounts for purchases, repairs and maintenance of highway machinery, tools and equipment; for construction, purchase and maintenance of buildings for the storage and repair of highway machinery and equipment; and for the purchase of materials and supplies to provide an adequate central stockpile for highway, snow removal and bridge purposes.

Conewango Watershed Fund—provides for the maintenance of the Conewango Creek Watershed.

Economic Development Fund—provides for economic development opportunities, job expansion programs and support services of treatment programs for persons suffering from gaming addictions.

Debt Service Fund

To account for the accumulation of resources for the payment of principal and interest on the County's general obligation bonds.

Permanent Funds

Trust funds are used to account for assets held by the County in a trustee capacity.

COUNTY OF CATTARAUGUS, NEW YORK
Combining Balance Sheet— Nonmajor Governmental Funds
December 31, 2017

	Special Revenue	Debt Service	Permanent	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,077,518	$ -	$ -	$ 1,077,518
Restricted cash and cash equivalents	1,590,026	396,162	5,675	1,991,863
Accounts receivable	54,629	24,225	-	78,854
Due from other funds	560,939	-	-	560,939
Intergovernmental receivables	1,191,624	-	-	1,191,624
Total assets	$ 4,474,736	$ 420,387	$ 5,675	$ 4,900,798
LIABILITIES				
Accounts payable	$ 337,889	$ -	$ -	$ 337,889
Accrued liabilities	190,988	-	-	190,988
Due to other funds	560,939	-	-	560,939
Unearned revenue	1,590,026	-	-	1,590,026
Total liabilities	2,679,842	-	-	2,679,842
FUND BALANCES				
Restricted	-	420,387	5,675	426,062
Assigned	1,794,894	-	-	1,794,894
Total fund balances	1,794,894	420,387	5,675	2,220,956
Total liabilities and fund balances	$ 4,474,736	$ 420,387	$ 5,675	$ 4,900,798

COUNTY OF CATTARAUGUS, NEW YORK

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended December 31, 2017

	Special Revenue	Debt Service	Permanent	Total Nonmajor Governmental Funds
REVENUES				
Non property tax items	$ 10,539,135	$ 298,156	$ -	$ 10,837,291
Departmental income	13,881	-	-	13,881
Intergovernmental charges	335,081	-	-	335,081
Use of money and property	30,429	8,092	10	38,531
Sale of property and compensation for loss	516,892	-	-	516,892
Miscellaneous	311,989	-	-	311,989
Interfund revenues	3,476,979	-	-	3,476,979
State aid	167,287	-	-	167,287
Federal aid	653,972	106,226	-	760,198
Total revenues	16,045,645	412,474	10	16,458,129
EXPENDITURES				
Current:				
Public safety	611,394	-	-	611,394
Transportation	15,542,274	-	-	15,542,274
Economic assistance and opportunity	282,063	-	-	282,063
Home and community services	17,973	-	-	17,973
Debt service:				
Principal	-	4,644,000	-	4,644,000
Interest and fiscal charges	-	914,853	-	914,853
Total expenditures	16,453,704	5,558,853	-	22,012,557
Excess (deficiency) of revenues over expenditures	(408,059)	(5,146,379)	10	(5,554,428)
OTHER FINANCING SOURCES (USES)				
Transfers in	5,440,853	5,022,208	-	10,463,061
Transfers out	(4,541,539)	-	-	(4,541,539)
Total other financing sources (uses)	899,314	5,022,208	-	5,921,522
Net change in fund balances	491,255	(124,171)	10	367,094
Fund balances—beginning	1,303,639	544,558	5,665	1,853,862
Fund balances—ending	$ 1,794,894	$ 420,387	$ 5,675	$ 2,220,956

COUNTY OF CATTARAUGUS, NEW YORK
Combining Balance Sheet—Nonmajor Special Revenue Funds
December 31, 2017

