

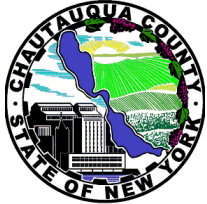
PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

BOND ANTICIPATION NOTES

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 Notes 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 Notes is not a specific preference item for purposes of the individual federal alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes 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 Notes. See "TAX MATTERS" herein.

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



\$3,400,000
COUNTY OF CHAUTAUQUA, NEW YORK
GENERAL OBLIGATIONS

\$3,400,000 Bond Anticipation Notes, 2024
(the "Notes")

Dated: December 19, 2024

Due: December 19, 2025

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

The Notes will be subject to redemption, in full or in part, on or after June 20, 2025 at par, upon 20 days' written notice.

At the option of the purchaser, the Notes will be issued as book entry only registered notes or in registered certificated form in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. A single note certificate will be issued for those Notes of an issue bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

Alternatively, if the Notes are issued as registered non-certificated notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the purchaser elects to register the Notes. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof as may be determined by such successful bidder. If the Notes are issued as registered notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes 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 Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or as is agreed upon with the purchaser, on or about December 19, 2024.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on December 4, 2024 until 11:00 A.M., Prevailing Time, pursuant to the Notice of 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 on or facsimile to the County, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

November 21, 2024

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(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF 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 NOTES. SEE "APPENDIX – D, MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES" HEREIN.

COUNTY OF CHAUTAUQUA NEW YORK



COUNTY OFFICIALS

PAUL M. WENDEL, JR.
COUNTY EXECUTIVE

TODD J. BUTTON
First Deputy Director of Finance

KITTY L. CROW
Director of Finance

KIMBERLY MELEEN
Director of Real Property Tax Services

ANA MORGAN
County Attorney

LARRY BARMORE
County Clerk

COUNTY LEGISLATURE

PIERRE CHAGNON
CHAIRMAN

ROBERT BANKOSKI
MARCUS BUCHANAN
PHILLIP LANDY
JAMIE GUSTAFSON
DALTON ANTHONY
TOM HARMON
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JOHN PENHALLOW
FREDERICK JOHNSON
TAMARA DICKEY
MARTY PROCTOR



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor



ORRICK HERRINGTON & SUTCLIFFE, LLP
Bond Counsel

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 Notes 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 CHAUTAUQUA, NEW YORK
RELATING TO
\$3,400,000 Bond Anticipation Notes, 2024

This Official Statement, which includes the cover page and appendices, has been prepared by the County of Chautauqua, New York (the "County," and "State," respectively), in connection with the sale by the County of the principal amount of \$3,400,000 Bond Anticipation Notes, 2024 (referred to herein as the "Notes").

The factors affecting the County's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the County's tax base, revenues, and expenditures, this Official Statement should be read in its entirety.

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 Notes and the proceedings of the County relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

NATURE OF OBLIGATION

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

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

"A pledge of the City's faith and credit is both a commitment to pay and a commitment of the City's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the City's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean...So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted...While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the *Flushing National Bank* (1976) case 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.

DESCRIPTION OF THE NOTES

The Notes 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 Notes 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 Notes and interest thereon, subject to applicable statutory limitations. See “NATURE OF OBLIGATION” and “TAX LEVY LIMITATION LAW” herein.

The Notes are dated December 19, 2024 and will mature on December 19, 2025.

The Notes will be subject to redemption, in full or in part, on or after June 20, 2025 at par, upon 20 days’ written notice.

The Notes will be issued in registered form at the option of the purchaser(s) either (i) requested in the name of the purchaser, in denominations of \$5,000 or integral multiples thereof as may be determined by the successful bidder(s); or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”) which will act as the securities depository for the Notes. See “BOOK-ENTRY-ONLY SYSTEM” herein.

PURPOSE OF ISSUE

The Notes are issued pursuant to the Constitution and statutes of the State including among others, the Local Finance Law and a bond resolution to provide funds for the following purpose and in the following amount:

<u>Purpose</u>	<u>Authorization Date</u>	<u>Authorization Amount</u>	<u>Amount of the Notes</u>
North Chautauqua County Water District Project	February 24, 2016	\$11,750,000	\$ 3,400,000
			<u>\$ 3,400,000</u>

The proceeds of the Notes will provide \$3,400,000 new monies for the abovementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Notes, if so requested. The Notes 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.

DTC 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each 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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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.

Principal and interest payments on the Notes 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 Notes at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, note 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 NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, 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 NOTES; (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 NOTES.

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 Notes

DTC may discontinue providing its services with respect to the Notes 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 system transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the County. The Notes will remain subject to redemption prior to their stated final maturity date.

THE COUNTY

General Information

The County is the western-most county in New York State. It is located on the southeastern shore of Lake Erie between the metropolitan statistical areas of Buffalo, New York to the northeast, and Erie, Pennsylvania to the west. In 2003, the county was designated the "Jamestown-Dunkirk-Fredonia Micropolitan Statistical Area." The 2023 Census listed 124,891 persons living in the 1,060 square miles of the county. This population is served by the cities of Dunkirk and Jamestown, 27 towns, and 13 villages.

A well-established and maintained system of all-weather roads are found throughout the County and provide access from Federal Interstate 90 (also known as the New York State Thruway) passing near the Lake Erie shore, and from Interstate 86/New York State Route 17 (also known as the Southern Tier Expressway). I-86 also comprises Corridor T of the Appalachian Development Highway System. The Chautauqua County/Jamestown Airport at Robert H. Jackson Field provided commercial air service for the County until January 2018, and currently serves businesses, charter services, and other non-commercial uses. The Chautauqua County/Dunkirk Airport also serves businesses, charter services, and other non-commercial uses for the Dunkirk/Fredonia community.

Acute care medical services are provided by three private hospitals located in Dunkirk, Jamestown, and Westfield. There are also a variety of outpatient healthcare and medical services available, including those provided by The Chautauqua Center, with locations in both Jamestown and Dunkirk.

A majority of the population is served by 15 municipal sewage treatment plants and 16 municipal water supply systems.

Elementary and secondary education is provided by 18 school districts and a County-wide vocational and special education Board of Cooperative Education Services. One (1) two-year, and 1 four-year college, both affiliated with the New York State University system, provide for additional educational opportunities.

During the summer months, Chautauqua Institution, on Chautauqua Lake, provides outstanding educational and cultural opportunities with programs in music, opera, dance, concerts, plays, and a series of lectures provided by persons of national and international reputation. Other destinations of national interest include the National Comedy Center/Lucy-Desi Center and Museum, the Robert H. Jackson Center, and the Roger Tory Peterson Institute - all located in Jamestown.

Source: County officials

Population Trends

Since 1950, the County has had a population trend as indicated below:

	<u>Population</u>
1950.....	135,200
1960.....	145,377
1970.....	147,305
1980.....	146,925
1990.....	141,895
2000.....	139,750
2010.....	134,905
2020.....	127,657
2023.....	124,891

Source: U.S. Bureau of Census.

Selected Wealth and Income Indicators

Per capita income statistics are available for the County and State. Listed below are select figures from the 2006-2010, 2016-2020, 2018-2022 American Community Survey 5-Year Estimates.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>
County of:						
Chautauqua	\$ 21,033	\$ 27,061	\$ 30,718	\$ 51,031	\$ 62,366	\$ 73,650
State of:						
New York	30,948	40,898	47,173	67,405	87,270	100,846

Note: 2019-2023 American Community Survey 5-Year Estimates are not available as of the date of this Official Statement.

Source: U.S. Bureau of the Census. 2006-2010, 2016-2020, 2018-2022 American Community Survey 5-Year Estimates.

Economy

Today, the manufacturing sector provides the base for the County's economy with important and growing contributions from the retail, service, and tourism sectors. Farming continues to contribute to the County's economy, as well as the associated food processing industry. With 1,291 farms growing a variety of crops including vegetables, fruit trees, grapes, and grain fields, the County ranks second in New York State for the number of farms. The 332 grape farms, operating 17,040 acres, comprise the largest fruit and nut industry in the State.

The County's 80 miles of lake shoreline (approximately 40 miles along Lake Erie and 40 miles around Chautauqua Lake) provides for second homes, tourism, and sportsman contribution to the local economy. The influence of urban populations from Cleveland, Pittsburgh, and Buffalo are noted contributors to this economic activity.

Recent and anticipated economic developments include:

- The County of Chautauqua Industrial Development Agency (CCIDA) and the State have approved a variety of commercial wind farm and solar projects to help the state achieve its green energy goals.

- Athenex, which was unsuccessful in getting the Dunkirk plant into full production after a series of regulatory setbacks, agreed to lease the 300,000 square ft, state-of-the-art, State-owned facility and its equipment for \$1 per year for an initial 10-year term to ImmunityBio, who will assume all capital expenditure and hiring obligations of Athenex's agreements with New York State. This includes spending \$1.52 billion on operational expenses in the first 10-year lease term and hiring 450 employees within the first 5 years of operations. It was announced in February 2022, that this "transfer" was approved and includes Athenex's leasehold interest (and all that entails) in the Dunkirk property. ImmunityBio has a preliminary agreement with Athenex that would allow them to manufacture some products at the Dunkirk facility under a contract manufacturing pact. ImmunityBio plans to further invest in the plant by adding biological manufacturing equipment, transferring technology from California to the Dunkirk facility, and doing enhancements to the facility. At present, they have approximately 2 employees, but are expected to increase employment as things accelerate. ImmunityBio recently received FDA approval for Anktiva, a liver-cancer drug, which is expected to have a large impact on the Dunkirk facility in terms of production, hiring, etc.
- Cummins' Jamestown Engine Plant, which has employed thousands of local residents since opening in 1974, announced a \$452 million investment to upgrade its operation in 2023 and is currently underway. This will result in the retention of 1,280 positions and the creation of 90 new positions. The facility will build hybrid engines that can operate using traditional fuel, diesel, and hydrogen.
- The National Comedy Center in Jamestown, constructed at a cost of approximately \$21.5 million, opened its doors in August 2018 and continues to bolster tourism within the County.
- The Chautauqua Harbor Hotel, located in Celeron (just outside of Jamestown) at a cost exceeding \$40 million, opened in August 2018. It continues to flourish as is a significant tourism draw to the area.
- Article 10 permitting for a 270-megawatt solar farm in the Town of Ripley has been approved by the state. The \$348 million project is expected to have a significant impact on the area as a result of a host agreement with the Town of Ripley including tax revenue, construction jobs, and lease payments to landowners. The project is expected to be completed sometime in 2025.
- Americold constructed a 200,000 square ft. cold storage facility in the Town of Dunkirk at a cost of more than \$40 million, and became operational in 2022. A significant portion of the facility is being used by Wells/Ferraro for storing ice cream products.
- Wells Ice Cream was purchased by Ferraro, a large Italian confectioner company, in early 2023. This followed a decision by Wells to decrease its workforce by approximately 100 positions. In late 2023, Wells Ice Cream was approved for a PILOT to upgrade the plants efficiencies and add 249 new jobs at a cost exceeding \$250 million of new investment, and in late 2024 they were approved for a PILOT for a \$175 million investment. All said, Wells' investment in the plant will exceed \$500 million and will bring the total job count to approximately 650 people.
- Sustainable Energy Jamestown, LLC, a Canadian firm, purchased the former Accurite facility in the Town of Ellicott, and is in the process of investing more than \$40 million in the facility. They will be manufacturing lithium-ion batteries for use in buses and automobiles. They are expected to ultimately employ more than 250 full-time employees. In mid-November of 2024, they announced they received \$52 million of required financing from the Import Export Bank, and will initiate plant upgrades and equipment purchases immediately. This will result in the hiring of 250 full-time employees over several years.
- Approximately twenty-five (25), less than 5-megawatt solar projects, were approved between 2022 and 2024 along with incentives via the CCIDA. They are expected to have a cumulative development cost of approximately \$250 million.
- While the final tally has not been undertaken, approximately 40 loans from the AI-Tech Loan Fund and EDA Cares Act fund were approved by the CCIDA Board between 2022 and 2024, with a total value of approximately \$7.5 million.
- Between 2022 and 2024, nearly 100 projects were approved by the CCIDA, with a combined investment of more than \$1.5 billion. In this same time period, approximately 3,500 full-time jobs were retained, and more than 1,000 new jobs were created. Thousands of temporary construction jobs were also created during this same time period.
- The historic White Inn in Fredonia, which sat vacant for almost 5 years, was purchased by a local developer, and was completely restored at a cost of more than \$4.5 million. They opened their doors in November of 2024.
- The County approved more than \$8 million of ARPA funding to several CCIDA-led projects, including: Acquisition of Shovel-Ready Sites; Workforce Development; Marketing Assistance to Businesses and NFPs; Broadband Expansion to Unserved and Underserved Communities; and assistance for a multitude of Economic Development-Related projects through the Partnership for Economic Growth.
- A rebranding/talent attraction campaign was launched by the CCIDA and Partnership for Economic Growth in 2024 to help curb population decline while also filling vacant job positions.
- A vast majority of the County's large manufacturers report they are doing well, with the biggest challenge being the filling of vacant positions.

- The Chautauqua County Partnership for Economic Growth (CCPEG), an initiative of the Chautauqua Region Economic Development Corporation and launched in 2019, brings together public and private leaders to focus on County-wide and regional economic development and is the central coordinating entity for the formation, retention, development, and attraction of quality jobs and advancements to quality of life in the County. In 2023, CCPEG focused on advancing 26 priority projects in alignment with the Chautauqua County Economic Development Strategy. It also provided \$459,250 in financial assistance and technical assistance to support several dozen partner-led projects and initiatives to support economic revitalization and long-term strategic investment throughout the County. In addition, CCPEG was awarded 11 grants in 2023, totaling more than \$1.18 million and leveraged an additional \$28.25 million on behalf of its partners. 2024 numbers have not yet been tallied; however, 2024 numbers will be very similar to 2023 numbers, and the partnership was awarded \$1.6 million in funding from the Ralph Wilson Foundation to continue operations for another 3 years.

Source: County officials and CCIDA staff.

Major Employers

Among the larger employers in the County, inclusive of municipal and County employees, are the following companies, together with the category of business and the approximate number employed within the County:

<u>Name of Employer</u>	<u>Business</u>	<u>Approximate No. of Employees</u>
The Resource Center	Human Resource Industry	2,308
Cummins Inc. (JEP)	Diesel Engine Manufacturer	1,500
Chautauqua County	County Government	1,060
WCA Hospital	Health Care Services	901
SUNY College at Fredonia	College Education	837
Jamestown Public Schools	Education	837
Wells	Ice Cream Products	620
Chautauqua Institution	Center for Culture/Education/Religion (Seasonal / Year-round)	605/120
Lakeview Shock Incarceration Facility	State Correctional Facility	520
Connections	Call Center	500
Chautauqua Opportunities	Community Action Program Agency	450
SKF Aeroengine	Ball and Roller Bearings	425
Nestle Purina PetCare Co.	Animal Food Products	420
Dunkirk Public Schools	Education	410
The Heritage Group (6 sites)	Health Care Services/Care for the Aged	401
Jamestown Community College	College Education	401
Lutheran Social Services	Care for the Aged and/or Infirm	400
Lake Shore Hospital	Health Care Services	400
Brooks Memorial Hospital	Health Care Services	400
Wal-Mart (2 sites) / Sam's Club	Department Store / Membership Whse.	400
Bush Industries	Furniture Manufacturer	350
Peek 'n Peek	Ski and Golf Resort	345
Fredonia Central School	Education	300
Titan X	Vehicle Cooling Systems	280
City of Jamestown	City Government	275
Hope's Architectural Products	Steel & Aluminum Windows	240
City of Dunkirk (City Hall)	City Government	210
Universal Stainless/Dunkirk Specialty Steel	Bar, rod, wire specialty steel products	180
Maplevale Farms, Inc.	Food Processing	165
Dawson Metal	Custom Entrances / Metal Fabrication	165
Carborundum Co. / Monofrax Fused	Fused Cast Refractories	150
Westfield Memorial Hospital	Health Care Services	150
Rand Machine/Spartan Tool	Machine & Precision Milling	150
Aspire of Western New York	Developmental Disability Services	147
Jamestown Metal Products	Laboratory Furniture	125
Jamestown Container	Corrugated Boxed	120
Serta Beddingd	Bedding	116
ECR International	HVAC Manufacturer	115
The Waters of Westfield	Nursing Home	105
Post-Journal	Newspaper Publication	100
Weber-Knapp Corp.	Specialty Metal Products	100
Renold, Inc.	Mechanical Power Transmission Equipment	100
Producto Machine	Machine and Precision Milling	92
Athenex	Pharmaceutical Manufacturing	80
Better Baked Foods	Food Processing	45
Blackstone-NEY Ultrasoncis	Precision ultrasonic cleaning equipment	37

Source: County of Chautauqua IDA.

Note: The above list reflects full and part-time employment data as reported by each employer. Some employers chose not to participate.

Unemployment Rate Statistics

Unemployment statistics are available for the County as such. The information set forth below with respect to the County is included for informational purposes only.

	<u>Annual Average</u>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Chautauqua County	6.0%	5.0%	4.5%	8.5%	5.6%	4.0%	4.3%
New York State	4.6%	4.1%	3.9%	9.8%	7.1%	4.3%	4.2%

	<u>2024 Monthly Figures</u>										
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>
Chautauqua County	5.3%	5.3%	4.9%	4.2%	4.0%	3.9%	4.4%	4.4%	3.4%	3.5%	N/A
New York State	4.3%	4.5%	4.2%	3.9%	4.2%	4.3%	4.9%	4.9%	4.0%	4.1%	N/A

Note: Unemployment rates for November 2024 are unavailable as of the date of this Official Statement.

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

Form of County Government

Subject to the State Constitution, the County operates pursuant to its Charter, the County Law and the General Municipal Law, and other laws governing the County generally to the extent that such laws are applicable to a County operating under the charter form of government.

The County is governed by a County Executive, elected for a four-year term, and as of January 1, 2014 by 19 Legislators elected from County election districts, down from 25. The Legislators are elected for a two-year term.

The Director of Finance and the County Attorney are appointed and serve at the pleasure of the County Executive.

The Director of Finance is the Chief Fiscal Officer of the County.

State Aid

The County receives financial assistance from the State. In its adopted budget for the 2025 fiscal year, approximately 16.3% of the revenues of the County are estimated to be received in the form of State aid. 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.

The American Rescue Plan Act ("ARPA") provides for a Coronavirus State and Local Fiscal Recovery Fund and the County received an allocation of \$24,600,000. An ARPA Committee consisting of the County Executive, several legislators, and several department heads worked for many months to create a plan consisting of projects that address the key strategic categories as defined by the Department of Treasury (the "ARPA Plan"). After thoroughly reviewing the ARPA Plan, the committee recommended its adoption to the County Executive, who, in turn recommended approval of the ARPA Plan to the County Legislature. The ARPA Plan which included approximately 43 individual projects was adopted in September 2021 and has been amended when projects did not come to fruition or came in under budget. The County anticipates all funds will be appropriated and expended by the respective due dates.

In addition to the ARPA funding, the County has received the following other funds:

- 2020 CARES funding of \$138,136 for Mental Hygiene, \$523,861 for rural transit, and \$99,000 for airports.
- 2021 CARES funding of \$1,147,027 for rural transit.
- 2021 CRSSA funding of \$26,000 to defray operating cost for the County's two airports.

Investment Policy

Pursuant to the statutes of the State General Municipal Law, Section 11, 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; (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; (5) with the approval of the 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; (8) in the case of County moneys held in certain reserve funds established pursuant to law, obligations issued by the County; (9) through a Deposit Placement Program, certificates of deposit in one or more “banking institutions”, defined in Banking Law Section 9-r; (10) highly-rated municipal bonds from any state in the United States; (11) U.S. government-backed securities, such as those issued by the Federal Home Loan Mortgage Association and other federal agencies; (12) highly-rated cooperate bonds, as long as they have been independently rated, and (13) money-market mutual funds, which are guaranteed by the U.S. government. 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 law.

Consistent with the above statutory limitations, it is the County's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute; (2) obligations of the United States of America; and (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. In the case of obligations of the United States government, the County may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

Tobacco Settlement

In September 2000, the County sold to Chautauqua Tobacco Asset Securitization Corporation (“CTASC”) the future revenue stream to which the County is entitled to as a result of a Master Settlement Agreement that was entered into by participating cigarette manufacturers, 46 states and six other U.S. jurisdictions in November 1998 in settlement of certain smoking-related litigation and the Consent Decree and Final Judgment related thereto. CTASC issued bonds (the “2000 Series Bonds”) secured by such future revenue stream to finance the purchase. The County received \$22.1 million from the sale of the future revenue stream. The proceeds from the sale were used as follows: \$17.4 million was placed in an irrevocable escrow fund to defease certain existing obligations of the County and \$4.7 million was used to fund certain capital projects. All of these funds have been expended.

In 2005, the County received \$9,476,371.32 net proceeds from bonds issued by CTASC through New York Counties Tobacco Trust V (‘NYCTT V’) which further securitized the revenues available under the Master Settlement Agreement. The proceeds were utilized to pay for Family, County and Surrogate Court facility improvements at the County seat in Mayville, New York.

On November 6, 2014, CTASC issued bonds in the amount of \$34,746,000 to refund the 2000 Series Bonds, purchase the 2005 Series S4B bonds and, provide \$600,000 proceeds that was used by the County for the expansion of the Sherman Department of Public Facilities maintenance facilities and the creation of a \$120,000 CTASC operating reserve.

CTASC is reported as a blended component unit of the County in the County’s financial statements. One result of this treatment is that CTASC’s debt will be reported with the County’s debt on the financial statements, notwithstanding that CTASC’s debt is not debt of the County, and will not be applied against the County’s debt limit (see “STATUS OF INDEBTEDNESS - Debt Statement Summary”) and is secured only by CTASC reserve funds and the future revenue stream under the Master Settlement Agreement described above. Debt issued by CTASC is not general obligation debt of the County nor does the County guarantee the payment of debt service on any CTASC debt.

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Employees

A majority of the County's 1,148 full-time employees belong to the Civil Service Employees Association Unit 6300 ("CSEA 6300"). The current contract with CSEA Unit 6300 began January 1, 2024 and expires December 31, 2027.

The Sheriff's Supervisors' Bargaining Unit (CCSSA) has approximately 9 members and was formed in 1997. Its current contract expires on December 31, 2025.

The Chautauqua County Sheriff's Employees' Association (CCSEA) has approximately 109 full-time and 19 part-time members. The current contract with CCSEA began January 1, 2024 and expires December 31, 2027.

The Deputy Sheriff Association of Chautauqua County (DSACC) has approximately 63 members. Its current contract will expire on December 31, 2025.

The Chautauqua County Civil Service Employee Association Unit CSEA 6322 ("CSEA 6322") has approximately 33 part-time members. Its current contract will expire on December 31, 2025.

Negotiations for contracts expiring December 31, 2025 are expected to commence spring 2025.

Source: County officials.

Pension Payments

Substantially all employees of the County are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offers a wide range of 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 each 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 Systems.

The ERS is non- contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non- contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% base on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

The County's contributions to the ERS for all County funds since 2019 and the 2024 budgeted payments are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$8,723,717
2020	8,797,688
2021	9,738,199
2022	8,189,631
2023	8,550,088
2024 (Budgeted)	10,302,241

DSACC and CCSSA members were converted to a different retirement plan beginning 2017. The County Legislature elected to amortize the buy in costs for the conversion to the new retirement plan of \$2.6 million over 10 years. The 2017 actual results include the first installment plus a one-time adjustment for the prior year totaling approximately \$525,000 for the conversion to the new retirement plan. The County's budgets for the years 2018 through 2023 included the annual installment and the County is current on these payments. The eighth annual installment is included in the 2024 budget.

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

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

A chart of average ERS rates (2021 to 2025) is shown below:

<u>Year</u>	<u>ERS</u>
2021	14.6%
2022	16.2
2023	11.6
2024	13.1
2025	15.2

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

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

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

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 provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the County, to account for post-retirement healthcare benefits as it accounts for vested pension benefits.

Healthcare Benefits. School districts and boards of cooperative educational services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

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

GASB 75. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending December 31, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The first actuarial valuation under GASB 75 was completed for the fiscal year ending December 31, 2018.

The County has contracted with BPAS Services to prepare its post-retirement benefits valuation. The following outlines the changes to the Total OPEB Liability during the 2022 and 2023 fiscal years, by source.

Balance beginning at January 1:	2022	2023
	\$ 31,771,793	\$ 27,829,405
Changes in Net OPEB Liability:		
Service cost	2,003,136	1,290,336
Interest	605,968	1,030,228
Changes in assumptions or other inputs	(4,867,783)	1,227,980
Differences between expected and actual experience	-	(2,509,212)
Changes of benefit terms	-	(991,125)
Benefit payments	(1,683,709)	(1,966,163)
Net Changes	\$ (3,942,388)	\$ (1,917,956)
Balance ending at December 31:	2022	2023
	\$ 27,829,405	\$ 25,911,449

Source: GASB 75 Actuarial Valuation of the County.

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 funds this liability on a pay-as-you-go basis.

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.

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

Other Information

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

The County is in compliance with the procedure for the validation of the Notes as 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. On June 15, 2018, the County had an interest payment due and as a result of clerical oversight the payment was not made until June 21, 2018. Corrective actions have been put in place to ensure on time payments. The County has no reason to believe there will be any late debt service payments in the future.

The fiscal year of the County is January 1 through December 31.

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

Recent Events and Budget Discussion for Fiscal Years 2020-2025

2020. Faced with many challenges throughout the pandemic the County was able to effectively manage its budget and end the 2020 fiscal year with positive results. Early in the pandemic the County Executive proactively took action to mitigate the expected financial effects of the pandemic, and to keep the County on track to achieve the goals incorporated in the 2020 Adopted Budget. This included direction to all departments to submit a plan to reduce their budgets by 15%-20%, the delay of any discretionary spending and/or contracts for services and implementing a hiring freeze. The County Executive also formed a committee that met twice weekly to address financial concerns associated with the COVID-19 pandemic. The committee included the County Executive, Finance Director, Budget Director, Human Resources Director, County Attorney, the Chairman of the Legislature and two additional Legislators. The results of these efforts were many budget amendments that offset over \$4,000,000 of projected sales tax and occupancy tax deficits. Additionally, the County and its largest union, CSEA 6300, entered into a memorandum of agreement for a voluntary furlough program. The aforementioned cost reductions coupled with better than expected sales tax receipts resulted in a General Fund surplus of nearly \$6,000,000. Unobligated General Fund balance increased by \$5,813,195, 8.0% of General Fund revenue.

2021. The 2021 adopted budget was structurally balanced and did not use any General Fund balance. The tax rate increased by \$0.05 per thousand, at 0.57% increase. A conservative approach was taken in budgeting sales tax and the 2021 budget assumed no increase from 2020. That and other measures taken in the development of the 2021 budget resulted in a tax levy increase of \$2,954,438 which exceeded the allowable limit by \$1,733,404. Sales tax receipts exceeded the budget by nearly \$8,000,000. The overall net surplus in the General Fund in 2021 was \$8,742,727. Unobligated General Fund balance increased by \$10,532,187, 11.9% of General Fund revenue.

2022. The 2022 adopted budget was structurally balanced and did not use any General Fund balance. The tax rate decreased by \$0.04 per thousand, at 4.75% decrease. Budgeted sales tax revenue increased by \$5,577,541 to \$47,144,248. The increase was based on the County's projected 2021 receipts at the time the budget was adopted. While this was a significant increase from the 2021 budget the 2022 budget did not include a growth factor over 2021 projections which the County believed to have been a conservative approach in formulating the budgeted sales tax figure. As a result, the County was able to restore staffing and services to pre-pandemic levels as well as add additional positions and services. Year end results reflected a General Fund surplus of nearly \$19,000,000. Material items contributing to this surplus included proceeds from the County's auction which included three tax years and sales tax receipts in excess of budget, prior year payments resulting from the resolution of a dispute on the Tribal Compact between New York State and the Seneca Nation and a reduction in Medicaid payments. The County's General Fund Balance for the fiscal year ending December 31, 2022 was \$62.3 million. Unobligated General Fund balance increased by \$14,621,796, 15.9% of General Fund revenue.

2023. The 2023 adopted budget included the use of \$4.176 million of General Fund balance to fund various one-time expenditures, \$2.7 million of which was for capital projects. The tax rate decreased by \$0.03 per thousand, at 3.69% decrease. Budgeted sales tax revenue increased by \$3,017,153 to \$50,161,401. The County's General Fund ended the year with a surplus to budget of approximately \$8.3 million. Items contributing to this surplus include \$3.7 million sales tax and \$1.7 million interest earnings in excess of the budget. Spending came in under budget by approximately \$2.5 million. The County's General Fund Balance for the fiscal year ending December 31, 2023 was \$64,818,896. Unobligated General Fund balance decreased by \$1,079,767, 16.1% of General Fund revenue.

2024. The 2024 adopted budget included the use of \$5.1 million of General Fund balance to fund various one-time expenditures, \$2.3 million of which was for capital projects. The County's full valuation increased 16% which contributed to a significant tax rate decrease of \$0.89 per thousand, an 11.5% decrease. Budgeted sales tax revenue increased by \$3,183,491 to \$53,344,893. Based upon sales tax receipts through October 2024, the County expects to meet its sales tax budget. At this time, the known variances are not expected to result in a net material variance to budget.

2025. The recently adopted 2025 budget included the use of \$6.7 million of General Fund balance to fund various one-time expenditures, \$2.0 million of which was for capital projects. The County's full valuation increased 5.56% which contributed to a tax rate decrease of \$0.21 per thousand, a 2.98% decrease. The budgeted County share of sales tax revenue increased by \$2,218,910 to \$55,563,803. The County Five-Year Forecast projects the County will continue to maintain a structurally balanced budget through 2029, will be able to stay under the tax cap and is expected to maintain unassigned General Fund balance within the 5% to 15% of General Fund Appropriations set by the County's financial management policy. The County last amended its financial management policy in August 2024. The bulk of the changes focused on the uses of General Unobligated Fund Balance, changed the measure of unobligated fund balance to a percentage of appropriations rather than revenues and established a target within the range to maintain fund balance.

Due to the Supreme County ruling on Tyler vs. Hennepin County, the New York State 2024-2025 budget included changes to the In-REM Foreclosure process. It is too early to estimate the impact of the proposed change on the County's budget but it is possible the impact could be as much as \$1 million annually. The County has formed a committee to review information and present recommendations to the Legislature as to how the County should handle foreclosure going forward. The committee is comprised of members of the Legislature and the Administration.

Aside from 2021, the County has not exceeded its allowable tax levy limit since its implementation. The committee formed in 2020 continues to meet on an monthly basis to monitor and address any continuing financial concerns.

The County's 2024 budget was adopted on October 27, 2023. The County's 2025 budget was adopted on October 23, 2024.

Financial Statements

The County retains an independent certified public accounting firm for a continuous independent audit of all financial transactions of the County. The County's Audited Financial Statements for the fiscal year ending December 31, 2023 are attached as APPENDIX – D. Certain financial information may also be found in the Appendices to this Official Statement.

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

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

Beginning with the fiscal year ending December 31, 2003 the County will issue 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.

New York State Comptroller Report of Examination

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 found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The New York State Comptroller's Office released an audit of the County on December 22, 2023. The purpose of the audit was to determine whether County officials adopted realistic budgets, routinely monitored financial operations and took appropriate actions to maintain the North Chautauqua County Water District's fiscal stability.

Key Findings:

The District Board (Board), County Legislature (Legislature) and other County officials did not adopt realistic budgets, routinely monitor the District's financial operations or take appropriate actions to maintain the District's fiscal stability. As such, all County taxpayers have been indirectly funding District operations instead of just the real property owners who benefited from the District's services. County officials:

- Overestimated revenues by a total of \$1.6 million, an average of \$410,000 or 29 percent each year, from 2019 through 2022.
- Did not enforce collection of water usage billed to Chadwick Bay Intermunicipal Water Works (CBI), resulting in a balance owed of \$1.4 million.
- Spent \$5.2 million from the general fund for District operations and did not repay the general fund, as required, because the District did not have sufficient funds.
- Did not thoroughly review budget-to-actual reports and did not prepare cash flow analyses.

Because officials were not monitoring the District's financial operations, the District had a growing negative cash balance totaling over \$5 million as of December 31, 2022, was experiencing, on average, \$150,000 operating deficits each year, and owed the general fund \$5.2 million, plus related interest.

Key Recommendations:

- Adopt realistic budgets and develop a plan to collect amounts owed.
- Closely monitor the District's finances by reviewing budget-to-actual reports and cash flow analyses to prevent further decline in financial condition.

On November 30, 2023, the County submitted a response to the State Comptroller's recommendations. A copy of the complete report and County's response can be found on the State Comptroller's official website in the section regarding completed municipal audits.

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

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

Source: County officials.

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:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2022	No Designation	0.0
2021	No Designation	6.3
2020	No Designation	19.2
2019	No Designation	31.7
2018	No Designation	31.7

Source: Website of the Office of the New York State Comptroller. 2023 information is not available as of the date of this Official Statement.

Note: Reference to websites implies no warranty of accuracy of information therein, nor inclusion herein by reference.

TAX INFORMATION

Taxable Valuations

<u>Years Ending December 31:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed Valuation	\$ 6,208,761,421	\$ 6,339,345,351	\$ 6,584,822,195	\$ 6,673,407,564	\$ 6,832,771,593
New York State Equalization Rate	81.50%	81.24%	80.05%	74.93%	66.27%
Full Valuation	\$ 7,593,537,990	\$ 7,803,231,599	\$ 8,248,160,385	\$ 8,931,427,203	\$10,352,851,606

Note: Full Valuation figures are calculated using State Equalization Rates of each Village, Town and City within the County.

Tax Rate per \$1,000 (Assessed)

<u>Years Ending December 31:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
	\$ 8.46	\$ 8.50	\$ 8.10	\$ 7.80	\$ 6.91

Real Property Tax

Approximately 32.8% of the anticipated 2024 County revenue is derived from the real property tax levy. The County levies its own tax, and bills owners for town and re-levied school district items as well. County taxes are collected by the towns and cities in the County, and such taxes are due and payable by January 31, without penalty. Penalties are 1% in February and 2% in March. On approximately April 1, the town tax collectors report to the County the amount of uncollected taxes. The County thereafter adds a 5% penalty and 1% per month charge on outstanding taxes.

Tax assessment values, which are set by local assessors in the cities, towns, and villages, are by law utilized by the County in calculating the tax bill for each individual property. Such assessments are occasionally subject to challenge by taxpayers in tax certiorari proceedings brought against the assessing jurisdiction. A successful challenge of an assessment can obligate the County to issue a refund of County taxes.

The County is responsible for guaranteeing taxes of the following units of government within the County; (1) all school districts or portions thereof situated outside of cities, (2) all towns, (3) all villages and (4) County taxes in the City of Dunkirk and the City of Jamestown, and, by agreement, city and city school taxes in Jamestown and Dunkirk.

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Tax Collection Record

Fiscal Year Beginning <u>January 1</u>	Total Ad Valorem of General Property Tax ⁽¹⁾	Uncollected at <u>End of Fiscal Year</u> ⁽²⁾	Uncollected <u>10/31/23</u> ⁽³⁾
2006	\$78,874,799	\$6,696,573	\$ 13,974
2007	80,319,589	6,297,562	27,997
2008	81,950,948	6,744,912	19,500
2009	81,931,035	6,552,708	15,231
2010	82,445,069	5,046,824	20,166
2011	87,474,935	6,545,623	6,842
2012	89,893,062	6,606,843	8,468
2013	91,405,215	6,376,884	21,765
2014	93,584,699	6,821,927	13,092
2015	94,634,794	7,266,643	60,224
2016	91,855,649	6,645,629	111,271
2017	87,404,942	6,372,032	139,353
2018	88,349,102	7,477,192	224,069
2019	91,464,944	13,164,104	340,052
2020	99,094,265	14,968,405	440,215
2021	102,883,711	16,794,144	519,410
2022	101,129,963	10,196,658	2,988,137
2023	106,535,151	<u>12,740,788</u>	<u>7,912,227</u>
Total uncollected for 2006-2023			<u>\$ 12,881,996</u>

- (1) Total Ad Valorem or General Property Tax includes all Towns, Cities, County and relieved taxes billed in January of each year.
- (2) Uncollected amounts at end of fiscal year exclude interest and penalties.
- (3) Uncollected amounts outstanding for each fiscal year excluding interest and penalties as of October 31, 2023 (represents most recent information available).

Sales Tax

As of December 1, 2015, the County imposes a sales and use tax at the rate of 4.00%, an increase of 0.5% The additional tax rate increase of 0.5% currently expires on November 30, 2025. This is in addition to the State sales and use tax of 4.00%. Fifty percent (50%) of the base 3% and 85% of the additional 1.00% is available for County purposes. The remaining money is allocated quarterly to cities based on population, and areas in the County outside cities, according to a formula based on their respective populations determined in accordance with the latest official census, and property valuation. The share of sales tax is set by resolution. The most recent resolution which extends the additional sales tax and the municipal shares extends through November 30, 2025.

See also "Recent Events and Budget Discussion for Fiscal Years 2020-2025" herein.

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Ten Largest Taxpayers 2023-2024 Assessment Roll

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>Estimated Taxable Assessed Valuation</u>
National Grid	Utility	\$ 137,848,026
National Fuel Gas Supply Corp	Utility	70,228,269
Tennessee Gas Pipeline Co.	Utility	37,211,012
Windstream NY	Internet	24,570,607
CSX – New York Central Lines	Railroad	19,871,028
Niagara Mohawk Power, Corp	Utility	19,136,011
Wal-Mart Real Estate Buis. Trst	Real Estate	11,500,000
Scott's Peek 'N Peak LLC	Resort	11,010,500
Cummins	Industrial	10,355,375
Nestle Purina Pet Care Company	Industrial	10,314,920

The larger taxpayers listed above have an estimated total taxable assessed valuation of \$352,045,748 which represents 5.2% of the 2024 tax base of the County.

Article 7 actions involving the taxable status of fiber optic communications with taxable property valued at approximately \$15,000,000 are pending. However, the County does not expect this to have a material effect on the County's overall finances.

Source: County Tax Rolls.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2023-2024:

	<u>2023</u>	<u>2024</u>
Five-Year Average Full Valuation.....	\$ 8,020,496,151	\$ 8,612,122,148
Tax Limit 1.5% thereon.....	120,307,442	129,181,832
Plus: Exclusions for Debt Service and Capital Purposes	3,633,090	3,718,381
Total County Taxing Power.....	123,940,532	132,900,213
Less: Tax Levy for County Purposes.....	69,631,835	71,477,108
Constitutional Tax Margin	\$ 54,308,697	\$ 61,423,105

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.

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. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of

certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception 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 Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of 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.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

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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 Director of Finance, 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 when a bond ordinance 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
- (3) An action contesting such validity, is commenced within twenty days after the date of such publication, or,

Such obligations are authorized in violation of the provisions of the Constitution.

The County generally issues its obligations after the time period specified in 3, above has expired with no action filed that has contested validity. It is a procedure that is recommended by Bond Counsel and followed by the County, 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 has authorized bonds for a variety of County objects or purposes.

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such 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 tax anticipation notes, deficiency notes and budget notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

<u>Years Ending December 31:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$ 61,461,018	\$ 59,335,135	\$ 54,146,758	\$ 59,023,931	\$ 53,049,717
EFC Short-Term Financing ⁽¹⁾	16,863,700	13,866,000	13,866,000	15,859,061	14,214,382
Bond Anticipation Notes	<u>19,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 78,324,718</u>	<u>\$ 73,201,135</u>	<u>\$ 68,012,758</u>	<u>\$ 74,882,992</u>	<u>\$ 67,264,099</u>

- ⁽¹⁾ Short-term financing of certain County improvements in anticipation of long-term financing by the New York State Environmental Facilities Corporation ("EFC"). See "Recent Financings, Authorized but Unissued Debt and Capital Budgets" herein for additional information relating to the County's water and sewer EFC loans.

Note: Certain obligations have been economically defeased with bonds issued by CTASC. The amounts listed above do not include such defeased bonds.

The table above does not include any lease or installment purchase indebtedness to the extent any such indebtedness may be applicable to the County. See "Lease Obligations" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the County as evidenced by bonds and notes as of November 21, 2024:

<u>Type of Indebtedness</u>	<u>Due</u>	<u>Amount Outstanding</u>
Bonds	2024-2050	\$ 49,491,196
EFC Short-Term Financing - Sewer	March 14, 2025	13,866,000
EFC Short-Term Financing - Water	January 13, 2027	<u>1,968,561</u>
		<u>\$ 65,325,757</u>

Note: The table above does not include any lease or installment purchase indebtedness to the extent any such indebtedness may be applicable to the County. See “Lease Obligations” herein.

See “Recent Financings, Authorized but Unissued Debt and Capital Budgets ” herein for additional information relating to the County’s water and sewer EFC loans.

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of November 21, 2024:

Five-Year Average Full Valuation	\$ 8,585,841,757
Debt Limit - 7% thereof.....	601,008,923
<u>Inclusions:</u>	
Bonds.....	\$49,491,196
EFC Short-Term Financing.....	15,834,561
Bond Anticipation Notes	<u>0</u>
Total Inclusions.....	<u>\$ 65,325,757</u>
<u>Exclusions:</u>	
Appropriations ⁽¹⁾	\$ 2,670,000
Water - EFC Short-Term Financing ⁽²⁾	<u>1,968,561</u>
	<u>\$ 4,638,561</u>
Total Net Indebtedness	<u>\$ 60,687,196</u> ⁽³⁾
Net Debt-Contracting Margin.....	<u>\$ 540,321,727</u> ⁽³⁾
The percent of debt contracting power exhausted is	10.10% ⁽³⁾

- ⁽¹⁾ Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.
- ⁽²⁾ Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.
- ⁽³⁾ Does not include lease or installment purchase indebtedness. See “Lease Obligations” herein.

Note: The issuance of the Notes will not increase the net indebtedness of the County.

The County does not currently have an exclusion approved by the State Comptroller’s Office for its sewer indebtedness.

See “Recent Financings, Authorized but Unissued Debt and Capital Budgets ” herein for additional information relating to the County’s water and sewer EFC loans.

Bonded Debt Service

A schedule of bonded debt service may be found in “APPENDIX – B” to this Official Statement.

Borrowing for Cash Flow Purposes

The County has not issued tax anticipation notes since 2008 and does not presently plan on issuing tax anticipation notes or revenue anticipation notes, nor budget or deficiency notes in the foreseeable future.

Lease Obligations

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

Fiscal Year Ending December 31st	Total Amount
2024	\$ 1,122,967
2025	1,089,753
2026	1,007,054
2027	753,226
2028	48,289
2029-2033	209,908
2034-2036	91,034
	<u>\$ 4,322,231</u>

Source: 2023 Audited Financial Statements.