	County Road	Road Machinery	Conewango Watershed	Economic Development	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and cash equivalents	$ -	$ 282,291	$ 55,725	$ 739,502	$ 1,077,518
Restricted cash and cash equivalents	-	-	-	1,590,026	1,590,026
Accounts receivable	1,699	52,630	300.00	-	54,629
Due from other funds	-	560,939	-	-	560,939
Intergovernmental receivables	1,124,864	66,760	-	-	1,191,624
Total assets	$ 1,126,563	$ 962,620	$ 56,025	$ 2,329,528	$ 4,474,736
LIABILITIES					
Accounts payable	$ 115,292	$ 217,656	$ 2,600	$ 2,341	$ 337,889
Accrued liabilities	172,721	18,267	-	-	190,988
Due to other funds	560,939	-	-	-	560,939
Unearned revenue	-	-	-	1,590,026	1,590,026
Total liabilities	848,952	235,923	2,600	1,592,367	2,679,842
FUND BALANCES					
Assigned	277,611	726,697	53,425	737,161	1,794,894
Total fund balances	277,611	726,697	53,425	737,161	1,794,894
Total liabilities and fund balances	$ 1,126,563	$ 962,620	$ 56,025	$ 2,329,528	$ 4,474,736

COUNTY OF CATTARAUGUS, NEW YORK

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—
Nonmajor Special Revenue Funds
Year Ended December 31, 2017

	County Road	Road Machinery	Conewango Watershed	Economic Development	Total Nonmajor Special Revenue Funds
REVENUES					
Non property tax items	$10,012,086	$ 527,049	$ -	$ -	$ 10,539,135
Departmental income	10,275	-	-	3,606	13,881
Intergovernmental charges	156,083	168,798	10,200	-	335,081
Use of money and property	-	-	90	30,339	30,429
Sale of property and compensation for loss	854	516,038	-	-	516,892
Miscellaneous	-	2,128	-	309,861	311,989
Interfund revenues	-	3,476,979	-	-	3,476,979
State aid	160,387	-	6,900	-	167,287
Federal aid	653,972	-	-	-	653,972
Total revenues	10,993,657	4,690,992	17,190	343,806	16,045,645
EXPENDITURES					
Current:					
Public safety	611,394	-	-	-	611,394
Transportation	11,308,597	4,233,677	-	-	15,542,274
Economic assistance and opportunity	-	-	-	282,063	282,063
Home and community services	-	-	17,973	-	17,973
Total expenditures	11,919,991	4,233,677	17,973	282,063	16,453,704
Excess (deficiency) of revenues over expenditures	(926,334)	457,315	(783)	61,743	(408,059)
OTHER FINANCING SOURCES (USES)					
Transfers in	5,193,825	154,528	7,500	85,000	5,440,853
Transfers out	(4,309,728)	(231,811)	-	-	(4,541,539)
Total other financing sources (uses)	884,097	(77,283)	7,500	85,000	899,314
Net change in fund balances	(42,237)	380,032	6,717	146,743	491,255
Fund balances—beginning	319,848	346,665	46,708	590,418	1,303,639
Fund balances—ending	$ 277,611	$ 726,697	$ 53,425	$ 737,161	$ 1,794,894

OTHER INFORMATION

COUNTY OF CATTARAUGUS, NEW YORK

Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Debt Service Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Non property tax items	$ 260,000	$ 260,000	$ 298,156	$ 38,156
Use of money and property	1,500	1,500	8,092	6,592
Federal aid	106,339	106,339	106,226	(113)
Total revenues	367,839	367,839	412,474	44,635
EXPENDITURES				
Current:				
General government support	2,000	2,000	-	2,000
Debt service:				
Principal	4,644,000	4,644,000	4,644,000	-
Interest and fiscal charges	914,867	914,867	914,853	14
Total expenditures	5,560,867	5,560,867	5,558,853	2,014
Deficiency of revenues over expenditures	(5,193,028)	(5,193,028)	(5,146,379)	46,649
OTHER FINANCING SOURCES				
Transfers in	5,030,702	5,030,702	5,022,208	(8,494)
Total other financing sources	5,030,702	5,030,702	5,022,208	(8,494)
Net change in fund balances*	(162,326)	(162,326)	(124,171)	38,155
Fund balances—beginning	544,558	544,558	544,558	-
Fund balances—ending	$ 382,232	$ 382,232	$ 420,387	$ 38,155

*The net change in fund balances was included in the budget as an appropriation (i.e. spenddown) of restricted fund balance.