Recent Financings, Authorized But Unissued Debt and Capital Budgets

The County recently formed a North County Regional Water District to consolidate existing water districts and issue bonds to make improvements to the aging water systems of former water districts. The estimated cost is \$17.8 million, \$7.8 million is financed by a participating municipality with County financial support to such municipalities and the balance will be financed by the County and will be paid for by rates and charges collected in the Water District. On February 24, 2016, the County adopted a bond resolution in the amount of \$11.75 million for the cost of improvements in connection with the establishment of the North Chautauqua County Water District. The project is expected to be completed by fall 2024 and is eligible for \$8 million in grant funds. The County closed on \$1,993,061 short term interest free financing with the New York State Environmental Facilities Corporation ("EFC") in January 2022 maturing January 13, 2027. As of the date of this Official Statement, the County has drawn down \$1,993,061 of the EFC short-term loan funds and \$1,798,942 of a \$3,000,000 NYS EFC WIIA grant. The proceeds of the Notes will provide \$3,400,000 new monies for the project.

The EFC previously awarded the County a \$13,866,000 interest free loan for improvements to the South and Center Chautauqua Lake Sewer District. The total project is projected to cost \$16,888,000. The balance is funded with two grants, \$5 million WQIP grant pre-financed with an EFC short term market rate interest loan, a \$2,972,000 WIIA grant and a \$50,000 Engineering planning grant. The EFC Clean Water Facility Note for \$13,866,000 was dated March 14, 2019 and matures March 14, 2025. As of the date of this Official Statement, the County has drawn down \$14,693,281.60.

The County Legislature authorized the issuance of bonds to fund the design and construction of improvements for the extension of the South Chautauqua Lake Sewer District (Phase II), including installation of new facilities for the sewer extension that include gravity and/or pressure sewers, pumping stations, as well as incidental improvements and expenses. EFC awarded the County a \$6,000,000 interest free loan for this project. The total project is projected to cost \$24,000,000. The balance is funded with two grants, \$6 million WIIA grant and a \$12,000,000 Bipartisan Infrastructure Law grant. The County anticipates closing into an EFC Clean Water Facility Note in January 2025.

The County is in the design phase for two I&I projects. The Portland Pomfret Dunkirk Sewer District I&I project is estimated to cost \$1,612,000. The County was awarded a \$399,250 WIIA grant, with the balance being funded through \$3,750 of the County's ARPA funds and a \$1,209,000 EFC interest free loan. The North Chautauqua Lake Sewer District I&I project is estimated to cost \$5,480,000. The County was awarded an \$870,000 WIIA grant, with the balance being funded through \$2,000,000 congressional earmark and a \$2,610,000 EFC interest free loan.

In addition, the County has completed a preliminary engineering report to undertake a new North Chautauqua Regional Water Phase 3 project. The project is estimated to cost \$8,200,000. Low interest loan and grant funds are being sought to assist with the project's financing.

The County's 2020, 2021, 2022, 2024 and 2025 capital budgets include several projects to be funded by serial bonds totaling \$19,235,155.

2020 Summary of Capital Projects of the County

<u>Project Type</u>	<u>Estimated Project Cost</u>	<u>Funding Source</u>
<u>County Operations:</u>		
Airports/Parks	\$ 103,500	Interest Earnings/Timber Sales
Buildings & Grounds	75,000	Interest Earnings
Chautauqua Area Regional Transit System	477,544	Interest Earnings/State & Federal Funding
Public Facilities	320,000	Interest Earnings/Bond
Information Technology SVS	580,000	Interest Earnings/Bond
Sheriff	199,439	Interest Earnings
Transportation	2,100,000	Interest Earnings/Bond
Planning and Economic Development	35,000	Interest Earnings
Board of Elections	119,900	Interest Earnings
Jamestown Community College	358,250	Interest Earnings/Bond
Vehicles	573,125	Local Share
<u>Roads and Bridges</u>		
Bridges	\$ 1,450,000	Local Share/State Funding & Dedicated Revenue/User Fees
Roads	4,700,000	Local Share/State Funding/ Dedicated Revenue/User Fees
<u>Enterprise Funds</u>		
Landfill	\$ 1,000,000	Dedicated Revenue/User Fees
Sewer Districts	300,000	Dedicated Revenue/User Fees

2021 Summary of Capital Projects of the County

<u>Project Type</u>	<u>Estimated Project Cost</u>	<u>Funding Source</u>
<u>County Operations:</u>		
Airports/Parks	\$ 39,000	Reserves/Timber Sales
Chautauqua Area Regional Transit System	888,094	Interest Earnings/State & Federal Funding
Public Facilities	86,000	Interest Earnings
Information Technology SVS	56,000	Interest Earnings
Sheriff	203,682	Interest Earnings
Emergency Services	135,000	Interest Earnings
Transportation	2,100,000	Interest Earnings/Bond
Planning and Economic Development	833,000	Interest Earnings/State Funding/Other Local
Health and Human Services	67,200	Interest Earnings/State & Federal Funding
Board of Elections	119,900	Interest Earnings
Legislature	25,500	Interest Earnings
Human Resources	29,750	Interest Earnings
Jamestown Community College	172,250	Interest Earnings
Vehicles	593,625	Local Share
<u>Roads and Bridges</u>		
Bridges	\$ 1,447,502	Local Share/State Funding & Dedicated Revenue/User Fees
Roads	4,700,000	Local Share/State Funding/ Dedicated Revenue/User Fees
<u>Enterprise Funds</u>		
Sewer Districts	\$ 550,000	Dedicated Revenue/User Fees

2022 Summary of Capital Projects of the County

<u>Project Type</u>	<u>Estimated Project Cost</u>	<u>Funding Source</u>
<u>County Operations:</u>		
County Clerk	\$ 40,000	Interest Earnings
Sheriff	133,642	Interest Earnings/Reserves
Emergency Services	140,000	Interest Earnings
Information Technology SVS	253,000	Interest Earnings/Reserves
Airports/Parks	142,000	Timber Sales/Federal Funding
Buildings and Grounds	220,900	Interest Earnings/ Reserves
CARTS	496,837	Interest Earnings/State & Federal Funding
Pubic Facilities	160,000	Interest Earnings/Reserves
Transportation	3,773,500	Bonds
Planning and Economic Development	720,000	Interest Earnings/Reserves/State Funding
Board of Elections	119,000	Reserves
Jamestown Community College	1,132,500	Interest Earnings/Bonds
Vehicles	222,706	Local Share
<u>Roads and Bridges</u>		
Bridges	\$ 1,447,502	Local Share/State Funding & Dedicated Revenue/User Fees
Roads	5,969,995	Local Share/State Funding/ Dedicated Revenue/User Fees
<u>Enterprise Funds</u>		
Landfill	\$ 1,000,000	Dedicated Revenue/User Fees
Sewer Districts	\$ 225,000	Dedicated Revenue/User Fees

2023 Summary of Capital Projects of the County

<u>Project Type</u>	<u>Estimated Project Cost</u>	<u>Funding Source</u>
<u>County Operations:</u>		
Sheriff	\$ 320,143	Interest Earnings
Emergency Services	55,500	Interest Earnings/General Fund Balance
Information Technology SVS	254,000	General Fund Balance
Airports/Parks	1,002,516	Timber Sales/State Funding
Buildings and Grounds	110,458	General Fund Balance
CARTS	506,774	General Fund Balance/State & Federal Funding
Pubic Facilities	64,500	General Fund Balance
Transportation	1,248,000	General Fund Balance
Planning and Economic Development	1,235,000	General Fund Balance/Federal Funding
Board of Elections	185,300	General Fund Balance
Jamestown Community College	61,250	General Fund Balance
Vehicles	238,355	Local Share
<u>Roads and Bridges</u>		
Bridges	\$ 1,472,502	State Funding & Dedicated Revenue/User Fees
Roads	6,845,735	Local Share/State Funding/ Dedicated Revenue/User Fees
<u>Enterprise Funds</u>		
Landfill	\$ 1,000,000	Dedicated Revenue/User Fees
Sewer Districts	\$ 125,000	Dedicated Revenue/User Fees

2024 Summary of Capital Projects of the County

<u>Project Type</u>	<u>Estimated Project Cost</u>	<u>Funding Source</u>
<u>County Operations:</u>		
Sheriff	\$ 564,000	Interest Earnings/General Fund Balance
Emergency Services	185,000	Interest Earnings/General Fund Balance
Information Technology SVS	222,191	Interest Earnings/Reserve for Capital
Airports/Parks	133,200	General Fund Balance/Timber Sales
Buildings and Grounds	1,224,675	Serial Bonds
CARTS	516,909	Interest Earnings/State & Federal Funding
Pubic Facilities	0	N/A
Transportation	1,358,195	General Fund Balance/Serial Bonds
Planning and Economic Development	350,000	Interest Earnings/General Fund Balance
Board of Elections	185,300	Interest Earnings
Jamestown Community College	259,000	General Fund Balance
Vehicles	225,250	Local Share
<u>Roads and Bridges</u>		
Bridges	\$ 1,472,502	State Funding & Dedicated Revenue/User Fees
Roads	7,367,656	Local Share/State Funding/ Dedicated Revenue/User Fees
<u>Enterprise Funds</u>		
Landfill	\$ 1,180,000	Dedicated Revenue/User Fees
Sewer Districts	\$ 415,000	Dedicated Revenue/User Fees

2025 Summary of Capital Projects of the County

<u>Project Type</u>	<u>Estimated Project Cost</u>	<u>Funding Source</u>
<u>County Operations:</u>		
Sheriff	\$ 269,869	Interest Earnings
Emergency Services	220,500	Interest Earnings
Information Technology SVS	246,000	Interest Earnings
Airports/Parks	85,145	Gen. Fund Balance/Cap. Reserve/Timber Sales
Buildings and Grounds	209,000	Interest Earnings/Capital Reserve
CARTS	527,248	Interest Earnings/State & Federal Funding
Pubic Facilities	0	N/A
Transportation	9,502,380	Interest Earnings/Gen. Fund Balance/Capital Reserve/Serial Bonds
Planning and Economic Development	450,000	Interest Earnings
Board of Elections	59,165	Interest Earnings
Jamestown Community College	437,000	Interest Earnings
Vehicles	179,750	Local Share
<u>Roads and Bridges</u>		
Bridges	\$ 1,487,502	State Funding & Dedicated Revenue/User Fees
Roads	7,390,034	Local Share/State Funding/ Dedicated Revenue/User Fees
<u>Enterprise Funds</u>		
Landfill	\$ 1,827,000	Dedicated Revenue/User Fees
Water and Sewer Districts	\$ 8,615,000	Dedicated Revenue/User Fees

The County has no other outstanding authorizations to borrow money nor are any other projects contemplated at this time.

Estimated Overlapping Indebtedness

In addition to the County, the following subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the County. Estimated bonds and bond anticipation notes outstanding are listed of the respective municipalities.

	Indebtedness ⁽¹⁾	Exclusions ⁽²⁾⁽³⁾	Net Indebtedness
Towns	\$ 33,101,007	\$ - ⁽⁴⁾	\$ 33,101,007
Villages	44,320,859	- ⁽⁴⁾	44,320,859
Cities	52,594,644	29,181,644	23,413,000
School Districts	288,677,719	257,902,021 ⁽⁵⁾	30,775,699
Fire Districts	2,927,745	- ⁽⁴⁾	2,927,745
		Total:	<u>\$ 134,538,310</u>

(1) Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.

(2) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.

(3) Sewer and water debt, and/or appropriations and cash on hand for debts.

(4) Information regarding excludable debt not available for all municipalities.

(5) Estimated State Building aid.

Source: Local government data reports provided by the State Comptroller's office or where available annual financial information & operating data filings and/or official statements obtained from EMMA or the respective municipality.

Debt Ratios

The following table sets forth certain ratios relating to the County's indebtedness, without giving effect to this financing, as of November 21, 2024:

	Amount of Indebtedness	Per Capita (a)	Percentage of Full Valuation (b)
Net Direct Indebtedness (c)	\$ 60,687,196	\$ 485.92	0.59%
Net Direct Plus Net Overlapping Indebtedness (d)	195,225,506	1,563.17	1.89%

Note: (a) The County's 2023 population is 124,891 (See "Population Trends" herein.)

(b) The County's full valuation of taxable real estate for 2024 is \$10,352,851,606. (See "Valuations, Rates and Tax Levies" herein.)

(c) See "Debt Statement Summary" for calculation of Net Indebtedness, herein.

(d) The County's estimated applicable share of net underlying indebtedness is \$134,538,310. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Note 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 Notes in the event of a default in the payment of the principal of and interest on the Notes.

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 Notes 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 Notes 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 Notes) 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 County 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 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 crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “Nature of Obligation” and “State Debt Moratorium Law” herein.

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

MARKET AND RISK FACTORS

The financial condition of the County as well as the market for the Notes 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 or in other jurisdictions of the country, 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 Notes. If a significant default or other financial crisis should occur in the affairs of the State or in other jurisdictions of the country 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 Notes, could be adversely affected.

The County is dependent in significant part on financial assistance from the State. In several recent 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.

Cybersecurity

The County, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the County will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. The County carries insurance against cyber attacks.

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 Material Event Notices Certificate, the form of which is attached hereto as “APPENDIX – C.”

The County is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule 15c2-12 however, the audited financial statements for the fiscal year ending December 31, 2022 were dated August 17, 2023 and filed to the EMMA System on October 18, 2023 (two days late). The audited financial statements were required to be filed within 60 days of the receipt of the audit per the County’s existing undertaking agreements. A failure to file notice was filed to the EMMA system on October 1, 2024 with respect to the audited financial statements which were not filed timely for the fiscal year ending December 31, 2022.

Late Interest Payment: On June 15, 2018, the County had an interest payment due and as a result of clerical oversight the payment was not made until June 21, 2018. Corrective actions have been put in place to ensure on time payments. The County has no reason to believe there will be any late debt service payments in the future.

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 Notes 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 Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – E”.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the “original issue discount”). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

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 Notes. The County has covenanted to comply with certain restrictions designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. 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) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

Certain 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 Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Notes or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from personal 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 Notes 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.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the County or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver such opinion at the time of issuance of the Notes substantially in the form set forth in “APPENDIX – E” hereto.

Certain legal matters will be passed upon for the County, by its County Attorney.

LITIGATION

The County is subject to a number of lawsuits in the ordinary conduct of its affairs. Included in the current number of lawsuits the County has several Child Victim Act and Adult Survivor’s Act cases pending. The County does not believe, however, that any 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 Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the County taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the County.

RATING

The Notes are not rated. The purchaser(s) of the Notes may choose to request that a rating be assigned after the sale at the expense of the purchaser(s) pending the approval of the County and applicable rating agency, including any fees to be incurred by the County, as such rating action may result in a material event notification to be posted to EMMA and/or the provision of a Supplement to the final Official Statement. (See “APPENDIX – C” herein).

Standard & Poor’s Credit Market Services (“S&P”) has assigned its rating of “A+” with a stable outlook to the County’s outstanding serial bonds. Such rating reflects only the view of such rating agency, and any desired explanation of the significance of such ratings should be obtained from Standard & Poor’s Credit Market Services, 55 Water Street – 38th Floor, New York, New York 10041, (212) 438-7983.

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 particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds and the Notes.

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 Notes. The advice on the plan of financing and the structuring of the Notes 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 the Municipal Advisor may be partially contingent on the successful closing of the Notes.

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 Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the County provided, however; the County assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MISCELLANEOUS

So far as 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 holders of the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, 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", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, expressed no opinions 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 Notes, 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 Notes, 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 a limitation as to information in the Official Statement obtained from sources other than the County.

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

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

The County will act as Paying Agent for the Notes.

The County's contact information is as follows: Kitty L. Crow, Director of Finance, 3 North Erie Street, Mayville, New York 14757, Phone: (716) 753-4950, Email: crowk@chqgov.com.

This Official Statement has been duly executed and delivered by the Director of Finance of the County of Chautauqua.

COUNTY OF CHAUTAUQUA

Dated: November 21, 2024

KITTY L. CROW
DIRECTOR OF FINANCE

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>ASSETS</u>					
Cash, cash equivalents and investments	\$ 1,241,366	\$ 11,239,654	\$ 28,607,084	\$ 8,430,238	\$ 21,054,833
Restricted cash and cash equivalents	7,231,757	1,840,713	12,335,053	50,145,164	21,209,360
Net Taxes Receivable	20,219,739	22,073,523	23,504,357	17,465,662	20,699,564
Due from Other Funds	5,980,007	4,491,355	6,119,648	7,184,808	9,305,217
Due From Other Governments	36,444	42,316	32,546	-	-
State and Federal Aid Receivables	33,603,255	45,917,994	41,009,123	41,206,741	44,361,519
Other Receivables	4,965,932	4,750,760	6,053,894	3,353,158	2,202,744
Accounts Receivable	3,222,159	3,962,063	3,476,749	4,454,824	4,557,721
Prepaid Expenses	2,358,962	2,432,293	2,752,515	2,128,444	2,351,645
Inventory	55,741	26,351	51,571	95,592	135,697
TOTAL ASSETS	\$ 78,915,362	\$ 96,777,022	\$ 123,942,540	\$ 134,464,631	\$ 125,878,300
<u>LIABILITIES, DEFERRED REVENUES AND FUND BALANCE</u>					
Accounts Payable	\$ 10,594,900	\$ 10,335,704	\$ 10,365,519	\$ 11,466,666	\$ 10,604,305
Accrued Liabilities	2,460,613	2,005,767	2,322,664	2,230,777	2,419,998
Due to Other Funds	-	12,000,000	11,000,000	3,007,802	-
Due to Other Governments	18,042,625	18,344,366	18,922,096	20,368,940	21,659,200
Unearned Revenue	6,342,828	5,758,968	20,281,602	23,940,497	13,610,765
Deferred Revenue - property taxes	12,310,572	13,803,335	15,221,056	9,001,358	10,770,778
Deferred Inflow of Resources	-	-	-	-	1,994,357
Opioid Settlement Revenue	-	-	2,555,465	2,159,869	-
Deferred Revenue - grant proceeds	-	-	-	-	-
TOTAL LIABILITIES	49,751,538	62,248,140	80,668,402	72,175,909	61,059,402
<u>FUND EQUITY</u>					
Nonspendable	\$ 7,380,635	\$ 7,209,405	\$ 6,302,515	\$ 5,577,194	\$ 4,690,086
Restricted	7,231,759	6,781,056	5,474,572	6,544,416	7,598,595
Assigned	2,066,828	1,867,107	1,814,234	6,422,638	5,688,584
Unassigned	12,484,602	18,671,314	29,682,817	43,744,474	46,841,632
TOTAL FUND EQUITY	\$ 29,163,824	\$ 34,528,882	\$ 43,274,138	\$ 62,288,722	\$ 64,818,897
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	\$ 78,915,362	\$ 96,777,022	\$ 123,942,540	\$ 134,464,631	\$ 125,878,300

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

GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

<u>REVENUES</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Real Property Taxes	\$ 58,670,872	\$ 60,407,554	\$ 62,574,556	\$ 64,880,001	\$ 73,385,128
Real Property Tax Items	3,165,918	3,162,909	3,430,197	3,129,923	4,617,181
Non-Property Tax Items/Sales Tax	71,722,518	74,988,118	74,130,326	90,040,325	92,942,877
Departmental Income	18,548,963	16,840,623	15,779,467	17,136,691	15,497,739
Licenses and Permits	114,326	36,135	41,894	55,018	69,628
Fines and Forfeitures	319,818	229,175	170,058	269,839	253,951
Intergovernmental Charges	4,205,058	4,866,460	5,324,453	5,635,081	5,052,743
Sale of Property and Compensation for Loss	281,574	1,968,030	249,162	312,768	416,397
Use of Money & Property	4,251,317	2,267,237	982,442	62,926	(2,356,265)
Miscellaneous	1,514,840	2,043,509	2,229,223	2,446,096	3,270,645
Interfund Revenue	-	177,270	180,334	189,075	198,254
Sources from State Aid	26,116,546	30,163,444	29,735,899	27,760,428	38,697,619
Sources from Federal Aid	31,032,780	29,791,085	31,127,320	31,412,088	42,837,782
Total Revenues	<u>\$ 219,944,530</u>	<u>\$ 226,941,549</u>	<u>\$ 225,955,331</u>	<u>\$ 243,330,259</u>	<u>\$ 274,883,679</u>
<u>OTHER FINANCING SOURCES</u>					
Transfers In	\$ -	\$ 1,174,663	\$ 1,483,311	\$ 250,822	\$ 214,909
Premium on refunding bond issuance	-	-	-	-	443,712
Issuance of leases	-	-	-	-	741,015
Proceeds of Obligations	-	-	-	-	-
Total Revenues & Other Financing Sources	<u>\$ 219,944,530</u>	<u>\$ 228,116,212</u>	<u>\$ 227,438,642</u>	<u>\$ 243,581,081</u>	<u>\$ 276,283,315</u>
<u>EXPENDITURES</u>					
General Support	\$ 50,496,965	\$ 51,665,057	\$ 52,391,852	\$ 59,016,605	\$ 61,999,854
Education	10,646,372	10,833,147	10,730,733	11,400,082	12,888,695
Public Safety	30,755,207	31,282,099	31,485,754	32,968,840	34,415,796
Health	20,598,990	19,484,196	21,001,343	23,169,758	25,782,461
Transportation	3,893,159	4,017,473	3,946,662	4,521,138	4,878,825
Economic Assistance & Opportunity	89,906,224	87,334,399	83,055,418	79,866,466	86,847,662
Culture & Recreation	442,366	459,340	459,401	509,658	537,805
Home & Community Services	1,139,611	1,420,068	1,585,867	1,560,754	1,790,592
Employee Benefits	-	-	-	-	-
Debt Service-Principal	2,072,526	2,144,730	2,505,853	2,629,885	3,700,021
Debt Service-Interest	1,120,955	1,085,560	976,549	944,969	928,481
Accrual for Retirement	-	-	-	-	-
Total Expenditures	<u>\$ 211,072,375</u>	<u>\$ 209,726,069</u>	<u>\$ 208,139,432</u>	<u>\$ 216,588,155</u>	<u>\$ 233,770,192</u>
<u>OTHER FINANCING USES</u>					
Proceeds of Refunding Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Transfers Out	14,529,518	20,740,371	14,040,059	18,247,670	23,498,539
Total Expenditures & Other Financing Uses	<u>\$ 225,601,893</u>	<u>\$ 230,466,440</u>	<u>\$ 222,179,491</u>	<u>\$ 234,835,825</u>	<u>\$ 257,268,731</u>
<u>CHANGE IN FUND BALANCE</u>	(5,657,363)	(2,350,228)	5,259,151	8,745,256	19,014,584
Balance - Beginning of Year	37,171,415	31,514,052	29,163,824	34,528,882	43,274,138
Adjustments	-	-	105,907	-	-
Balance-End of Year	<u>\$ 31,514,052</u>	<u>\$ 29,163,824</u>	<u>\$ 34,528,882</u>	<u>\$ 43,274,138</u>	<u>\$ 62,288,722</u>

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

GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance

<u>REVENUES</u>	<u>2023</u>			<u>2024</u>	<u>2025</u>
	Original Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
Real Property Taxes	\$ 69,231,835	\$ 69,231,835	\$ 67,850,298	\$ 71,477,108	\$ 73,206,471
Real Property Tax Items	3,103,826	3,103,826	2,956,847	3,175,495	3,164,853
Non-Property Tax Items	89,970,081	93,138,781	96,686,126	95,340,046	99,263,005
Departmental Income	20,842,535	21,163,543	18,572,841	21,565,440	23,128,490
Licenses and Permits	561,194	620,753	26,622	40,000	30,000
Fines and Forfeitures	40,000	40,000	163,768	150,500	100,500
Intergovernmental Charges	5,134,265	5,183,658	5,455,966	5,205,029	5,384,442
Sale of Property and Compensation for Loss	128,550	787,781	932,480	1,290,207	154,700
Use of Money & Property	200,500	200,500	2,654,904	1,925,444	2,380,279
Miscellaneous	2,134,054	2,218,534	2,620,894	833,713	1,422,136
Interfund Revenue	207,892	207,892	207,892	218,012	228,637
Sources from State Aid	41,233,761	45,600,067	40,756,569	41,889,913	48,299,497
Sources from Federal Aid	37,544,371	56,546,733	49,769,685	37,020,412	38,960,935
Total Revenues	<u>\$ 270,332,864</u>	<u>\$ 298,043,903</u>	<u>\$ 288,654,892</u>	<u>\$ 280,131,319</u>	<u>\$ 295,723,945</u>
<u>OTHER FINANCING SOURCES</u>					
Transfers In	-	-	-	-	-
Appropriated Reserve	-	-	-	190,860	655,392
Appropriated Fund Balance	6,422,647	6,437,974	-	4,307,934	5,358,259
Total Revenues & Other Financing Sources	<u>\$ 276,755,511</u>	<u>\$ 304,481,877</u>	<u>\$ 288,654,892</u>	<u>\$ 284,630,113</u>	<u>\$ 301,737,596</u>
<u>EXPENDITURES</u>					
General Support	\$ 66,184,146	\$ 69,695,805	\$ 64,468,778	\$ 71,481,004	\$ 74,932,250
Education	16,484,543	16,543,741	13,731,222	13,077,786	14,156,591
Public Safety	37,300,455	39,127,647	37,797,032	37,470,012	41,063,084
Health	33,850,456	35,878,167	29,978,430	33,797,897	35,579,896
Transportation	5,276,896	5,491,188	5,204,465	5,552,779	5,856,748
Economic Assistance & Opportunity	89,789,954	97,710,541	95,749,714	96,070,653	101,289,286
Culture & Recreation	513,708	483,522	475,272	486,530	840,907
Home & Community Services	1,534,386	3,822,915	3,177,648	2,233,926	1,937,140
Debt Service	3,528,440	4,623,477	4,623,477	3,521,334	3,536,398
Total Expenditures	<u>\$ 254,462,984</u>	<u>\$ 273,377,003</u>	<u>\$ 255,206,038</u>	<u>\$ 263,691,921</u>	<u>\$ 279,192,300</u>
<u>OTHER FINANCING USES</u>					
Proceeds of Refunding Bonds	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Transfers	22,292,527	31,104,874	30,918,679	20,938,192	22,545,296
Total Expenditures & Other Financing Uses	<u>\$ 276,755,511</u>	<u>\$ 304,481,877</u>	<u>\$ 286,124,717</u>	<u>\$ 284,630,113</u>	<u>\$ 301,737,596</u>
<u>CHANGE IN FUND BALANCE</u>					
	-	-	2,530,175	-	-
Balance - Beginning of Year	-	-	62,288,722	-	-
Adjustments	-	-	-	-	-
Balance-End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,818,897</u>	<u>\$ -</u>	<u>\$ -</u>

Source: 2023 audited financial reports and adopted budgets (unaudited) of the County.
This Appendix is not itself audited.

APPENDIX - B
Chautauqua County

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Principal	Interest	Total
2024	\$ 6,228,521	\$ 1,387,794	\$ 7,616,316
2025	6,410,577	1,210,160	7,620,737
2026	6,142,459	1,030,462	7,172,921
2027	5,666,590	859,645	6,526,235
2028	5,806,590	709,339	6,515,929
2029	5,951,590	563,666	6,515,256
2030	2,721,590	430,928	3,152,518
2031	1,786,590	372,481	2,159,071
2032	1,826,590	323,638	2,150,228
2033	1,446,590	273,150	1,719,740
2034	1,481,590	230,344	1,711,934
2035	1,521,590	186,350	1,707,940
2036	1,561,590	139,656	1,701,246
2037	1,606,590	90,194	1,696,784
2038	806,590	51,756	858,346
2039	831,590	24,756	856,346
2040	286,590	7,600	294,190
2041	96,590	-	96,590
2042	96,590	-	96,590
2043	96,590	-	96,590
2044	96,590	-	96,590
2045	96,590	-	96,590
2046	96,590	-	96,590
2047	96,590	-	96,590
2048	96,590	-	96,590
2049	96,590	-	96,590
2050	96,590	-	96,590
TOTALS	\$ 53,049,717	\$ 7,891,920	\$ 60,941,637

Note: The table above does not include any lease or installment purchase indebtedness to the extent any such indebtedness may be applicable to the County. See "Lease Obligations" herein. Includes EFC debt which has been converted to long-term financing. Short-term EFC payments and drawn downs are not included in the table above. See "Recent Financings, Authorized But Unissued Debt and Capital Budgets" herein.

MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Commission pursuant to the Securities Exchange Act of 1934, the County has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the 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, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, 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 or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Note
- (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
- (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 Note 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 Notes.

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 Notes.

For the purposes of the event identified in paragraph (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 County, 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 County.

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 Notes; 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.

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

The County reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the County no longer remains an obligated person with respect to the Notes 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 Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the County’s obligations under its material event notices undertaking and any failure by the County to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes 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.

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser(s) at closing.

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**COUNTY OF CHAUTAUQUA
NEW YORK**

AUDITED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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 CHAUTAUQUA
NEW YORK

*Basic Financial Statements, Required
Supplementary Information, Supplementary Information
and Federal Awards Information
for the Year Ended December 31, 2023 and
Independent Auditors' Reports*

COUNTY OF CHAUTAUQUA, NEW YORK
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Chautauqua, New York (the "County") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Chautauqua County Industrial Development Agency ("CCIDA"), which is shown as a discretely presented component unit. We also did not audit the financial statements of the Chautauqua Tobacco Asset Securitization Corporation ("CTASC"), which represents 1.7% and 0.8%, respectively, of the assets and revenues of governmental activities. We also did not audit the financial statements of the Chautauqua County Land Bank Corporation ("CCLBC"), which represents 1.2% and 4.1%, respectively, of the assets and operating revenues of the business-type activities. 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 CCIDA, CTASC, and CCLBC, is based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2023, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR"), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, and 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated August 12, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Drescher + Malecki LLP

August 12, 2024

COUNTY OF CHAUTAUQUA, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2023

As management of the County of Chautauqua (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements and notes to the financial statements, which follow this narrative. For comparative purposes, certain data from the prior year has been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the County's primary government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$185,049,254 (*net position*). This consists of \$191,756,711 net investment in capital assets, \$13,878,571 restricted for specific purposes, and unrestricted net position of \$(20,586,028).
- The County's total primary government net position increased by \$19,443,424 during the year ended December 31, 2023. Governmental and business-type activities increased the County's net position by \$11,162,294 and \$8,281,130, respectively.
- As of the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$77,787,139, an increase of \$1,494,188 in comparison with the prior year's combined ending fund balance of \$76,292,951. Approximately 60.2 percent, \$46,841,632 of the combined fund balances is unassigned.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$46,841,632, or 16.4 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the County's discretion and constitutes approximately 72.3 percent of the General Fund's total fund balance of \$64,818,897 at December 31, 2023.
- The County's primary government serial bonds and EFC notes payable decreased by \$1,652,580 as a result of a serial bond and EFC principal payments of \$5,877,624 and \$251,590, respectively, offset by EFC notes issuances of \$4,476,634.

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 primarily supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government support, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services. The business-type activities of the County include three Sewer Districts, two Water Districts, the Chautauqua County Landfill, the Electric Plant, and the Chautauqua County Land Bank Corporation, a blended component unit.

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

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

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and 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 five individual governmental funds. Additionally, the County reports the activities of its blended component unit, the Chautauqua County Tobacco Asset Securitization Corporation ("CTASC") within the Debt Service Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund

balances for the General Fund, County Road Fund, Road Machinery Fund, Debt Service Fund, and Capital Projects Fund, which are considered to be major funds.

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

Proprietary funds—The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the three Sewer Districts (“Sewer”), two Water Districts (“Water”), the Chautauqua County Landfill (“Landfill”), the Electric Plant and the Chautauqua County Land Bank Corporation (the “Land Bank”). *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County’s various functions. The County uses internal service funds to account for the management of health insurance and workers’ compensation. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, the Water, the Landfill, the Electric Plant, and the Land Bank all of which are considered to be major funds of the County. Conversely, the internal service funds are combined into aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the Supplementary Information section of this report.

The basic proprietary fund financial statements can be found on pages 20-23 of this report.

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

The fiduciary fund financial statements can be found on pages 24-25 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 26-66 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County’s net pension liability, progress in funding its obligation to provide postemployment benefits to its employees, and the County’s budgetary comparison schedules for the General Fund, County Road Fund, and Road Machinery Fund. Required Supplementary Information and related notes to the required supplementary information can be found on pages 67-73 of this report.

The combining statements referred to earlier in connection with the Internal Service Funds are presented immediately following the required supplementary information on pages 74-76.

Federal Awards Information can be found on pages 77-90 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 \$185,049,254, at the close of the most recent fiscal year, as compared to \$165,605,830 (as restated) at the close of the fiscal year ended December 31, 2022.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2022		2022		2022	
	2023	(as restated)	2023	2022	2023	(as restated)
Assets:						
Current assets	\$ 164,304,994	\$ 170,754,909	\$ 41,473,508	\$ 35,851,591	\$ 205,778,502	\$ 206,606,500
Noncurrent assets	216,345,142	229,157,200	84,512,003	80,883,977	300,857,145	310,041,177
Total assets	380,650,136	399,912,109	125,985,511	116,735,568	506,635,647	516,647,677
Deferred outflows of resources	48,907,304	50,870,454	2,788,380	3,142,104	51,695,684	54,012,558
Liabilities:						
Current liabilities	53,142,144	62,213,780	2,130,713	1,898,533	55,272,857	64,112,313
Noncurrent liabilities	181,253,015	134,528,871	72,355,576	68,426,774	253,608,591	202,955,645
Total liabilities	234,395,159	196,742,651	74,486,289	70,325,307	308,881,448	267,067,958
Deferred inflows of resources	56,427,428	126,467,353	7,973,201	11,519,094	64,400,629	137,986,447
Net position:						
Net investment in capital assets	148,720,977	130,696,955	43,035,734	39,576,472	191,756,711	170,273,427
Restricted	13,878,571	13,613,565	-	-	13,878,571	13,613,565
Unrestricted	(23,864,695)	(16,737,961)	3,278,667	(1,543,201)	(20,586,028)	(18,281,162)
Total net position	\$ 138,734,853	\$ 127,572,559	\$ 46,314,401	\$ 38,033,271	\$ 185,049,254	\$ 165,605,830

The largest portion of the County's primary government net position, \$191,756,711, reflects its investment in capital assets, (e.g., land, infrastructure, buildings and building improvements, machinery and equipment, vehicles, landfill and water treatment facilities), net of accumulated depreciation/amortization, and less any debt used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's primary government net position, \$14,065,845, represents resources that are subject to external restrictions on how they may be used imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining portion of the County's net position, \$(20,773,302), is considered to be unrestricted. This deficit does not mean that the County does not have resources available to meet its obligations in the ensuing year. Rather, it reflects liabilities not related to the County's capital assets and are not expected to be repaid from current resources. These long-term liabilities including net pension liability and other postemployment benefits ("OPEB") obligation, are funded annually within the funds.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2023 and December 31, 2022.

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,	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues	\$ 135,551,565	\$ 123,645,413	\$ 20,891,316	\$ 16,167,306	\$ 156,442,881	\$ 139,812,719
General revenues	177,150,847	166,147,223	2,426,524	(856,235)	179,577,371	165,290,988
Total revenues	312,702,412	289,792,636	23,317,840	15,311,071	336,020,252	305,103,707
Total expenses	300,265,601	257,903,775	16,311,227	16,560,649	316,576,828	274,464,424
Transfers	(1,274,517)	(278,600)	1,274,517	278,600	-	-
Change in net position	11,162,294	31,610,261	8,281,130	(970,978)	19,443,424	30,639,283
Net position—beginning	127,572,559	95,965,793	38,033,271	39,004,249	165,605,830	134,970,042
Restatement	-	(3,495)	-	-	-	(3,495)
Net position—ending	<u>\$ 138,734,853</u>	<u>\$ 127,572,559</u>	<u>\$ 46,314,401</u>	<u>\$ 38,033,271</u>	<u>\$ 185,049,254</u>	<u>\$ 165,605,830</u>

Governmental activities—Governmental activities increased the County’s primary government net position by \$11,267,294. A summary of revenues for governmental activities for the years ended December 31, 2023 and 2022 is presented below.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent
Charges for services	\$ 27,995,571	\$ 25,375,171	\$ 2,620,400	10.3
Operating grants and contributions	93,020,163	83,377,383	9,642,780	11.6
Capital grants and contributions	14,535,831	14,892,859	(357,028)	(2.4)
Real property taxes	69,619,718	67,165,430	2,454,288	3.7
Real property tax items	2,956,847	4,617,181	(1,660,334)	(36.0)
Non property tax items	97,496,136	93,709,301	3,786,835	4.0
Use of money and property	3,126,527	(3,433,427)	6,559,954	(191.1)
Sale of property and compensation for loss	1,283,515	1,783,343	(499,828)	(28.0)
Miscellaneous	2,668,104	2,305,395	362,709	15.7
Total revenues	<u>\$ 312,702,412</u>	<u>\$ 289,792,636</u>	<u>\$ 22,909,776</u>	7.9

For the year ended December 31, 2023, the most significant source of revenues for governmental activities is non property tax items, which account for \$97,496,136, or 31.2 percent of total revenues. The other significant sources of revenue include operating grants and contributions, which comprise \$93,020,163, or 29.7 percent of total revenues and real property taxes, which comprise \$69,619,718, or 22.3 percent of total revenues. Comparatively, for the year ended December 31, 2022, the most significant source of revenues for governmental activities is non property tax items, which account for \$93,709,301, or 32.3 percent of

total revenues. The other significant sources of revenue include operating grants and contributions, which comprise \$83,377,383, or 28.8 percent of total revenues and real property taxes, which comprise \$67,165,430, or 23.2 percent of total revenues.

During the year ended December 31, 2023, total revenues increased by 7.9 percent, mainly due to increased operating grants and contributions as a result of various increased state and federal grants as well as increased use of money and property as a result of increases in the fair value of investments.

A summary of program expenses of governmental activities for the years ended December 31, 2023 and December 31, 2022 is presented below.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
General government support	\$ 68,276,788	\$ 61,068,552	\$ 7,208,236	11.8
Education	13,892,553	12,282,014	1,610,539	13.1
Public safety	38,534,240	33,039,799	5,494,441	16.6
Health	30,224,562	24,348,806	5,875,756	24.1
Transportation	45,191,026	38,355,166	6,835,860	17.8
Economic assistance and opportunity	97,603,992	83,421,609	14,182,383	17.0
Culture and recreation	511,747	523,546	(11,799)	(2.3)
Home and community services	3,103,349	1,721,677	1,381,672	80.3
Interest and fiscal charges	2,927,344	3,142,606	(215,262)	(6.8)
Total program expenses	<u>\$ 300,265,601</u>	<u>\$ 257,903,775</u>	<u>\$ 42,361,826</u>	16.4

At December 31, 2023, the County's most significant expense category for governmental activities is economic assistance and opportunity (primarily composed of social service costs) of \$97,603,992, or 32.5 percent of program expenses. The other significant expenses include general government support of \$68,276,788, or 22.7 percent of total expenses, transportation of \$45,191,026, or 15.1 percent of total expenses and public safety of \$38,534,240, or 12.8 percent of total expenses. For the year ended December 31, 2022, the County's most significant expense category for governmental activities is economic assistance and opportunity (primarily composed of social service costs) of \$83,421,609, or 32.3 percent of program expenses. The other significant expenses include general government support of \$61,068,552, or 23.7 percent of total expenses, transportation of \$38,355,166, or 14.9 percent of total expenses and public safety of \$33,039,799, or 12.8 percent of total expenses.

During the year ended December 31, 2023, total expenses increased by 16.4 percent. This is primarily the result of increased economic assistance and opportunities as a result of increased use of state and federally funded social services programs as well as increased general government support as a result of increased salaries and employee benefits.

Business type activities—Business-type activities increased the County's net position by \$8,281,130. For the year ended December 31, 2023, operating revenues increased 3.2 percent, while operating expenses decreased 1.2 percent from the year ended December 31, 2022.

A summary of operating revenues and operating expenses for the County's business-type activities for the years ended December 31, 2023 and 2022 is presented below:

Table 5—Summary of Operating Revenues and Expenses—Business-Type Activities

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Operating revenues:				
Charges for services	\$ 15,723,431	\$ 15,371,370	\$ 352,061	2.3
Total operating revenues	<u>\$ 15,723,431</u>	<u>\$ 15,371,370</u>	<u>\$ 352,061</u>	2.3
Operating expenses:				
Personal services	\$ 3,514,244	\$ 3,954,513	\$ (440,269)	(11.1)
Contractual services	5,364,307	5,823,202	(458,895)	(7.9)
Fringe benefits	2,100,758	1,526,773	573,985	37.6
Depreciation	4,465,628	4,332,072	133,556	3.1
Landfill closure expense	<u>347,530</u>	<u>346,430</u>	<u>1,100</u>	0.3
Total operating expenses	<u>\$ 15,792,467</u>	<u>\$ 15,982,990</u>	<u>\$ (190,523)</u>	(1.2)

As detailed above, the County's business-type activities' operating revenues for the year ended December 31, 2022 increased 2.3 percent, primarily as a result of increased fees collected by the Sewer and Water districts.

Additionally, the most significant operating expense items for the year ended December 31, 2023 were contractual services expense of \$5,364,307, or 34.0 percent of operating expenses, depreciation expense of \$4,465,628, or 28.3 percent of operating expenses, and personal services expenses of \$3,514,244, or 22.3 percent of operating expenses. Similarly, for the year ended December 31, 2022, the most significant expense items were contractual services expense of \$5,823,202, or 36.4 percent of operating expenses, depreciation expense of \$4,332,072, or 27.1 percent of operating expenses, and personal services expenses of \$3,954,513, or 24.7 percent of operating expenses.

Financial Analysis of Governmental Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance 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, 2023, the County's governmental funds reported combined ending fund balances of \$77,787,139, an increase of \$1,494,188 in comparison with the prior year. Approximately 60.2% of this amount, \$46,841,632, constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is either *nonspendable*, *restricted* or *assigned* to indicate that it is: (1) not in spendable form, \$5,768,824, (2) restricted for particular purposes, \$13,878,571, (3) assigned for particular purposes, \$11,298,112.

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 \$46,841,632, while the total fund balance was \$64,818,897. The General Fund fund balance increased \$2,530,175 from the prior year primarily as the result of budgetary savings in health and general government support as well as greater than anticipated sales tax collections. As a measure of the General Fund's liquidity, it may be useful to compare both *unassigned fund balance* and total fund balance to total expenditures and transfers out. *Unassigned fund balance* represents 16.4 percent of General Fund expenditures and transfers out, while total fund balance represents 22.7 percent of that same amount.

The fund balance in the County Road Fund decreased \$813,651 primarily as a result of greater than anticipated road maintenance costs. The Road Machinery Fund fund balance increased \$566,837 primarily as a result of lower than expected fuel costs. The Debt Service Fund fund balance decreased \$13,005 as a result of principal and interest payments exceeding tobacco settlement revenue. The Capital Projects Fund fund balance decreased \$776,168 as a result of capital outlay expenditures exceeding transfers in from the General Fund and state and federal aid.