COUNTY OF CATTARAUGUS, NEW YORK

Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—County Road Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**Final Budget**
REVENUES				
Non property tax items	$ 9,562,000	$ 10,012,086	$ 10,012,086	$ -
Departmental income	17,500	17,500	10,275	(7,225)
Intergovernmental charges	150,000	150,000	156,083	6,083
Sale of property and compensation for loss	-	-	854	854
State aid	-	152,500	160,387	7,887
Federal aid	464,000	661,069	653,972	(7,097)
Total revenues	10,193,500	10,993,155	10,993,657	502
EXPENDITURES				
Current:				
Public safety	640,200	611,394	611,394	-
Transportation	13,722,670	11,657,022	11,308,597	348,425
Total expenditures	14,362,870	12,268,416	11,919,991	348,425
Deficiency of revenues over expenditures	(4,169,370)	(1,275,261)	(926,334)	348,927
OTHER FINANCING SOURCES (USES)				
Transfers in	8,159,250	5,357,104	5,193,825	(163,279)
Transfers out	(4,309,728)	(4,309,728)	(4,309,728)	-
Total other financing sources (uses)	3,849,522	1,047,376	884,097	(163,279)
Net change in fund balances*	(319,848)	(227,885)	(42,237)	185,648
Fund balances—beginning	319,848	319,848	319,848	-
Fund balances—ending	$ -	$ 91,963	$ 277,611	$ 185,648

*The net change in fund balances was included in the budget as a re-appropriation of prior year encumbrances.

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Road Machinery Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Non property tax items	$ 475,000	$ 527,049	$ 527,049	$ -
Intergovernmental charges	120,000	164,106	168,798	4,692
Sale of property and compensation for loss	-	486,462	516,038	29,576
Miscellaneous	-	-	2,128	2,128
Interfund revenues	3,249,898	3,500,847	3,476,979	(23,868)
Total revenues	3,844,898	4,678,464	4,690,992	12,528
EXPENDITURES				
Current:				
Transportation	4,183,992	4,967,006	4,233,677	733,329
Total expenditures	4,183,992	4,967,006	4,233,677	733,329
Excess (deficiency) of revenues over expenditures	(339,094)	(288,542)	457,315	745,857
OTHER FINANCING SOURCES (USES)				
Transfers in	224,240	173,756	154,528	(19,228)
Transfers out	(231,811)	(231,811)	(231,811)	-
Total other financing sources (uses)	(7,571)	(58,055)	(77,283)	(19,228)
Net change in fund balances*	(346,665)	(346,597)	380,032	726,629
Fund balances—beginning	346,665	346,665	346,665	-
Fund balances—ending	$ -	$ 68	$ 726,697	$ 726,629

*The net change in fund balances was included in the budget as a re-appropriation of prior year encumbrances.

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Conewango Watershed Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental charges	$ 10,200	$ 10,200	$ 10,200	$ -
Use of money and property	-	-	90	90
State aid	-	-	6,900	6,900
Total revenues	10,200	10,200	17,190	6,990
EXPENDITURES				
Current:				
Home and community services	32,500	32,500	17,973	14,527
Total expenditures	32,500	32,500	17,973	14,527
Deficiency of revenues over expenditures	(22,300)	(22,300)	(783)	21,517
OTHER FINANCING SOURCES				
Transfers in	7,500	7,500	7,500	-
Total other financing sources	7,500	7,500	7,500	-
Net change in fund balances*	(14,800)	(14,800)	6,717	21,517
Fund balances—beginning	46,708	46,708	46,708	-
Fund balances—ending	$ 31,908	$ 31,908	$ 53,425	$ 21,517

*The net change in fund balances was included in the budget as an appropriation (i.e. spenddown) of fund balance.

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Economic Development Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Departmental income	$ -	$ 3,606	$ 3,606	$ -
Use of money and property	-	30,339	30,339	-
Miscellaneous	-	1,815,643	309,861	(1,505,782)
Total revenues	-	1,849,588	343,806	(1,505,782)
EXPENDITURES				
Current:				
Economic assistance and opportunity	-	2,525,006	282,063	2,242,943
Total expenditures	-	2,525,006	282,063	2,242,943
OTHER FINANCING SOURCES				
Transfers in	-	85,000	85,000	-
Total other financing sources	-	85,000	85,000	-
Net change in fund balances	-	(590,418)	146,743	(3,748,725)
Fund balances—beginning	590,418	590,418	590,418	-
Fund balances—ending	$ 590,418	$ -	$ 737,161	$ (3,748,725)

FEDERAL AWARDS INFORMATION

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed Through to Sub-recipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF AGRICULTURE				
Passed through NYS Department of Agriculture and Markets				
Commodity Loans and Loan Deficiency Payments	10.051	N/A	$ -	$ 95,084
Passed Through NYS Department of Health				
Special Supplemental Nutrition Program for Women Infants, and Children	10.557	63405	182,199	2,948,187
Child and Adult Care Food Program	10.558	N/A	-	36,895
Passed Through NYS Office of Temporary and Disability Assistance:				
Snap Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	-	1,331,089
Total Snap Cluster			-	1,331,089
TOTAL U.S. DEPARTMENT OF AGRICULTURE			182,199	4,411,255
U.S. DEPARTMENT OF DEFENSE				
Direct Programs				
Procurement Technical Assistance for Business Firms	12.002	N/A	-	119,118
TOTAL U.S. DEPARTMENT OF DEFENSE			-	119,118
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through NYS Office of Community Renewal:				
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	199HR36-13/H344-16	582,629	591,129
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			582,629	591,129
U.S. DEPARTMENT OF JUSTICE				
Passed through NYS Office of Victim Services:				
Juvenile Justice and Delinquency Prevention	16.540	66101	-	23,783
Violence Against Women Formula Grants	16.588	N/A	-	20,726
Passed through NYS Division of Criminal Justice:				
Bullet Proof Vest Partnership Program	16.607	N/A	-	9,477
State and Local Anti-Terrorism Training	16.614	N/A	-	58,486
Passed through Council on Addiction Recovery Services, Inc.				
Enforcing Underage Drinking Laws Program	16.727	N/A	-	16,084
TOTAL U.S. DEPARTMENT OF JUSTICE			-	128,556
U.S. DEPARTMENT OF LABOR				
Passed through Cattaraugus-Allegany Workforce Investment Board Inc. Board Inc.				
WIOA Cluster:				
WIA/WIOA Adult Program	17.258	N/A	-	174,615
WIA/WIOA Youth Activities	17.259	N/A	-	17,660
WIA/WIOA Dislocated Worker Formula Grants	17.278	N/A	-	104,162
Total WIA/WIOA Cluster			-	296,437
WIA/WIOA Pilots, Demonstrations, and Research Projects	17.261	N/A	-	195,205

(continued)