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

Overall net position of the proprietary funds increased. This was primarily a result of increased nonoperating state aid in the Sewer Districts Fund. The Sewer Districts, Water Districts, Landfill, Electric Plant, and Land Bank Corporation increased net position by \$4,089,675, \$1,077,352, \$2,564,755, \$235,872, and \$313,476, respectively.

The internal service funds report the County's administration of the workers' compensation and health self-insurance plans. At December 31, 2023, these funds reported total unrestricted net position of \$276,561. The \$2,139,859 increase in net position is primarily due to charges for services and insurance recoveries exceeding insurance claims.

General Fund Budgetary Highlights

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

A summary of General Fund results of operations for the year ended December 31, 2023 is presented in Table 6 below:

Table 6—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues	\$ 270,332,864	\$ 298,043,903	\$ 288,654,892	\$ (9,389,011)
Expenditures and other financing uses	<u>276,755,502</u>	<u>304,481,877</u>	<u>286,124,717</u>	<u>(18,357,160)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ (6,422,638)</u>	<u>\$ (6,437,974)</u>	<u>\$ 2,530,175</u>	<u>\$ 8,968,149</u>

Original budget compared to final budget—During the year the budget was modified to reflect the acceptance of new state and federal grants.

Final budget compared to actual result—The General Fund had a variance from the final budgetary appropriations and estimated revenue of \$8,697,039. The variance is primarily due to the County spending significantly less in health and general government support than originally anticipated.

Capital Asset and Debt Administration

Capital assets—The County’s investment in capital assets for its governmental activities and business-type activities as of December 31, 2023 amounted to \$300,857,145 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, infrastructure, buildings and building improvements, machinery and equipment, vehicles, right-to-use leased buildings, SBITA asset – software, landfill assets, and water treatment facilities. All depreciable/amortizable capital assets were depreciated/amortized from acquisition date to the end of the current year as outlined in the County’s capital asset policy.

Capital assets, net of depreciation/amortization, for the governmental activities and business-type activities at the years ended December 31, 2023 and 2022 are presented in Table 7 below:

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

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2022				2022	
	2023	(as restated)	2023	2022	2023	(as restated)
Land	\$ 834,592	\$ 834,592	\$ 541,612	\$ 541,612	\$ 1,376,204	\$ 1,376,204
Construction in progress	4,478,943	8,281,781	8,902,605	16,651,906	13,381,548	24,933,687
Infrastructure	146,743,874	136,514,989	32,040,642	18,098,998	178,784,516	154,613,987
Buildings and building improvements	36,909,351	37,739,145	5,453,579	5,775,076	42,362,930	43,514,221
Machinery and equipment	16,324,008	15,177,433	10,028,160	10,165,015	26,352,168	25,342,448
Vehicles	7,326,339	5,784,178	1,092,057	(523,701)	8,418,396	5,260,477
Right-to-use leased buildings	3,259,793	4,197,193	-	-	3,259,793	4,197,193
SBITA asset - software	468,242	599,192	-	-	468,242	599,192
Landfill assets	-	-	15,024,232	17,347,696	15,024,232	17,347,696
Water treatment facilities	-	-	11,429,116	11,747,482	11,429,116	11,747,482
Total assets	<u>\$ 216,345,142</u>	<u>\$ 209,128,503</u>	<u>\$ 84,512,003</u>	<u>\$ 79,804,084</u>	<u>\$ 300,857,145</u>	<u>\$ 288,932,587</u>

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

Long-term liabilities—At December 31, 2022 the County’s governmental activities had total long-term liabilities outstanding of \$181,253,015, as compared to \$134,528,871 (as restated) in the prior year. This includes serial bonds and bonds with accreted interest issued by Chautauqua Tobacco Asset Corporation (the “CTASC”). The County’s business-type activities had total long-term debt outstanding of \$72,355,576, as compared to \$68,426,774 in the prior year.

A summary of the County's long-term liabilities at December 31, 2023 and 2022 is presented in Table 8 below:

Table 8—Summary of Long-Term Liabilities

	Governmental Activities		Business-type Activities		Primary Government	
	December 31,		December 31,		December 31,	
	2022				2022	
	2023	(as restated)	2023	2022	2023	(as restated)
Serial bonds and EFC notes payable	\$ 32,000,370	\$ 35,205,562	\$ 35,263,729	\$ 33,711,117	\$ 67,264,099	\$ 68,916,679
Premium on serial bonds	1,041,230	1,177,266	612,353	703,330	1,653,583	1,880,596
Bonds payable, net	33,041,600	36,382,828	35,876,082	34,414,447	68,917,682	70,797,275
CTASC bonds and accreted interest, net	38,380,001	38,528,695	-	-	38,380,001	38,528,695
Notes payable	-	-	5,940,794	6,206,853	5,940,794	6,206,853
Lease liability	3,548,708	4,498,259	-	-	3,548,708	4,498,259
SBITA liability	478,285	602,687	-	-	478,285	602,687
Compensated absences	8,923,485	8,026,568	191,494	195,328	9,114,979	8,221,896
Landfill closure and post-closure	-	-	25,193,582	24,846,050	25,193,582	24,846,050
Workers' compensation	16,078,922	18,236,284	214,148	410,807	16,293,070	18,647,091
Health insurance	1,506,811	1,475,890	95,189	93,110	1,602,000	1,569,000
OPEB obligation	23,719,737	25,569,226	2,191,712	2,260,179	25,911,449	27,829,405
Net pension liability	54,710,768	-	2,652,575	-	57,363,343	-
Long-term retirement payable	864,698	1,208,434	-	-	864,698	1,208,434
Total	<u>\$ 181,253,015</u>	<u>\$ 134,528,871</u>	<u>\$ 72,355,576</u>	<u>\$ 68,426,774</u>	<u>\$ 253,608,591</u>	<u>\$ 202,955,645</u>

Additional information on the County's long-term debt can be found in Note 11 of this report.

Economic Factors

The unemployment rate, not seasonally adjusted, for the County during December 2023 was 5.0 percent, as compared to New York State's unemployment rate of 4.6 percent.

The County considered current year operational expenses and estimated increases based on economic factors when establishing the 2024 budget. The County's 2024 budget includes the appropriation of \$4,498,794 of fund balance in the General Fund. Additional information on the County's budgeted appropriations of fund balance can be found in Note 12 to the financial statements.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kitty Crow, Director of Finance, 3 North Erie Street, Mayville, New York 14757.

BASIC FINANCIAL STATEMENTS

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COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Net Position
December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Agency
ASSETS				
Cash and cash equivalents	\$ 21,553,409	\$ 483,716	\$ 22,037,125	\$ 11,644,174
Restricted cash, cash equivalents and investments	23,701,754	564,541	24,266,295	-
Investments	17,652,793	35,465,194	53,117,987	-
Receivables, net of allowance:				
Taxes receivable	20,699,564	-	20,699,564	-
Accounts receivable	4,999,357	4,486,589	9,485,946	-
Other receivables	5,744,115	-	5,744,115	17,787,623
Mortgage receivable	-	-	-	1,657,719
Internal balances	5,295,503	(5,295,503)	-	-
Intergovernmental receivables	60,848,983	5,001,507	65,850,490	-
Inventories	946,158	70,352	1,016,510	-
Prepaid items	2,863,358	112,005	2,975,363	-
Security deposit paid	-	-	-	54,590
Real property held for resale	-	585,107	585,107	2,770,567
Capital assets not being depreciated	5,313,535	9,444,217	14,757,752	-
Capital assets, net of accumulated depreciation/amortization	211,031,607	75,067,786	286,099,393	1,008,200
Total assets	380,650,136	125,985,511	506,635,647	34,922,873
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	39,626,239	1,921,224	41,547,463	-
Deferred outflows—relating to OPEB	8,837,944	526,549	9,364,493	-
Deferred charge on refunding	443,121	340,607	783,728	-
Total deferred outflows of resources	48,907,304	2,788,380	51,695,684	-
LIABILITIES				
Accounts payable	14,412,803	1,221,764	15,634,567	173,686
Retainages payable	307,280	-	307,280	-
Accrued liabilities	3,152,096	281,208	3,433,304	74,028
Intergovernmental payables	21,659,200	-	21,659,200	-
Performance bond deposits	-	63,200	63,200	-
Unearned revenue	13,610,765	564,541	14,175,306	7,624,078
Noncurrent liabilities:				
Due within one year	10,263,347	3,389,898	13,653,245	330,207
Due in more than one year	170,989,668	68,965,678	239,955,346	2,203,662
Total liabilities	234,395,159	74,486,289	308,881,448	10,405,661
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources—pensions	5,457,920	264,620	5,722,540	-
Deferred inflows of resources—OPEB	48,594,366	3,830,506	52,424,872	-
Deferred capital grant contribution	-	3,878,075	3,878,075	-
Deferred gain on refunding	2,375,142	-	2,375,142	-
Total deferred inflows of resources	56,427,428	7,973,201	64,400,629	-
NET POSITION				
Net investment in capital assets	148,720,977	43,035,734	191,756,711	2,902,617
Restricted for:				
Insurance	1,818,792	-	1,818,792	-
Capital projects	6,007,924	-	6,007,924	-
Occupancy tax	816,632	-	816,632	-
E911/W911	485,654	-	485,654	-
Fire services	473,012	-	473,012	-
Lakes and waterways	676,348	-	676,348	-
Opioid settlement	1,278,087	-	1,278,087	-
Debt service	2,322,122	-	2,322,122	-
Industrial Development Agency	-	-	-	18,370,131
Unrestricted	(23,864,695)	3,278,667	(20,586,028)	3,244,464
Total net position	\$ 138,734,853	\$ 46,314,401	\$ 185,049,254	\$ 24,517,212

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Industrial Development Agency	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government support	\$ 68,276,788	\$ 7,298,898	\$ 16,687,534	\$ -	\$ (44,290,356)	\$ -	\$ (44,290,356)	\$ -
Education	13,892,553	-	5,324,881	-	(8,567,672)	-	(8,567,672)	-
Public safety	38,534,240	4,914,206	4,300,411	-	(29,319,623)	-	(29,319,623)	-
Health	30,224,562	10,208,616	15,139,272	-	(4,876,674)	-	(4,876,674)	-
Transportation	45,191,026	2,034,105	4,852,803	14,535,831	(23,768,287)	-	(23,768,287)	-
Economic assistance and opportunity	97,603,992	3,497,984	44,993,577	-	(49,112,431)	-	(49,112,431)	-
Culture and recreation	511,747	-	209,177	-	(302,570)	-	(302,570)	-
Home and community services	3,103,349	41,762	1,512,508	-	(1,549,079)	-	(1,549,079)	-
Interest and fiscal charges	2,927,344	-	-	-	(2,927,344)	-	(2,927,344)	-
Total governmental activities	300,265,601	27,995,571	93,020,163	14,535,831	(164,714,036)	-	(164,714,036)	-
Business-type activities:								
Sewer	5,601,499	4,400,607	-	5,011,938	-	3,811,046	3,811,046	-
Water	1,529,426	1,590,302	-	-	-	60,876	60,876	-
Landfill	7,947,770	8,177,763	9,530	-	-	239,523	239,523	-
Electric Plant	885,160	1,058,412	-	-	-	173,252	173,252	-
Chautauqua County Land Bank Corporation	347,419	496,347	146,417	-	-	295,345	295,345	-
Total business-type activities	16,311,274	15,723,431	155,947	5,011,938	-	4,580,042	4,580,042	-
Total primary government	\$ 316,576,875	\$ 43,719,002	\$ 93,176,110	\$ 19,547,769	(164,714,036)	4,580,042	(160,133,994)	-
Component unit:								
Chautauqua County Industrial Development Agency	\$ 4,561,588	\$ 3,510,061	\$ 1,202,959	\$ -				151,432
Total component unit	\$ 4,561,588	\$ 3,510,061	\$ 1,202,959	\$ -				151,432
General revenues:								
Real property taxes					69,619,718	-	69,619,718	-
Real property tax items					2,956,847	-	2,956,847	-
Non property tax items					97,496,136	-	97,496,136	-
Use of money and property					3,126,527	2,039,054	5,165,581	861,843
Sale of property and compensation for loss					1,283,515	83,164	1,366,679	-
Miscellaneous					2,668,104	304,353	2,972,457	1,358,723
Transfers					(1,274,517)	1,274,517	-	-
Total general revenues					175,876,330	3,701,088	179,577,418	2,220,566
Change in net position					11,162,294	8,281,130	19,443,424	2,371,998
Net position—beginning, as restated					127,572,559	38,033,271	165,605,830	22,145,214
Net position—ending					\$ 138,734,853	\$ 46,314,401	\$ 185,049,254	\$ 24,517,212

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

COUNTY OF CHAUTAUQUA, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2023

		Special Revenue				Total
	General	County Road	Road Machinery	Debt Service	Capital Projects	Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 21,054,833	\$ -	\$ 498,576	\$ -	\$ -	\$ 21,553,409
Investments	-	-	-	-	1,939,772	1,939,772
Restricted cash, cash equivalents and investments	21,209,360	-	-	2,492,394	-	23,701,754
Receivables (net of allowances)						
Taxes receivable	20,699,564	-	-	-	-	20,699,564
Accounts receivable	4,557,721	70,454	28,942	-	80,874	4,737,991
Other receivables	2,202,744	-	-	-	81,371	2,284,115
Intergovernmental receivables	44,361,519	10,988,568	-	-	2,907,720	58,257,807
Due from other funds	9,305,217	-	-	-	-	9,305,217
Inventories	135,697	180,474	629,987	-	-	946,158
Prepaid items	2,351,645	163,074	23,832	-	-	2,538,551
Total assets	<u>\$ 125,878,300</u>	<u>\$ 11,402,570</u>	<u>\$ 1,181,337</u>	<u>\$ 2,492,394</u>	<u>\$ 5,009,737</u>	<u>\$ 145,964,338</u>
LIABILITIES						
Accounts payable	\$ 10,604,305	\$ 1,524,196	\$ 122,278	\$ -	\$ 1,140,784	\$ 13,391,563
Accrued liabilities	2,419,998	276,606	44,218	-	-	2,740,822
Intergovernmental payables	21,659,200	-	-	-	-	21,659,200
Due to other funds	-	4,009,714	-	-	-	4,009,714
Unearned revenue	13,610,765	-	-	-	-	13,610,765
Total liabilities	<u>48,294,268</u>	<u>5,810,516</u>	<u>166,496</u>	<u>-</u>	<u>1,140,784</u>	<u>55,412,064</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	10,770,778	-	-	-	-	10,770,778
Unavailable revenue - opioid settlement	1,994,357	-	-	-	-	1,994,357
Total deferred inflows of resources	<u>12,765,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,765,135</u>
FUND BALANCES						
Nonspendable	4,690,086	343,548	653,819	-	81,371	5,768,824
Restricted	7,598,595	-	-	2,492,394	3,787,582	13,878,571
Assigned	5,688,584	5,248,506	361,022	-	-	11,298,112
Unassigned	46,841,632	-	-	-	-	46,841,632
Total fund balances	<u>64,818,897</u>	<u>5,592,054</u>	<u>1,014,841</u>	<u>2,492,394</u>	<u>3,868,953</u>	<u>77,787,139</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 125,878,300</u>	<u>\$ 11,402,570</u>	<u>\$ 1,181,337</u>	<u>\$ 2,492,394</u>	<u>\$ 5,009,737</u>	<u>\$ 145,964,338</u>

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

COUNTY OF CHAUTAUQUA, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2023

Fund balances—total governmental funds (page 16)		\$ 77,787,139
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these assets is \$438,230,844 and the accumulated depreciation/amortization is \$221,885,702.		216,345,142
Uncollected property taxes of \$10,770,778 and opioid settlement revenue of \$1,994,357 are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		12,765,135
Long-term receivable from Jamestown Community College is not reported as a fund receivable, but rather is recognized when the resources are available. The asset is reported in the statement of net position.		3,460,000
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.		443,121
Deferred outflows and inflows of resources related to pensions and other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to employer contributions	\$ 6,349,125	
Deferred outflows of resources related to experience, changes of assumptions and investment earnings	33,277,114	
Deferred inflows related to pension plans	(5,457,920)	
Deferred outflows related to OPEB	8,837,944	
Deferred inflows related to OPEB	<u>(48,594,366)</u>	(5,588,103)
Internal service funds are used by the County to charge the costs of health insurance and workers' compensation to the individual funds. The assets and liabilities of the internal services funds are included in the governmental funds statement of net position.		276,561
Deferred gains on refunding are not financial resources and, therefore, are not reported as liabilities in the governmental funds.		(2,375,142)
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(307,280)
Net accrued interest for bond anticipation notes and serial bonds is not reported in the funds.		(404,438)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	\$ (32,000,370)	
Unamortized bond premiums	(1,041,230)	
CTASC bonds and accreted interest, net	(38,380,001)	
Lease liability	(3,548,708)	
Subscription based information technology arrangement ("SBITA") liability	(478,285)	
Compensated absences	(8,923,485)	
Other postemployment benefits obligation	(23,719,737)	
Net pension liability	(54,710,768)	
Long-term retirement payable	<u>(864,698)</u>	<u>(163,667,282)</u>
Net position of governmental activities		<u>\$ 138,734,853</u>

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
Year Ended December 31, 2023

		Special Revenue				Total
	General	County Road	Road Machinery	Debt Service	Capital Projects	Governmental Funds
REVENUES						
Real property taxes	\$ 67,850,298	\$ -	\$ -	\$ -	\$ -	\$ 67,850,298
Real property tax items	2,956,847	-	-	-	-	2,956,847
Non-property tax items	96,686,126	810,010	-	-	-	97,496,136
Departmental income	18,572,841	6	-	-	25,512	18,598,359
Intergovernmental charges	5,455,966	265	434,806	-	542,880	6,433,917
Licenses and permits	26,622	61,582	-	-	-	88,204
Fines and forfeitures	163,768	-	-	-	-	163,768
Use of money and property	2,654,904	227,714	147,743	96,166	-	3,126,527
Sale of property and compensation for loss	932,480	12,638	71,057	-	267,340	1,283,515
Miscellaneous	2,620,894	210,868	1,854	-	-	2,833,616
Interfund revenue	207,892	-	566,611	-	-	774,503
Tobacco settlement revenue	-	-	-	2,281,820	-	2,281,820
State aid	40,756,569	8,546,719	-	-	1,879,874	51,183,162
Federal aid	49,769,685	2,493,909	-	-	4,109,238	56,372,832
Total revenues	<u>288,654,892</u>	<u>12,363,711</u>	<u>1,222,071</u>	<u>2,377,986</u>	<u>6,824,844</u>	<u>311,443,504</u>
EXPENDITURES						
Current:						
General government support	64,468,778	-	-	82,216	-	64,550,994
Education	13,731,222	-	-	-	-	13,731,222
Public safety	37,797,032	-	-	-	-	37,797,032
Health	29,978,430	-	-	-	-	29,978,430
Transportation	5,204,465	27,631,953	4,654,138	-	-	37,490,556
Economic assistance and opportunity	95,749,714	-	-	-	-	95,749,714
Culture and recreation	475,272	-	-	-	-	475,272
Home and community services	3,177,648	-	-	-	-	3,177,648
Debt service:						
Principal	3,825,285	-	474,944	915,000	-	5,215,229
Interest and fiscal charges	798,192	-	364,936	1,393,775	-	2,556,903
Capital outlay	-	-	-	-	17,951,799	17,951,799
Total expenditures	<u>255,206,038</u>	<u>27,631,953</u>	<u>5,494,018</u>	<u>2,390,991</u>	<u>17,951,799</u>	<u>308,674,799</u>
Excess (deficiency) of revenues over expenditures	<u>33,448,854</u>	<u>(15,268,242)</u>	<u>(4,271,947)</u>	<u>(13,005)</u>	<u>(11,126,955)</u>	<u>2,768,705</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	14,454,591	4,838,784	-	10,350,787	29,644,162
Transfers out	(30,918,679)	-	-	-	-	(30,918,679)
Total other financing sources (uses)	<u>(30,918,679)</u>	<u>14,454,591</u>	<u>4,838,784</u>	<u>-</u>	<u>10,350,787</u>	<u>(1,274,517)</u>
Net change in fund balances	2,530,175	(813,651)	566,837	(13,005)	(776,168)	1,494,188
Fund balances—beginning	62,288,722	6,405,705	448,004	2,505,399	4,645,121	76,292,951
Fund balances—ending	<u>\$ 64,818,897</u>	<u>\$ 5,592,054</u>	<u>\$ 1,014,841</u>	<u>\$ 2,492,394</u>	<u>\$ 3,868,953</u>	<u>\$ 77,787,139</u>

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

COUNTY OF CHAUTAUQUA, 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, 2023

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

Net change in fund balances—total governmental funds (page 18) \$ 1,494,188

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/amortization expense. This is the amount by which capital outlays, net of disposals, exceeded depreciation/amortization expense and loss on disposal of assets in the current period.

Capital asset additions and transfers	\$ 26,082,163	
Loss on disposal of assets	(10,181)	
Depreciation/amortization expense	<u>(18,855,343)</u>	7,216,639

Amortization of deferred gain and charge on refunding. 97,933

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

Change in unavailable revenue	\$ 1,603,908	
Change in long-term receivable	<u>(345,000)</u>	1,258,908

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

Direct pension contributions	\$ 7,778,323	
Cost of benefits earned net of employee contributions	<u>(17,995,448)</u>	(10,217,125)

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

Change in OPEB assumptions	\$ (1,134,524)	
Differences between expected and actual experience	<u>4,591,026</u>	3,456,502

Internal services funds are used by management to charge the costs of health insurance and workers' compensation. The net income of the internal service funds of \$2,139,859 is reported within governmental activities.