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed Through to Sub-recipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through NYS Department of Transportation				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	N/A	-	1,012,925
Total Highway Planning and Construction Cluster:			-	1,012,925
Highway Safety Cluster:				
State and Community Highway Safety	20.600	69970	-	6,177
Child Safety and Child Booster Seat Incentive Grants	20.613	N/A	-	2,200
Total Highway Safety Cluster			-	8,377
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	1,021,302
APPALACIAN REGIONAL COMMISSION				
Passed through NYS Department of State				
Appalacian Regional Development	23.001	N/A	-	16,885
APPALACIAN REGIONAL COMMISSION			-	16,885
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed through NYS Department of Health				
Water Quality Management Planning	66.454	N/A	-	3,157
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			-	3,157
U.S. DEPARTMENT OF EDUCATION				
Passed through NYS Department of Health:				
Special Education-Grants for Infants and Families with Disabilities	84.181	N/A	-	58,964
TOTAL U.S. DEPARTMENT OF EDUCATION			-	58,964
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through NYS Office of the Aging:				
Special Programs for the Aging Title III, Part D - Disease Prevention and Health Promotion Services	93.043	69434	-	4,883
Aging Cluster:				
Special Programs for the Aging Title III, Part B - Grants for Supportive Service and Senior centers	93.044	69404	-	79,188
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	69423	-	156,674
Total Aging Cluster:			-	235,862
National Family Caregiver Support, Title III, Part E	93.052	N/A	-	30,449
Medicare Enrollment Assistance Program	93.071	N/A	-	12,438
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	N/A	-	40,777
Passed through NYS Department of Health				
Family Planning - Services	93.217	63402	-	127,598
Immunization Cooperative Agreements	93.268	N/A	-	43,564

(continued)

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

(concluded)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed Through to Sub-recipients	Total Federal Expenditures (1d)
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	N/A	-	71,239
Medicaid Cluster				
Medical Assistance Program	93.778	62101	31,371	2,353,395
Total Medicaid Cluster			31,371	2,353,395
Maternal and Child Health Services Block Grant to the States	93.994	63491	3,216	19,744
Passed through NYS Office of Temporary and Disability Assistance:				
TANF Cluster				
Temporary Assistance For Needy Families	93.558	N/A	584,779	6,920,466
Total TANF Cluster			584,779	6,920,466
Child Support Enforcement	93.563	62501	-	734,126
Low-Income Home Energy Assistance	93.568	69412	-	3,987,679
Passed through NYS Office of Children and Family Services:				
CCDF Cluster				
Child Care and Development Block Grant	93.575	62702	-	2,237,575
Total CCDF Cluster			-	2,237,575
Foster Care - Title IV-E	93.658	62401	-	1,865,496
Adoption Assistance	93.659	62402	-	12,245
Chafee Foster Care Independence Program	93.674	N/A	-	9,285
Passed through Millennium Collaborative Care				
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	N/A	-	83,299
Passed through NYS Office of Alcoholism and Substance Abuse Services				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	64805	635,536	635,536
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,254,902	19,425,656
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Programs:				
Retired and Senior Volunteer Program	94.002	N/A	-	40,000
TOAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			-	40,000
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through NYS Department of Homeland Security and Emergency Services				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	197,069
Emergency Management Performance Grants	97.042	N/A	-	27,552
Homeland Security Grant Program	97.067	N/A	-	114,210
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	338,831
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			$ 2,019,730	$ 26,646,495

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

COUNTY OF CATTARAUGUS, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County. The following notes were identified on the schedule of expenditures of federal awards:

(a) Includes all federal award programs of the County of Cattaraugus, New York. The federal expenditures of the Pines, the CCIDA, and the Land Bank have not been included.

(b) Source: Catalog of Federal Domestic Assistance.

(c) Pass-through entity identifying numbers are presented where available.

(d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.

(e) A reconciliation to the financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principle contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. MATCHING COSTS

Matching costs, i.e., the County's share of certain program costs, are not included in the reported expenditures.

4. NON-MONETARY FEDERAL PROGRAM

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements, termed "nonmonetary programs." New York State makes payments of benefits directly to vendors, primarily utility companies on behalf of eligible persons participating in Low-Income Home Energy Assistance Program (CFDA Number 93.568). $3,830,595 in direct payments were received by participants, which is included in the amount presented on the schedule of expenditures of federal awards.

5. AMOUNTS PROVIDED TO SUBRECIPIENTS

Certain program funds are passed through the County to subrecipient organizations. The County identifies, to the extent practical, the total amount provided to subrecipients from each federal program, however, the schedule does not contain separate schedules disclosing how the subrecipients outside of the County's control utilize the funds. The County requires subrecipients receiving funds to submit separate audit reports disclosing the use of the program funds.