2,139,859

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

162,487

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any 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:

Principal payments on serial bonds	\$ 3,205,192	
Amortization of bond premium	136,036	
Principal payment on CTASC bonds	915,000	
Amortization of bond discount on CTASC bonds	(21,970)	
Accreted interest on CTASC bonds	(744,336)	
Issuance of leases	(21,084)	
Principal payments on leases	970,635	
Principal payments on SBITAs	124,402	
Change in compensated absences	(896,917)	
Change in other postemployment benefits obligation	1,849,489	
Change in long-term retirement payable	<u>343,736</u>	5,860,183

Change in net position of governmental activities \$ 11,162,294

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Net Position—Proprietary Funds
December 31, 2023

	Business-type Activities						Governmental Activities— Internal Service Funds
	Enterprise Funds						
	Sewer Districts	Water Districts	Landfill	Electric Plant	Land Bank Corporation	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 150	\$ -	\$ 1,150	\$ -	\$ 482,416	\$ 483,716	\$ -
Restricted cash and cash equivalents and investments	-	-	-	525,000	39,541	564,541	-
Investments	3,158,806	463,337	30,269,087	1,056,483	517,481	35,465,194	15,713,021
Receivables (net of allowances)	2,178,704	1,533,177	754,664	20,044	-	4,486,589	261,366
Intergovernmental receivables	5,001,398	-	109	-	-	5,001,507	2,591,176
Prepaid items	41,455	392	70,158	-	-	112,005	324,807
Inventories	-	-	70,352	-	-	70,352	-
Real property held for resale	-	-	-	-	585,107	585,107	-
Total current assets	10,380,513	1,996,906	31,165,520	1,601,527	1,624,545	46,769,011	18,890,370
Noncurrent assets:							
Capital assets, not being depreciated	911,635	6,137,748	2,394,834	-	-	9,444,217	-
Capital assets, net of accumulated depreciation	36,795,103	11,429,115	19,352,543	7,491,025	-	75,067,786	-
Total noncurrent assets	37,706,738	17,566,863	21,747,377	7,491,025	-	84,512,003	-
Total assets	48,087,251	19,563,769	52,912,897	9,092,552	1,624,545	131,281,014	18,890,370
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows—related to pensions	713,242	9,648	1,198,334	-	-	1,921,224	-
Deferred outflows—related to OPEB	255,076	5,150	266,323	-	-	526,549	-
Deferred charge on refunding	-	-	-	340,607	-	340,607	-
Total deferred outflows of resources	968,318	14,798	1,464,657	340,607	-	2,788,380	-
LIABILITIES							
Current liabilities:							
Accounts payable	544,445	321,725	355,567	-	27	1,221,764	1,021,240
Accrued liabilities	61,868	23,635	116,711	78,994	-	281,208	6,836
Due to other funds	-	5,295,503	-	-	-	5,295,503	-
Performance bond deposits	-	-	-	-	63,200	63,200	-
Unearned revenue	-	-	-	525,000	39,541	564,541	-
Total current liabilities	606,313	5,640,863	472,278	603,994	102,768	7,426,216	1,028,076
Noncurrent liabilities:							
Due within one year:							
Compensated absences	59,710	-	131,784	-	-	191,494	-
Serial bonds and notes payable, net	264,221	200,974	1,803,234	929,975	-	3,198,404	-
Due in more than one year:							
Serial bonds and notes payable, net	16,883,163	7,172,224	9,579,948	4,983,137	-	38,618,472	-
Landfill closure and post-closure	-	-	25,193,582	-	-	25,193,582	-
Workers' compensation liability	42,873	560	170,715	-	-	214,148	16,078,922
Health insurance liability	35,839	588	58,762	-	-	95,189	1,506,811
Net OPEB obligation	810,498	16,953	1,364,261	-	-	2,191,712	-
Net pension liability	984,751	13,320	1,654,504	-	-	2,652,575	-
Total noncurrent liabilities	19,081,055	7,404,619	39,956,790	5,913,112	-	72,355,576	17,585,733
Total liabilities	19,687,368	13,045,482	40,429,068	6,517,106	102,768	79,781,792	18,613,809
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources—pensions	98,239	1,328	165,053	-	-	264,620	-
Deferred inflows of resources—OPEB	1,099,696	20,882	2,709,928	-	-	3,830,506	-
Deferred capital grant contribution	542,075	3,336,000	-	-	-	3,878,075	-
Total deferred inflows of resources	1,740,010	3,358,210	2,874,981	-	-	7,973,201	-
NET POSITION							
Net investment in capital assets	20,559,354	10,193,665	10,364,195	1,918,520	-	43,035,734	-
Unrestricted	7,068,837	(7,018,790)	709,310	997,533	1,521,777	3,278,667	276,561
Total net position	\$ 27,628,191	\$ 3,174,875	\$ 11,073,505	\$ 2,916,053	\$ 1,521,777	\$ 46,314,401	\$ 276,561

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2023

	Business-type Activities					
	Enterprise Funds					
	Sewer Districts	Water Districts	Landfill	Electric Plant	Land Bank Corporation	Total
OPERATING REVENUES						
Charges for services	\$ 4,400,607	\$ 1,590,302	\$ 8,177,763	\$ 1,058,412	\$ 496,347	\$ 15,723,431
Total operating revenues	4,400,607	1,590,302	8,177,763	1,058,412	496,347	15,723,431
OPERATING EXPENSES						
Personal services	913,103	36,797	2,348,911	-	215,433	3,514,244
Contractual services	2,188,843	1,165,023	1,852,808	47,204	110,476	5,364,354
Fringe benefits	897,561	12,149	1,169,538	-	21,510	2,100,758
Depreciation	1,542,009	264,248	1,998,427	660,944	-	4,465,628
Landfill closure expense	-	-	347,530	-	-	347,530
Total operating expenses	5,541,516	1,478,217	7,717,214	708,148	347,419	15,792,514
Operating (loss) income	(1,140,909)	112,085	460,549	350,264	148,928	(69,083)
NONOPERATING REVENUES (EXPENSES)						
Transfers in	-	857,825	416,692	-	-	1,274,517
State sources	5,011,938	-	9,530	-	146,417	5,167,885
Interest income	213,462	26,651	1,720,826	60,634	17,481	2,039,054
Interest expense	(59,983)	(51,209)	(230,556)	(177,012)	-	(518,760)
Gain (loss) on disposal of assets	46,694	-	36,470	-	-	83,164
Other miscellaneous revenue	18,473	132,000	151,244	1,986	650	304,353
Total nonoperating revenues (expenses)	5,230,584	965,267	2,104,206	(114,392)	164,548	8,350,213
Change in net position	4,089,675	1,077,352	2,564,755	235,872	313,476	8,281,130
Net position—beginning	23,538,516	2,097,523	8,508,750	2,680,181	1,208,301	38,033,271
Net position—ending	\$ 27,628,191	\$ 3,174,875	\$ 11,073,505	\$ 2,916,053	\$ 1,521,777	\$ 46,314,401

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2023

	Business-type Activities						Governmental
	Enterprise Funds						Activities—
	Sewer Districts	Water Districts	Landfill	Electric Plant	Land Bank Corporation	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from services provided	\$ (584,130)	\$ 1,603,427	\$ 8,157,510	\$ 1,568,197	\$ 476,047	\$ 11,221,051	\$ 24,791,598
Payments to suppliers and service providers	(2,629,901)	(1,150,269)	(1,827,362)	(65,671)	(239,999)	(5,913,202)	(26,021,238)
Payments to employees for salaries and benefits	(1,193,640)	(50,439)	(3,791,769)	-	(237,556)	(5,273,404)	-
Net cash (used for) provided by operating activities	(4,407,671)	402,719	2,538,379	1,502,526	(1,508)	34,445	(1,229,640)
CASH FLOWS FROM NONCAPITAL							
FINANCING ACTIVITIES							
Payments from other funds	-	958,204	416,692	-	-	1,374,896	3,007,802
Other income	5,077,105	132,000	197,244	1,986	147,067	5,555,402	2,428,927
Net cash provided by noncapital financing activities	5,077,105	1,090,204	613,936	1,986	147,067	6,930,298	5,436,729
CASH FLOWS FROM CAPITAL AND RELATED							
FINANCING ACTIVITIES							
Interest expense	(59,982)	(51,209)	(230,556)	(177,012)	-	(518,759)	-
Acquisition and reclassifications of capital assets	(5,007,525)	(2,478,568)	(1,687,452)	-	-	(9,173,545)	-
Notes payable issued	3,361,846	1,114,788	-	-	-	4,476,634	-
Principal payments on serial bonds	(334,942)	-	(1,743,760)	(845,322)	-	(2,924,024)	-
Principal payments on notes payable	(64,869)	(201,190)	-	-	-	(266,059)	-
Net cash provided by (used for) capital and related financial activities	(2,105,472)	(1,616,179)	(3,661,768)	(1,022,334)	-	(8,405,753)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment loss (gain)	1,436,038	123,256	509,453	(482,178)	-	1,586,569	(4,207,089)
Net cash (used for) provided by investing activities	1,436,038	123,256	509,453	(482,178)	-	1,586,569	(4,207,089)
Net increase in cash and cash equivalents	-	-	-	-	145,559	145,559	-
Cash and cash equivalents—beginning	150	-	1,150	-	376,398	377,698	-
Cash and cash equivalents—ending	\$ 150	\$ -	\$ 1,150	\$ -	\$ 521,957	\$ 523,257	\$ -

(continued)

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Cash Flows—Proprietary Funds
Year Ended December 31, 2023

(concluded)

	Business-type Activities						Governmental
	Enterprise Funds					Total	Activities—
	Sewer Districts	Water Districts	Landfill	Electric Plant	Land Bank Corporation		Internal Service Funds
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES							
Operating (loss) income	\$(1,140,909)	\$ 112,085	\$ 460,549	\$ 350,264	\$ 148,928	\$ (69,083)	\$ (983,049)
Adjustments to reconcile operating (loss) income to net cash (used for) provided by operating activities:							
Depreciation and depletion	1,542,009	264,248	2,345,957	660,944	-	4,813,158	-
(Increase) in receivables	(570,533)	(2,764)	(20,253)	(15,215)	-	(608,765)	(261,366)
(Increase) decrease in intergovernmental receivables	(4,414,204)	15,889	-	-	-	(4,398,315)	1,848,030
(Increase) decrease in prepaid assets	(6,773)	424	(8,786)	-	-	(15,135)	(24,800)
(Increase) in inventories	-	-	(5,664)	-	-	(5,664)	-
(Increase) in property held for resale	-	-	-	-	(96,373)	(96,373)	-
Decrease in deferred outflows of resources	55,677	8,605	236,361	53,081	-	353,724	-
(Decrease) increase in accounts payable	(404,584)	143,970	65,260	-	(613)	(195,967)	320,293
(Decrease) increase in accrued liabilities	(24,597)	2,360	(7,454)	(13,711)	-	(43,402)	(2,128,748)
(Decrease) in performance bond deposits	-	-	-	-	(33,150)	(33,150)	-
Increase (decrease) in unearned revenue	-	-	-	525,000	(20,300)	504,700	-
(Decrease) in bond premium	(5,881)	-	(27,259)	(57,837)	-	(90,977)	-
(Decrease) in accrued workers' compensation	(33,918)	(801)	(161,940)	-	-	(196,659)	-
Increase (decrease) in compensated absences liability	(783)	-	(3,051)	-	-	(3,834)	-
Increase (decrease) in other postemployment benefits	79,919	1,339	(149,725)	-	-	(68,467)	-
Increase (decrease) in net pension liability (asset)	1,371,391	22,413	2,338,664	-	-	3,732,468	-
Increase in health insurance liability	792	13	1,274	-	-	2,079	-
(Decrease) in deferred inflows of resources	(855,277)	(165,062)	(2,525,554)	-	-	(3,545,893)	-
Total adjustments	(3,266,762)	290,634	2,077,830	1,152,262	(150,436)	103,528	(246,591)
Net cash (used for) provided by operating activities	<u>\$(4,407,671)</u>	<u>\$ 402,719</u>	<u>\$ 2,538,379</u>	<u>\$ 1,502,526</u>	<u>\$ (1,508)</u>	<u>\$ 34,445</u>	<u>\$ (1,229,640)</u>

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Fiduciary Net Position—Custodial Fund
December 31, 2023

	<u>Custodial Fund</u>
ASSETS	
Restricted cash	\$ 3,125,228
Accounts receivable	5,028
Intergovernmental receivables	<u>24,522</u>
Total assets	<u>\$ 3,154,778</u>
 LIABILITIES	
Other liabilities	226,648
Due to other governments	<u>1,468,123</u>
Total liabilities	<u>1,694,771</u>
 NET POSITION	
Restricted for other purposes	<u>1,460,007</u>
Total liabilities	<u>\$ 1,460,007</u>

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Changes in Fiduciary Net Position—Custodial Fund
Year Ended December 31, 2023

	Custodial Fund
ADDITIONS	
Funds collected on behalf of others	\$ 38,593,740
Interest and earnings	<u>27,627</u>
Total additions	<u>38,621,367</u>
DEDUCTIONS	
Funds distributed on behalf of others	<u>38,769,907</u>
Total deductions	<u>38,769,907</u>
Change in fiduciary net position	(148,540)
Net position—beginning	<u>1,608,547</u>
Net position—ending	<u>\$ 1,460,007</u>

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

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COUNTY OF CHAUTAUQUA, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

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

Reporting Entity

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

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

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

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

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

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

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.

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

Excluded from the Financial Reporting Entity—Although the following is related to the County, it is not included in the County’s reporting entity.

Roberts Road Development Corporation—The Roberts Road Development Corporation (the “Corporation”) was created pursuant to Section 1411 of the Not-For-Profit Corporation Law on March 19, 2009 to assist in the development of the former Roblin Steel, Edgewood, and Alumax properties located along Roberts Road in Chautauqua County. The Corporation is excluded from the financial reporting entity due to a lack of activity for the year ended December 31, 2023. Had the Corporation had activity, it would be a discretely presented component unit because the County can appoint the voting and non-voting members to the Board of Directors.

Jamestown Community College—Jamestown Community College (the “College”) is a locally sponsored, two-year community college founded in 1950. The College is part of a statewide system of two-year institutions designed to provide technical, para-professional, and university parallel education. The College is one of thirty community colleges within the State University of New York (“SUNY”). SUNY Community Colleges are financed by New York State, student tuition, and sponsor contributions. In 1996, the State of New York amended Article 126 of the Education Law through Chapter 144 of the Laws of 1996. The law changed sponsorship of the College from the City of Jamestown to the Jamestown Community College Region, effective September 1, 1996. This region is made of the City of Jamestown and Chautauqua and Cattaraugus Counties. The College is excluded from the financial reporting entity because the County is unable to appoint a

voting majority of the Board of Trustees and the College is not fiscally dependent on the County. Further information can be obtained by writing Jamestown Community College, Administration Office, 525 Falconer Street, Jamestown, New York 14701.

Basis of Presentation—Government-wide Financial Statements

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

As discussed earlier, the County has one discretely presented component unit. While the Agency 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 sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation—Fund Financial Statements

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

The County reports the following major governmental funds:

- *General Fund*—The General Fund is the primary operating fund of the County and accounts for all financial resources of the general government, except those required to be accounted for in other funds. The principal sources of revenues for the General Fund are property taxes and sales tax.
- *County Road Fund*—The County Road Fund is used to account for the construction and maintenance of County roads and other transportation expenses in accordance with New York State laws.
- *Road Machinery Fund*—The Road Machinery Fund is used to account for the maintenance of heavy equipment utilized for road maintenance and construction.
- *Debt Service Fund*—The Debt Service Fund accounts for CTASC, which is used to account for the receipt and disbursement of resources related to tobacco assets and related obligations. When applicable, it also records the proceeds and payments to escrow agents for refunding bond issuances.

- *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:

- *Sewer Districts Fund*—The Sewer Districts Fund is comprised of three County sewer districts and is used to account for the operating activities of the County sewer districts.
- *Water Districts Fund*—The Water Districts Fund is comprised of two County water districts and is used to account for the operating activities of the County water districts.
- *Landfill Fund*—The Landfill Fund is used to account for the operating activities of the County landfill including transfer stations.
- *Electric Plant Fund*—The Electric Plant Fund is used to account for the operating activities of the County electric generation plant at the County landfill.
- *Land Bank Corporation Fund*—The Land Bank Corporation, 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:

Internal Service Funds—The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments on a cost reimbursement basis. The County maintains the following internal service funds:

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

The Custodial Fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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

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

Restricted Cash, Cash Equivalents and Investments—Restricted cash, cash equivalents and investments represent amounts to support fund balance restrictions, unspent proceeds of debt, cash received for items not meeting revenue recognition criteria, and amounts held on behalf of others. Permissible investments include obligations of the U.S. Treasury and U.S. Government agencies, repurchase agreements and obligations of New York State or its localities. The County’s investments are recorded at fair value in accordance with GASB.

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

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

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

Real Property Held for Resale—The Land Bank Corporation reports property held for resale at cost, which totaled \$585,107 at December 31, 2023.

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

Assets	Years
Infrastructure:	
Dams and drainage systems	100
Traffic control systems	40
Bridges and culverts	30
Roads	20
Buildings and building improvements	20-40
Machinery and equipment:	
Office equipment and furniture	10
Heavy equipment	9
Other	5
Computers	3
Vehicles	4
Right-to-use leased asset - buildings	5-15
SBITA asset - software	5

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

Unearned Revenue—Certain cash receipts have not met the revenue recognition criteria for government-wide or fund financial purposes. At December 31, 2023, the County reported \$13,610,765 of unearned revenue in the General Fund and \$564,541 in business-type activities. These funds receive overpayments and grant money in advance but have not performed the related services, and therefore recognizes a liability.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2023, the County has three items that qualified for reporting in this category. The first item is related to pensions reported in the government-wide financial statements, as well as within individual proprietary funds. This represents the effect of the net change in the County's proportion of the collective net pension liability/(asset), the difference during the measurement period between the County's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension system made subsequent to the measurement date. The second item is related to OPEB and is reported in the government-wide financial statements as well as within the individual proprietary funds, and represents the effects of the change in the County's proportion of the collective OPEB liability and difference during measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The third 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 will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2023, the County had six items that qualified for reporting in this category. The first arises under the modified accrual basis of accounting. Accordingly, the item *unavailable revenue – property taxes*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, *unavailable revenue – opioid settlement*, is related to opioid settlement revenue that is recognized as receivable under the modified accrual basis of accounting but is not considered available and, therefore, is deferred. The third item represents the effect of the net change in the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide financial statements. The fourth item represents the effects of the change in the County's proportion of the collective OPEB liability and difference during the measurement period between certain employers' contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability and is reported on the government-wide financial statements. The fifth item is a deferred inflow of resources recorded in the government-wide financial statements for items which represent a deferred gain on CTASC refunding bonds that is being amortized over the life of the refunded debt. The final item is related to grant revenue that is unavailable for recognition and will be recognized over the life of the related debt 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 Assumptions—Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

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

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

Revenues and Expense/Expenditures

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses—Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Sewer Districts, Water Districts, Landfill, Electric Plant, Land Bank Corporation and internal services funds are charges to customers and interfund/intergovernmental entities for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

Uncollected property taxes assumed by the County as a result of the settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings. The portion of the receivable that represents taxes re-levied for school (\$7,323,492) and the portion that represents taxes re-levied for the cities and villages (\$635,284) are recognized as liabilities that are included in intergovernmental payables. Also, \$10,770,778 of the receivable that is not considered available under the modified accrual basis of accounting, i.e. will not be collected within sixty days, is recorded as a deferred inflow of resources, net of a \$1,000,000 allowance.

Tax rates are calculated using assessments prepared by individual town and city assessors as adjusted by the New York State Board of Equalization and Assessment for the purpose of comparability. The total taxable assessment value of real property in the tax levy of 2023 is approximately \$8.93 billion. The effective tax rate on this value is approximately \$7.80 per thousand.

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

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

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

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

Other Postemployment Benefits—In addition to providing pension benefits, the County provides health insurance coverage and/or payments health and survivor benefits for retired employees and their survivors. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. See additional information in Note 8.

Other

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

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

Governmental fund type estimated current contingent liabilities (i.e., those to be liquidated with available financial resources in the ensuing year) for property damage and personal injury liabilities are

recorded in the General Fund. The long-term portion (i.e., liabilities to be paid from future resources) is recorded within long-term debt in the government-wide financial statements.

Legal Compliance—Budgets

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

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

Adoption of New Accounting Pronouncements—During the year ended December 31, 2023, the County implemented GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnerships arrangements (“PPPs”). GASB Statement No. 96 improves financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements (“SBITAs”) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and improves the consistency of authoritative literature related to GASB Statements No. 94 and 96. The implementation of GASB Statement No. 96 is discussed in Note 2. The implementation of GASB Statements No. 94 and a portion of 99 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 the remainder of GASB Statement No. 99, *Omnibus*

2022; No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024; No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025; and No. 103, *Financial Reporting Model Improvements*, effective for the year ending December 31, 2026. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 99, 100, 101, 102, and 103 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Deficit Net Position—At December 31, 2023, the County had a deficit net position of \$515,886 in the Workers' Compensation Fund within the Internal Service Funds. This deficit is the result of year-end case reserves and reserves for incurred but not reported claims that are related to the County's general operations, which are primarily long-term in nature. This deficit is anticipated to be remedied through future charges to the operating funds and the enterprise funds. The Workers' Compensation Fund charges the general operations of the County for actual claims paid on a pay-as-you-go basis.

2. RESTATEMENT OF NET POSITION

During the year ended December 31, 2023, the County implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. As a result of the implementation, the County's capital assets and long-term liabilities were restated as of December 31, 2022. Accordingly, net position of governmental activities at December 31, 2022 has been restated from \$127,576,054 to \$127,572,559.

During a review of grants during 2023 the IDA determined that \$56,000 of revenue was recognized during the year ended December 31, 2022 that should have been recorded as unearned revenue. These amounts were reclassified during 2023 resulting in a decrease in net position and an increase in unearned revenue. Accordingly, net position of the discretely presented component unit at December 31, 2022 has been restated from \$22,201,214 to \$22,145,214.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

Cash and cash equivalents (including restricted cash and cash equivalents) at December 31, 2023, are presented on the following page.

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total Balance
Petty cash (uncollateralized)	\$ 9,050	\$ 1,300	\$ -	\$ 10,350
Cash and cash equivalents	<u>42,787,021</u>	<u>521,957</u>	<u>3,125,228</u>	<u>46,434,206</u>
Total	<u>\$ 42,796,071</u>	<u>\$ 523,257</u>	<u>\$ 3,125,228</u>	<u>\$ 46,444,556</u>

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2023 as follows:

	December 31, 2023	
	Bank Balance	Carrying Amount
FDIC Insured	\$ 1,147,744	\$ 1,020,861
Uninsured:		
Collateral held by bank's agent in the County's name	<u>46,882,314</u>	<u>45,413,345</u>
Total	<u>\$ 48,030,058</u>	<u>\$ 46,434,206</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As noted above, by New York State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2023, 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, Cash Equivalents and Investments—Governmental funds restricted cash, cash equivalents and investments total \$23,701,754, of which \$2,492,394 represents amounts restricted for CTASC, \$13,610,765 represents unearned revenue, and \$7,598,595 supports General Fund restricted fund balance. Additionally, proprietary funds restricted cash, cash equivalents, and investments total \$564,541, which is to support unearned revenue. Finally, \$3,125,228 is restricted in the Custodial Fund for amounts held on behalf of others. These deposits were fully covered by FDIC insurance or collateral held by escrow agents in the name of the County.

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

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

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

Investments reported within governmental activities at December 31, 2023 are as follows:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
CDs and time deposits	\$ 2,165,952	\$ -	\$ -
U.S. Government agency bonds	13,728,221	-	-
Municipal bonds	4,217,713	-	-
Total	<u>\$ 20,111,886</u>	<u>\$ -</u>	<u>\$ -</u>

Investments reported within business-type activities at December 31, 2023 are as follows:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
CDs and time deposits	\$ 3,875,969	\$ -	\$ -
U.S. Government agency bonds	24,566,634	-	-
Municipal bonds	7,547,591	-	-
Total	<u>\$ 35,990,194</u>	<u>\$ -</u>	<u>\$ -</u>

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 counterpart 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. GNMA bonds and U.S. Treasury notes are backed by the full faith and credit of the U.S. government and are considered to be of the highest credit quality.

Chautauqua County Industrial Development Agency Cash and Cash Equivalents—Deposits for the Agency totaled \$11,644,174 and were fully collateralized or insured at December 31, 2023.

4. RECEIVABLES

Major revenues accrued by the County at December 31, 2023 consisted of the following:

Taxes Receivable—Represents amounts due to the County for property taxes, property tax items and non-property tax items of \$20,699,564. These amounts are reported net of an allowance for uncollectible taxes of \$1,000,000.

Accounts Receivable—Represent amounts due from various sources. The County's accounts receivable at December 31, 2023 are shown below:

Governmental funds:	
General Fund	\$ 4,557,721
County Road Fund	70,454
Road Machinery Fund	28,942
Capital Project Fund	<u>80,874</u>
Total governmental funds	<u>\$ 4,737,991</u>
Enterprise funds:	
Sewer Districts Fund	\$ 2,178,704
Water Districts Fund	1,533,177
Landfill Fund	754,664
Electric Plant Fund	<u>20,044</u>
Total enterprise funds	<u>\$ 4,486,589</u>
Internal service funds:	
Health insurance	<u>\$ 261,366</u>
Total internal service funds	<u>\$ 261,366</u>
Custodial Fund	<u>\$ 5,028</u>

Other Receivables—Represent loans due from various entities including the Chautauqua County Industrial Development Agency, North Chautauqua Lake Sewer District and Portland, Pomfret, Dunkirk Sewer District. Such loan balances are included in nonspendable fund balance because they represent net current financial resources that cannot be spent. The total amount of other receivables at December 31, 2023 is presented on the following page.

General Fund	\$ 2,202,744
Capital Projects Fund	<u>81,371</u>
Total governmental funds	<u>\$ 2,284,115</u>

Intergovernmental Receivables—State and federal receivables primarily represent claims for reimbursement for expenditures in administering various mental health and social service programs. They are net of related advances from New York State. State and federal receivables also include reimbursable amounts for construction expenditures made through the Capital Projects Fund. Other government receivables primarily represent amounts due from local governments within the County relating to their respective share of workers' compensation liabilities. The total amounts receivable from other governments at December 31, 2023 are presented below:

Governmental funds:	
General Fund	\$ 44,361,519
County Road Fund	10,988,568
Capital Project Fund	<u>2,907,720</u>
Total governmental funds	<u>\$ 58,257,807</u>

Enterprise funds:	
Sewer Districts Fund	\$ 5,001,398
Landfill Fund	<u>109</u>
Total governmental funds	<u>\$ 5,001,507</u>

Internal service funds:	
Workers' Compensation Fund	\$ <u>2,591,176</u>
Total governmental funds	<u>\$ 2,591,176</u>

Chautauqua County Industrial Development Agency

Other Receivables—Other receivables represent various notes receivable, in the total amount of \$17,787,623 outstanding at December 31, 2023.

Mortgage Receivable—Represents various mortgages receivable outstanding. At December 31, 2023, the Agency's mortgage receivable balance was \$1,657,719.

5. CAPITAL ASSETS

Governmental Activities—Capital asset activity for the primary government's governmental activities for the year ended December 31, 2023 was as follows:

	Balance 1/1/2023 (as restated)	Increases	Decreases	Balance 12/31/2023
Capital assets not being depreciated/amortized				
Land	\$ 834,592	\$ -	\$ -	\$ 834,592
Construction in progress	8,281,781	17,951,797	21,754,635	4,478,943
Total capital assets, not being depreciated/amortized	9,116,373	17,951,797	21,754,635	5,313,535
Capital assets being depreciated/amortized:				
Infrastructure	242,418,311	20,256,461	-	262,674,772
Buildings and building improvements	90,216,176	2,442,473	34,436	92,624,213
Machinery and equipment	42,863,985	3,741,435	467,575	46,137,845
Vehicles	21,456,209	3,424,139	2,282,968	22,597,380
Right-to-use leased asset - buildings	8,207,857	20,493	-	8,228,350
SBITA asset - software	654,749	-	-	654,749
Total capital assets, being depreciated/amortized	405,817,287	29,885,001	2,784,979	432,917,309
Less accumulated depreciation/amortization:				
Infrastructure	105,903,322	10,027,576	-	115,930,898
Buildings and building improvements	52,477,031	3,272,267	34,436	55,714,862
Machinery and equipment	27,686,552	2,594,860	467,575	29,813,837
Vehicles	15,672,031	1,871,797	2,272,787	15,271,041
Right-to-use leased asset - buildings	4,010,664	957,893	-	4,968,557
SBITA asset - software	55,557	130,950	-	186,507
Total accumulated depreciation/amortization	205,805,157	18,855,343	2,774,798	221,885,702
Total capital assets, being depreciated/amortized	200,012,130	11,029,658	(10,181)	211,031,607
Governmental activities capital assets, net	\$ 209,128,503	\$ 28,981,455	\$ 21,744,454	\$ 216,345,142

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

Governmental activities:	
General government support	\$ 3,014,558
Public safety	1,984,354
Health	182,628
Transportation	12,818,034
Economic assistance and opportunity	736,399
Culture and recreation	30,891
Home and community services	88,479
Total depreciation expense—governmental activities	\$ 18,855,343

Business-type Activities—Capital asset activity for the primary government’s business-type activities for the fiscal year ending December 31, 2023 is presented below:

	Balance 1/1/2023	Increases	Decreases	Reclassifications	Balance 12/31/2023
Capital assets not being depreciated/amortized					
Land	\$ 541,612	\$ -	\$ -	\$ -	\$ 541,612
Construction in progress	16,651,906	7,347,287	15,096,588	-	8,902,605
Total capital assets, not being depreciated/amortized	17,193,518	7,347,287	15,096,588	-	9,444,217
Capital assets being depreciated/amortized:					
Infrastructure	51,116,383	14,942,484	-	-	66,058,867
Buildings and building improvements	17,584,613	-	-	-	17,584,613
Machinery and equipment	32,199,076	1,210,996	81,000	-	33,329,072
Vehicles	3,410,338	775,856	295,848	-	3,890,346
Landfill	58,903,650	-	-	-	58,903,650
Water treatment facility	14,229,563	7,193	-	-	14,236,756
Total capital assets, being depreciated/amortized	177,443,623	16,936,529	376,848	-	194,003,304
Less accumulated depreciation/amortization:					
Infrastructure	33,017,385	1,000,840	-	-	34,018,225
Buildings and building improvements	11,809,537	321,497	-	-	12,131,034
Machinery and equipment	22,034,061	1,347,851	81,000	-	23,300,912
Vehicles	3,934,039	259,916	282,167	(1,113,499)	2,798,289
Landfill	41,555,954	1,272,235	-	1,051,229	43,879,418
Water treatment facility	2,482,081	263,289	-	62,270	2,807,640
Total accumulated depreciation/amortization	114,833,057	4,465,628	363,167	-	118,935,518
Total capital assets, being depreciated/amortized	62,610,566	12,471,863	14,643	-	75,067,786
Governmental activities capital assets, net	\$ 79,804,084	\$ 19,819,150	\$ 15,111,231	\$ -	\$ 84,512,003

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

Business-type activities:	
Sewer	\$ 1,542,009
Water	264,248
Landfill	1,998,427
Electric Plant	660,944
Total depreciation expense—business-type activities	<u>\$ 4,465,628</u>

Chautauqua County Industrial Development Agency

Capital asset activity for the Agency for the fiscal year ended December 31, 2023 was as follows:

	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023
Capital assets being depreciated/amortized:				
Jamestown Airport Hanger	\$ 252,565	\$ -	\$ -	\$ 252,565
Furniture and equipment	128,691	-	-	128,691
Talcott Street property	1,816,115	7,487	1,823,602	-
West end improvements	53,848	-	-	53,848
Other improvements	452,655	-	59,708	392,947
Right-to-use leased assets	861,925	-	-	861,925
Total capital assets, being depreciated/amortized	<u>3,565,799</u>	<u>7,487</u>	<u>1,883,310</u>	<u>1,689,976</u>
Less accumulated depreciation/amortization	<u>970,516</u>	<u>135,148</u>	<u>423,888</u>	<u>681,776</u>
Total capital assets, being depreciated/amortized	<u>\$ 2,595,283</u>	<u>\$ (127,661)</u>	<u>\$ 1,459,422</u>	<u>\$ 1,008,200</u>

Depreciation for the year ended December 31, 2023 totaled \$135,148.

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2023 were as follows:

	General Fund	County Road Fund	Road Machinery Fund	Total Governmental Funds
Salary and employee benefits	\$ 2,401,786	\$ 276,606	\$ 44,218	\$ 2,722,610
Other	18,212	-	-	18,212
Total accrued liabilities	<u>\$ 2,419,998</u>	<u>\$ 276,606</u>	<u>\$ 44,218</u>	<u>\$ 2,740,822</u>

7. PENSION OBLIGATIONS

Plan Descriptions and Benefits Provided

New York State and Local Employees' Retirement System ("ERS")—The County participates in the ERS (the "System"), which is a cost-sharing, multiple-employer, public employee retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual

relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2023, the County reported the following liabilities for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2023. The total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to the measurement date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS Systems in reports provided to the County.

	ERS	
	Governmental Activities	Business-type Activities
Measurement date	March 31, 2023	March 31, 2023
Net pension liability	\$ 54,710,768	\$ 2,652,575
County's portion of the Plan's total net pension liability	0.2551328%	0.0123698%

For the year ended December 31, 2023, the County recognized pension expense of \$17,989,697 and \$872,206 for ERS for governmental activities and business-type activities, respectively. At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources presented on the following page.

	ERS			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental	Business-type	Governmental	Business-type
	Activities	Activities	Activities	Activities
Differences between expected and actual experiences	\$ 5,827,124	\$ 282,521	\$ 1,536,484	\$ 74,495
Changes of assumptions	26,571,077	1,288,262	293,660	14,238
Net difference between projected and actual earnings on pension plan investments	-	-	321,424	15,583
Changes in proportion and differences between the County's contributions and proportionate share of contributions	878,913	42,613	3,306,352	160,304
County contributions subsequent to the measurement date	6,349,125	307,828	-	-
Total	<u>\$ 39,626,239</u>	<u>\$ 1,921,224</u>	<u>\$ 5,457,920</u>	<u>\$ 264,620</u>

The County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS	
	Governmental Activities	Business-type Activities
2024	\$ 6,187,044	\$ 299,970
2025	(3,640,931)	(176,525)
2026	10,597,080	513,785
2027	14,676,001	711,546

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

	ERS
Measurement date	March 31, 2023
Actuarial valuation date	April 1, 2022
Interest rate	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2015- March 31, 2020
Inflation rate	2.90%
Cost-of-living adjustments	1.50%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021. The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

Measurement date	ERS	
	Target	Long-Term Expected
	Allocation	Real Rate of Return
	March 31, 2023	
Asset class:		
Domestic equities	32.0 %	4.3 %
International equities	15.0	6.9
Private equity	10.0	7.5
Real estate	9.0	4.6
Absolute return strategies	3.0	5.4
Credit	4.0	5.4
Real assets	3.0	5.8
Fixed income	23.0	1.5
Cash	1.0	0.0
Total	100.0 %	

Discount Rate—The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Governmental Activities:			
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 132,212,460	\$ 54,710,768	\$ (10,050,912)
Business-type Activities:			
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 6,410,136	\$ 2,652,575	\$ (487,304)

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

	(Dollars in Thousands)
	ERS
Valuation date	April 1, 2022
Employers' total pension liability	\$ 232,627,259
Plan fiduciary net position	<u>211,183,223</u>
Employers' net pension liability	<u>\$ 21,444,036</u>
System fiduciary net position as a percentage of total pension liability	90.8%

8. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

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

The County contracts with various health plans to provide health coverage to its active and retired members. The retirees may continue coverage in the County health plans at their own expense after their sick leave balances are fully exhausted. The insurers charge the same premium for active and retired members; therefore, an implicit County subsidy of retiree premiums exists. Benefit provisions are established and may be amended through negotiations between the County and the bargaining units during each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Employees Covered by Benefit Terms—At December 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	145
Active employees	<u>800</u>
Total	<u><u>945</u></u>

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

Total OPEB Liability

The County’s total OPEB liability for governmental activities and business-type activities of \$23,719,737 and \$2,191,712, respectively, was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

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

In the December 31, 2023 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 4.05% effective January 1, 2023 to 3.77% effective December 31, 2023. The salary scale remained unchanged at 2.00%. The mortality improvement scale remained unchanged from Scale MP-2021 mortality improvement scale on a generational basis. The annual rate of increase in healthcare costs remained unchanged at an initial rate of 7.75 percent and ultimate rate of 4.04% based on the SOA Long Term Healthcare Cost Trends Model v2024_1b (the Getzen model).

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2022 to December 31, 2022.

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

	Total OPEB Liability	
	Governmental	Business-type
	Activities	Activities
Balances at December 31, 2022	\$ 25,569,226	\$ 2,260,179
Changes for the year:		
Service cost	1,218,847	71,489
Interest	945,769	84,459
Change of benefit terms	(991,125)	-
Differences between expected and actual experience	(2,356,846)	(152,366)
Changes of assumptions	1,134,524	93,456
Benefit payments	(1,800,658)	(165,505)
Net changes	(1,849,489)	(68,467)
Balances at December 31, 2023	\$ 23,719,737	\$ 2,191,712

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

	1% Decrease (2.77%)	Current Discount Rate (3.77%)	1% Increase (4.77%)
Governmental Activities:			
Total OPEB Liability	\$ 25,920,738	\$ 23,719,737	\$ 21,732,443
Business-type Activities:			
Total OPEB Liability	\$ 2,395,085	\$ 2,191,712	\$ 2,008,085

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the net OPEB liability of a 1% change in the initial (7.75%)/ultimate (4.04%) healthcare cost trend rates.

	1% Decrease (6.75/3.04%)	Healthcare Cost Trend Rates (7.75/4.04%)	1% Increase (8.75/5.04%)
Governmental Activities:			
Total OPEB Liability	\$ 21,090,984	\$ 23,719,737	\$ 26,948,151
Business-type Activities:			
Total OPEB Liability	\$ 1,948,814	\$ 2,191,712	\$ 2,490,019

Funding Policy—Authorization for the County to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the County Legislature. The County recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. County governmental activities and business-type activities contributed \$1,800,658 and \$165,505 for the fiscal year ended December 31, 2023, respectively. The County's contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 14. Any amendments to the employer's contributions are subject to the collective bargaining agreements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The County reports deferred outflows inflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability are required to be determined. The table below presents the County's deferred inflows of resources at December 31, 2023:

	Deferred Outflows of Resources	
	Governmental Activities	Business-type Activities
Differences between expected and actual experience	\$ -	\$ 17,348
Changes of assumptions	8,837,944	509,201
Total	<u>\$ 8,837,944</u>	<u>\$ 526,549</u>

	Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities
Differences between expected and actual experience	\$ 25,671,215	\$ 1,895,699
Changes of assumptions	22,923,151	1,934,807
Total	<u>\$ 48,594,366</u>	<u>\$ 3,830,506</u>

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

Year ending December 31,	Governmental Activities	Business-type Activities
2024	\$ (4,714,052)	\$ (385,798)
2025	(4,688,050)	(383,166)
2026	(4,693,789)	(384,333)
2027	(4,647,999)	(379,794)
2028	(4,397,068)	(356,170)
Thereafter	(16,615,464)	(1,414,696)

9. RISK MANAGEMENT

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

The County assumes the liability for most risk including, but not limited to, dental and vision claims for employees, workers' compensation, property damage, and personal injury liability. The County has purchased insurance for bodily injury, property damage, employee liability, public official liability, automobile, network security, business and business personal property with deductibles ranging from \$25,000 to \$100,000 per occurrence. Upper limits are extended via an excess umbrella policy to \$30,000,000. The County has purchased a Workers' Compensation Excess Policy to cover claims in excess of \$1,500,000. During the current year the County obtained an actuarial study of its workers' compensation claims. The liability totaling \$16,293,070 in the Workers' Compensation Fund and Enterprise Funds reflects the results of this study. The Workers' Compensation Fund has recorded a receivable from other governments totaling \$2,591,176 representing those other governments' respective share of the aforementioned liability. The liability has been allocated between the Enterprise Funds and the Workers' Compensation Fund. The County has had no claims in excess of its coverage in the last three fiscal years.

Changes in the reported workers' compensation liability since January 1, 2022 are summarized as follows:

Year Ended December 31,	Liability, Beginning of Year	Claims and Adjustments	Claim Payments	Liability, End of Year
2023	\$ 18,647,091	\$ 802,332	\$ 3,156,353	\$ 16,293,070
2022	18,740,000	3,108,726	3,201,635	18,647,091

10. LEASE AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENT ("SBITA") LIABILITIES

The County is lessee for noncancellable leases of buildings and information technology agreements. Under GASB Statement No. 87, *Leases*, the County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. Under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, the County recognizes a SBITA liability and a SBITA asset in the government-wide financial statements.

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

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

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

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

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

The County has entered into long-term lease agreements as the lessee for the acquisition and use of various buildings. As of December 31, 2023, the value of these lease liabilities was \$3,584,708 in governmental activities. The County is required to make monthly principal and interest payments ranging from \$1,087 to \$59,137. The leases have estimated interest rates ranging from 2.0% to 3.5%. The value of the right-to-use lease assets as of the end of the current fiscal year was \$8,228,350 and had accumulated amortization of \$4,968,557 for governmental activities.

During the year ended December 31, 2023, the County began recognizing a long-term SBITA as the leases for software. As of December 31, 2023, the value of the SBITA liability was \$478,285 in governmental activities. The County is required to make annual principal and interest payments of \$143,989. The leases have an interest rate of 3.25%. The value of the right-to-use SBITA assets at the end of the current fiscal year was \$654,749 and had accumulated amortization of \$186,507.

The future principal and interest payments for governmental activities as of December 31, 2023, were as follows:

Fiscal Year Ending December 31,	Leases		SBITA		Total
	Principal	Interest	Principal	Interest	
2024	\$ 878,397	\$ 100,581	\$ 128,445	\$ 15,544	\$ 1,112,732
2025	874,308	71,456	132,619	11,370	1,078,904
2026	819,495	43,570	136,929	7,060	1,007,054
2027	653,700	16,625	80,292	2,609	753,226
2028	42,218	6,071	-	-	48,289
2029-2033	191,940	17,968	-	-	209,908
2034-2036	88,650	2,384	-	-	91,034
Total	<u>\$ 3,548,708</u>	<u>\$ 258,655</u>	<u>\$ 478,285</u>	<u>\$ 36,583</u>	<u>\$ 4,301,147</u>

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 County's outstanding long-term liabilities include serial bonds, CTASC bonds and accreted interest, notes payable, leases, SBITAs, compensated absences, workers' compensation, health insurance, OPEB obligation, landfill closure and post-closure liability, and long-term retirement payable.