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Certified Public Accountants

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

Honorable County Administrator and County Legislature
County of Cattaraugus, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Cattaraugus, New York (the "County") 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, and have issued our report thereon dated June 27, 2018. Our report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 72 and includes a reference to other auditors who audited the financial statements of the Pines Machias Campus, the Pines Olean Campus (the "Pines"), the County of Cattaraugus Industrial Development Agency (the "CCIDA"), and the Cattaraugus County Land Bank (the "Land Bank") as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Pines were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Drescher & Malecki LLP

June 27, 2018

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Honorable County Administrator and County Legislature
County of Cattaraugus, New York

Report on Compliance for Each Major Federal Program

We have audited the County of Cattaraugus, New York's (the "County") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Pines Machias Campus and Pines Olean Campus, the County of Cattaraugus Industrial Development Agency, and the Cattaraugus County Land Bank Corporation, which are not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2017. Our compliance audit, described below, did not include the operations of the Pines, the CCIDA, or the Land Bank.

Management's Responsibility

The County's management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Drescher & Malecki LLP

June 27, 2018

Part I. Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued: Unmodified*
* (which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 72 and includes a reference to other auditors)

Internal control over financial reporting:

Material weakness(es) identified?	___ Yes	✓ No
Significant deficiency(ies) identified?	___ Yes	✓ None reported
Noncompliance material to financial statements noted?	___ Yes	✓ No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	___ Yes	✓ No
Significant deficiency(ies) identified?	___ Yes	✓ None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	✓ No

Identification of major federal programs

Name of Federal Program	CFDA Number
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228
Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
Medical Assistance Program	93.778

Dollar threshold used to distinguish between Type A and Type B programs? $799,395

Auditee qualified as low-risk auditee?	✓ Yes	___ No

Part II. Financial statement findings section

No findings noted.

Part III. Federal award findings and questioned costs section

No findings noted.

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Prior Year Audit Findings
and Corrective Action Plan
Year Ended December 31, 2017
(Follow Up on December 31, 2016 Findings)

No findings noted.

FORM OF BOND COUNSEL'S OPINION

April 2, 2019

County of Cattaraugus,
State of New York

Re: County of Cattaraugus, New York
$7,890,651 Public Improvement (Serial) Bonds, 2019

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $7,890,651 Public Improvement (Serial) Bonds, 2019 (the "Obligations"), of the County of Cattaraugus, New York (the "Obligor"), dated April 2, 2019, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ____ hundredths per centum (_____%) per annum as to bonds maturing in _____, payable on April 1, 2020, October 1, 2020 and semi-annually thereafter on April 1 and October 1, and maturing in the amount of $_________ on April 1, 2020, $_________ on April 1, 2021, $_________ on April 1, 2022, $_________ on April 1, 2023, $_________ on April 1, 2024, $_________ on April 1, 2025, $_________ on April 1, 2026, $_________ on April 1, 2027, $_________ on April 1, 2028, $_________ on April 1, 2029, $_________ on April 1, 2030, $_________ on April 1, 2031, $_________ on April 1, 2032 $_________ on April 1, 2033, $_________ on April 1, 2034, $_________ on April 1, 2035, $_________ on April 1, 2036 $_________ on April 1, 2037, $_________ on April 1, 2038, $_________ on April 1, 2039 and $_________ on April 1, 2040

The Obligations maturing on or before April 1, 2025 shall not be subject to redemption prior to maturity. The Obligations maturing on or after April 1, 2026 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the County on April 1, 2025 or on any date thereafter at par, plus accrued interest to the date of redemption.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");

(3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

(a) The Obligations 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 Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

(c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS

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"), 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 21, 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 – C, D & E" and other than 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, 2018, and (ii) a copy of the audited financial statements, 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, 2018; 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 or, within sixty days following receipt by the County of its audited financial statement for the preceding fiscal year, but, in any event, not 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 said 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 (as defined in the Rule) 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 Bond holders, 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 the County 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.

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.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.