A summary of the changes in the County's long-term liabilities for the year ended December 31, 2023 is presented below:

	Balance 1/1/2023 (as restated)	Additions	Reductions	Balance 12/31/2023	Due Within One Year
Governmental activities:					
Serial bonds	\$ 35,205,562	\$ -	\$ 3,205,192	\$ 32,000,370	\$ 3,380,025
Premium on serial bonds	1,177,266	-	136,036	1,041,230	136,037
Bonds payable, net	36,382,828	-	3,341,228	33,041,600	3,516,062
CTASC bonds and accreted interest, net	38,528,695	766,306	915,000	38,380,001	2,470,000
Lease liability	4,498,259	21,084	970,635	3,548,708	878,397
SBITA liability	602,687	-	124,402	478,285	128,445
Compensated absences*	8,026,568	896,917	-	8,923,485	2,923,788
Workers' compensation	18,236,284	760,846	2,918,208	16,078,922	-
Health insurance	1,475,890	30,921	-	1,506,811	-
OPEB obligation	25,569,226	3,299,140	5,148,629	23,719,737	-
Net pension liability*	-	54,710,768	-	54,710,768	-
Long-term retirement payable	1,208,434	-	343,736	864,698	346,655
Total governmental activities	<u>\$ 134,528,871</u>	<u>\$ 60,485,982</u>	<u>\$ 13,761,838</u>	<u>\$ 181,253,015</u>	<u>\$ 10,263,347</u>
	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Due Within One Year
Business-type activities:					
Serial bonds and EFC notes payable	\$ 33,711,117	\$ 4,476,634	\$ 2,924,022	\$ 35,263,729	\$ 2,848,496
Premium on serial bonds	703,330	-	90,977	612,353	90,977
Bonds payable, net	34,414,447	4,476,634	3,014,999	35,876,082	2,939,473
Notes payable	6,206,853	-	266,059	5,940,794	258,931
Compensated absences*	195,328	-	3,834	191,494	191,494
Landfill closure and post-closure	24,846,050	347,532	-	25,193,582	-
Workers' compensation	410,807	41,486	238,145	214,148	-
Health insurance	93,110	2,079	-	95,189	-
OPEB obligation	2,260,179	249,404	317,871	2,191,712	-
Net pension liability*	-	2,652,575	-	2,652,575	-
Total business-type activities	<u>\$ 68,426,774</u>	<u>\$ 7,769,710</u>	<u>\$ 3,840,908</u>	<u>\$ 72,355,576</u>	<u>\$ 3,389,898</u>

(*changes to compensated absences and the net pension liabilities are shown net of additions and reductions)

Serial Bonds—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 backed by the full faith and credit of the local government.

During the year ended December 31, 2023, the County issued \$4,476,634 of EFC notes payable for a sewer extension project and water facility improvements. The notes carry no interest. At December 31, 2023, the County's sewer extension project has \$1,292,902 in additional notes payable available for the project and the County's water facility improvements has \$196,777 in additional notes payable available for the project.

A summary of additions and payments of serial bonds for the year ended December 31, 2023 is shown below:

Purpose	Issue Maturity Date	Interest Rate	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023
Governmental activities:						
Helicopters refunding	2016/2025	0.00-4.00%	\$ 815,000	\$ -	\$ 265,000	\$ 550,000
JCC Science building refunding	2016/2030	0.00-4.00%	1,485,000	-	165,000	1,320,000
JCC dormitory refunding	2014/2039	2.50-3.75%	7,190,000	-	315,000	6,875,000
Public improvements	2016/2040	3.50-4.00%	2,570,000	-	105,000	2,465,000
Public improvements	2019/2029	2.00%	3,131,610	-	421,240	2,710,370
Refunding	2019/2029	2.00%	3,805,000	-	345,000	3,460,000
Refunding	2022/2029	2.00-4.00%	7,340,000	-	1,165,000	6,175,000
Public improvements	2022/2037	3.00%	8,868,952	-	423,952	8,445,000
Total governmental activities			<u>\$ 35,205,562</u>	<u>\$ -</u>	<u>\$ 3,205,192</u>	<u>\$ 32,000,370</u>
Business-type activities:						
Energy fund power plant	2016/2030	2.13-4.00%	\$ 3,415,000	\$ -	\$ 380,000	\$ 3,035,000
Energy fund power plant	2016/2030	2.13-4.00%	2,120,000	-	220,000	1,900,000
Clean energy renewable energy bond	2010/2025	4.25-5.25%	440,000	-	145,000	295,000
Public improvements	2019/2029	2.00%	12,963,390	-	1,743,760	11,219,630
Public improvements	2022/2037	3.00%	1,763,350	-	83,350	1,680,000
Qualified energy performance bonds	2012/2026	5.66%	412,316	-	100,322	311,994
EFC Notes 2018	2018/2050	0.00%	2,704,313	-	96,590	2,607,723
EFC Notes 2021	n/a	0.00%	9,211,252	3,361,846	155,000	12,418,098
EFC Notes 2022	n/a	0.00%	681,496	1,114,788	-	1,796,284
Total business-type activities			<u>\$ 33,711,117</u>	<u>\$ 4,476,634</u>	<u>\$ 2,924,022</u>	<u>\$ 35,263,729</u>

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

Year	Governmental Activities	Business-type Activities	Total
2024	\$ 3,380,025	\$ 2,848,496	\$ 6,228,521
2025	3,486,785	2,923,792	6,410,577
2026	3,298,510	2,843,949	6,142,459
2027	2,860,270	2,806,320	5,666,590
2028	2,936,025	2,870,565	5,806,590
2029-2033	9,150,755	4,582,195	13,732,950
2034-2038	5,963,000	1,014,950	6,977,950
2039-2043	925,000	482,950	1,407,950
2044-2048	-	482,950	482,950
2049-2050	-	193,180	193,180
Thereafter	-	14,214,382	14,214,382
Total	<u>\$ 32,000,370</u>	<u>\$ 35,263,729</u>	<u>\$ 67,264,099</u>

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

The County issues debt for Jamestown Community College (“JCC”) purposes. Regular debt service related to bonds issued for JCC are funded by JCC and are reported in the General Fund as departmental revenue. Regular payments funded in the current year amounted to \$345,000 in principal and \$76,613 in interest.

Chautauqua County Tobacco Asset Securitization Corporation (“CTASC”)—Changes in CTASC’s long-term debt for the year ended December 31, 2023 is shown below:

	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Due Within One Year
CTASC bonds:					
Series 2014	\$ 28,650,000	\$ -	\$ 915,000	\$ 27,735,000	\$ 2,470,000
Series 2005 and accreted interest, net	10,198,673	744,336	-	10,943,009	-
Less bond discount	(319,978)	-	(21,970)	(298,008)	-
Total CTASC bonds and accreted interest, net	<u>\$ 38,528,695</u>	<u>\$ 744,336</u>	<u>\$ 893,030</u>	<u>\$ 38,380,001</u>	<u>\$ 2,470,000</u>

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

The Series 2014 Bonds are issued in fully registered form in the name of Cede & CO. as a nominee of the Depository Trust Company, New York, New York (“DTC”) who acts as Securities Depository for the Series 2014 Bonds. Individual purchases are in book-entry form only, in the principal amount of

\$5,000, or integral multiples thereof. Purchasers do not receive certificates representing their ownership interest in the 2014 Bonds.

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

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

Under the Indenture, the Indenture Trustee has established and holds a Debt Service Reserve Account which is funded from Series 2014 Bond proceeds. Except after an Event of Default, CTASC is required to maintain a balance in the Debt Service Reserve Account to the extent of available funds equal to the maximum annual debt service on the Series 2014 Bonds in the current year or any future year.

As a result of the refunding, CTASC has recorded a deferred gain on refunding in the amount of \$3,260,482. The gain is classified as a deferred inflow of resources within governmental activities and will be amortized over the life of the refunded bond.

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

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

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

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

CTASC debt service requirements based upon planned principal payments for Tobacco Settlement Bonds, Series 2014, is shown below:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 2,470,000	\$ 1,309,025	\$ 3,779,025
2025	1,305,000	1,214,650	2,519,650
2026	1,380,000	1,147,525	2,527,525
2027	1,455,000	1,076,650	2,531,650
2028	1,540,000	1,002,787	2,542,787
2029-2033	9,045,000	3,790,025	12,835,025
2034-2037	10,540,000	1,185,750	11,725,750
Total	<u>\$ 27,735,000</u>	<u>\$ 10,726,412</u>	<u>\$ 38,461,412</u>

Subordinate Turbo CABs—The total bonds issued and their maturity terms are summarized as follows:

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

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

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

In, July of 2017 and May 2018, the North Chautauqua County Water District (a County water district) and the Village of Brocton entered into intermunicipal agreements for Phase I and Phase II of the water infrastructure improvement projects, by which the County's water fund will pay the principal payments on debt owed for the water project within the Village. The infrastructure assets will become the full assets of the County once the note is paid in full. The cost to construct the assets included a grant which was recorded as a deferred inflow within the water fund and will be recognized as the debt is paid.

The following table summarizes the future payment schedule on the notes payable as of December 31, 2023:

Year	Business-type Activities		Total
	Principal	Interest	
2024	\$ 258,931	\$ 61,036	\$ 319,967
2025	251,973	57,891	309,864
2026	254,025	55,071	309,096
2027	256,159	52,055	308,214
2028	258,380	49,371	307,751
2029-2033	1,131,096	203,092	1,334,188
2034-2038	1,080,950	153,172	1,234,122
2039-2043	1,140,950	91,030	1,231,980
2044-2048	1,015,950	19,442	1,035,392
2049-2050	292,380	-	292,380
Total	<u>\$ 5,940,794</u>	<u>\$ 742,160</u>	<u>\$ 6,682,954</u>

Lease liability—The County enters into long-term leases for various buildings. The outstanding balance at December 31, 2023 for governmental activities was \$3,548,708. The liability is anticipated to be liquidated by the General Fund. Refer to Note 10 for additional information.

SBITA liability—During the year ended December 31, 2023, the County began recognizing a long-term SBITA. The outstanding balance at December 31, 2023 was \$478,285. Refer to Note 10 for additional information related to the County's SBITA liability.

Compensated Absences—As explained in Note 1, compensated absences are recorded in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees which are included in wages and benefits. The payment of compensated absences is dependent on many factors and, therefore, cannot be reasonably estimated as to future timing of payment. The annual budgets of operating funds provide for such as amounts become payable. The value recorded at December 31, 2023 for governmental and business-type activities is \$8,923,485 and \$191,494, respectively.

Landfill Closure and Post-Closure Care Cost—The County maintains certain landfill sites. Estimated long-term costs associated with the future closure, post-closure and future maintenance and testing total \$25,193,582. Further discussion of the obligation can be found in Note 18.

Workers' Compensation—As discussed in Note 9, the County reports the workers' compensation liability within the Internal Service Fund and in business-type activities. The total of the liability in the Internal Service Fund is \$16,078,922, while the total liability in the business-type activities is \$214,148.

Health Insurance—The County reports the health insurance liability within the Internal Service Fund and in business-type activities. The total of the liability in the Internal Service Fund is \$1,506,811 and the total liability in the business-type activities is \$95,189.

OPEB Obligation—As discussed in Note 8, the County's net OPEB obligation at December 31, 2023 is \$23,719,737 and \$2,191,712 for governmental activities and business-type activities, respectively.

Net Pension Liability—The County reported liabilities of \$54,710,768 and \$2,652,575 in governmental and business-type activities, respectively, for its proportionate share of the net pension liability for the Employees' Retirement System. Refer to Note 7 for additional information related to the County's net pension liability.

Long-term Retirement Payable—The County reports a liability for past service costs owed to the Employees' Retirement System as a result of a contract settlement. The County has elected to amortize this payment over 10 years. At December 31, 2023, the County reported a liability of \$864,698.

Chautauqua County Industrial Development Agency

The IDA has the following outstanding long-term debt:

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

A bond payable to the County. Proceeds were used for the construction of the Stoneman Industrial Park SPEC Building. Payable \$99,591 semi-annually beginning February 20, 2002, including interest at 3% to 5% accruing as of August 20, 2001, compounded semi-annually. The bond matures in 2032 and has an outstanding balance of \$689,723.

A bond payable to the County with an annual interest rate of 5%. Proceeds were used for the construction of an aircraft storage hangar. The bond is payable upon disposition of the property and has an outstanding balance of \$81,371.

A bond payable to the County with an interest rate of 2.274%. Proceeds were used for the construction of a building. The IDA made interest only payments from March 22, 2012 through June 25, 2013. Monthly principal and interest payments totaling \$9,428 began July 25, 2013. The bond matures July 25, 2033 and has an outstanding balance of \$965,861.

The following table summarizes the future payment schedule on the bonds payable as of December 31, 2023:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 241,163	\$ 40,774	\$ 281,937
2025	163,967	36,599	200,566
2026	168,253	32,313	200,566
2027	172,654	27,912	200,566
2028	177,172	23,394	200,566
2029-2032	813,746	69,331	883,077
Total	<u>\$ 1,736,955</u>	<u>\$ 230,323</u>	<u>\$ 1,967,278</u>

During 2016, the Agency moved its office location to 201 West Third Street in Jamestown, New York. A lease agreement was entered into which has an initial term of 10 years, with a 5 year renewal option, and commenced on August 1, 2016. Monthly rental payments of \$7,495 per month plus quarterly payments for common area maintenance fees and property taxes are due in the first year of this

agreement, with subsequent lease periods increasing by 2%. The option to extend was included in the measurement as it is likely that the agreement is extended.

As of December 31, 2023, the weighted average remaining lease term is 5.6 years and weighted average discount rate is 2%.

The maturities of lease liabilities as of December 31, 2023 were as follows:

2024	\$ 104,174
2025	106,257
2026	108,382
2027	110,550
2028	112,761
2029 and thereafter	<u>320,377</u>
Total undiscounted cash flows	862,501
Less: interest	<u>(65,587)</u>
Present value of lease liability	<u><u>\$ 796,914</u></u>

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/amortization and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the County's governmental and business-type activities net investment in capital assets is presented below:

Governmental activities:

Capital assets, net of accumulated depreciation/amortization	\$ 216,345,142
Related debt:	
Serial bonds issued	(32,000,370)
Unamortized bond premium	(1,041,230)
CTASC net bonds issued	(31,955,487)
Debt issued on behalf of JCC	4,780,000
Lease liability	(3,548,708)
SBITA liability	(478,285)
Deferred gain on CTASC refunding	(2,375,142)
Deferred charge on refunding	443,121
Accounts payable in Capital Projects Fund	(1,140,784)
Retainages payable	<u>(307,280)</u>
Net investment in capital assets—governmental activities	<u><u>\$ 148,720,977</u></u>

(continued)

(concluded)

Business-type activities:

Capital assets, net of accumulated depreciation	\$ 84,512,003
Related debt:	
Serial bonds and EFC notes payable	(35,263,729)
Unamortized bond premium	(612,353)
Notes payable issued	(5,940,794)
Deferred charge on refunding debt	340,607
Net investment in capital assets—business-type activities	<u>\$ 43,035,734</u>

- ***Restricted Net Position***—This category represents external restrictions imposed by creditors, grants, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted Net Position***—This category represents net investment in assets of the County not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the County at December 31, 2023 includes:

- ***Prepaid Items***—Represents amounts of \$2,351,645, \$163,074, and \$23,832 in the General Fund, County Road Fund, and Road Machinery Fund, respectively, prepaid to vendors and employees that are applicable to future accounting periods.
- ***Inventories***—Represents amounts of \$135,697, \$180,474, and \$629,987, in the General Fund, County Road Fund, and Road Machinery Fund, respectively, composed of inventory and is nonspendable because inventory is not an available spendable resource.
- ***Loans Receivable***—Represents amounts of \$2,202,744 and \$81,371 in the General Fund and Capital Projects Fund, respectively, composed of loans receivable through the year ended December 31, 2023 and are nonspendable because they are not an available resource of the next fiscal year.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grants, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. As of December 31, 2023, the County had the restricted amounts presented on the following page within its governmental funds.

	General Fund	Debt Service	Capital Projects	Total
Insurance	\$ 1,818,792	\$ -	\$ -	\$ 1,818,792
Capital projects	2,050,070	170,272	3,787,582	6,007,924
Occupancy tax	816,632	-	-	816,632
E911 and W911	485,654	-	-	485,654
Fire services	473,012	-	-	473,012
Lakes and waterways	676,348	-	-	676,348
Opioid settlement	1,278,087	-	-	1,278,087
Debt service	-	2,322,122	-	2,322,122
Total restricted fund balance	<u>\$ 7,598,595</u>	<u>\$ 2,492,394</u>	<u>\$ 3,787,582</u>	<u>\$ 13,878,571</u>

- ***Restricted for Insurance***—Represents resources that have been legally restricted for payments under the County’s self-insurance program.
- ***Restricted for Capital Projects***—Represents funds accumulated to finance all or part of the cost of construction, reconstruction or acquisition of specific items.
- ***Restricted for Occupancy Tax***—Effective January 1, 2004, the County established this reserve funded by the occupancy tax which is restricted to fund tourism.
- ***Restricted for E911 and W911***—Represents resources that are restricted for the County’s Emergency 911 and Wireless 911 communication systems.
- ***Restricted for Fire Services***—Represents resources that are restricted to ensure the viability and vitality of the County’s fire services.
- ***Restricted for Lakes and Waterways***—Represents resources that are dedicated for the County’s lakes and waterways.
- ***Restricted for Opioid Settlement***—Represents funds restricted for specific public health measures to combat opioid abuse.
- ***Restricted for Debt Service***—Restricted for debt payments of the Chautauqua County Tobacco Asset Securitization Corporation.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the County’s highest level of decision-making authority, or by its designated body or official. As of December 31, 2023 the County had no committed fund balance.

In the fund financial statements, assignments are not legally required segregations, but are subject to a purpose constraint that represents an intended use established by the County’s Legislature, or by its designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

As of December 31, 2023, the following balances were considered to be assigned:

	General Fund	County Road Fund	Road Machinery Fund	Total
Subsequent year's appropriations	\$ 4,498,794	\$ -	\$ -	\$ 4,498,794
Encumbrances	1,189,790	189,242	48,057	1,427,089
Specific use	-	5,059,264	312,965	5,372,229
Total assigned fund balance	<u>\$ 5,688,584</u>	<u>\$ 5,248,506</u>	<u>\$ 361,022</u>	<u>\$ 11,298,112</u>

- ***Assigned to Subsequent Year's Appropriations***—Represents available fund balance being appropriated to meet expenditure requirements in the 2024 fiscal year.
- ***Assigned to Encumbrances***—Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures of monies are recorded, is employed as part of the County's budgetary control mechanism for all funds. Unencumbered appropriations lapse at fiscal year-end.
- ***Assigned to Specific Use***—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignment's purpose relates to each fund's operations and represents amounts within funds that are not restricted or committed.

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

13. INTERFUND BALANCES AND ACTIVITY

Interfund loans are short-term in nature and exist because of temporary advances made on behalf of other funds. Interfund transfers are routine annual events for both the budget and the accounting process and are necessary to present funds in their proper fund classification. Interfund loans and transfers of the County for the year ended December 31, 2023 are shown below:

Fund	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
Governmental funds:				
General Fund	\$ 9,305,217	\$ -	\$ -	\$ 30,918,679
County Road Fund	-	4,009,714	14,454,591	-
Road Machinery Fund	-	-	4,838,784	-
Capital Projects Fund	-	-	10,350,787	-
Total governmental funds	<u>\$ 9,305,217</u>	<u>\$ 4,009,714</u>	<u>\$ 29,644,162</u>	<u>\$ 30,918,679</u>
Proprietary funds:				
Water Districts Fund	\$ -	\$ 5,295,503	\$ 857,825	\$ -
Landfill Fund	-	-	416,692	-
Total proprietary funds	<u>\$ -</u>	<u>\$ 5,295,503</u>	<u>\$ 1,274,517</u>	<u>\$ -</u>
Total	<u>\$ 9,305,217</u>	<u>\$ 9,305,217</u>	<u>\$ 30,918,679</u>	<u>\$ 30,918,679</u>

14. LABOR CONTRACTS

Five bargaining units represent the unionized County employees. The Civil Service Employees Association Unit 6300 and Civil Service Employees Association Unit 6323 have contracts settled through December 31, 2023. The Chautauqua County Sheriff’s Supervisors’ Association, the Deputy Sheriffs’ Association of Chautauqua County, Civil Service Employees Association Unit 6322 have contracts settled through December 31, 2025.

15. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrances accounting is utilized to the extent necessary to assure budgetary control and accountability and to facilitate effective cash planning and control. While appropriations and encumbrances lapse at year-end, valid encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations.

The County considers encumbrances to be significant for amounts that are encumbered in excess of \$250,000. Significant encumbrances as of December 31, 2023, is presented below:

		Amount
<u>Fund</u>	<u>Purpose</u>	<u>Encumbered</u>
General	Construction equipment	\$ 663,281

16. TAX ABATEMENTS

The County is subject to tax abatements granted by the Chautauqua County Industrial Development Agency (“CCIDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the CCIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the County, the abatements have resulted in reductions of property taxes, which the County administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by CCIDA, the County collected \$503,869 during 2023 in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$3,504,856 in property taxes.

17. CONTINGENCIES

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

Pending Litigation—The County is involved in litigation in the ordinary course of its operations. The County believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the County’s financial condition or results of operations.

18. LANDFILL CLOSURE AND POST-CLOSURE CARE COST

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

Remaining cell closure liability, projected at \$8,483,227 as of December 31, 2023, and post closure care liability, projected at \$16,710,355 as of December 31, 2023 (totaling \$25,193,582), represent the cumulative amount reported to date based on the use of 74.10% of the estimated permitted space less areas where the final cover has been placed.

Total remaining closure cost is projected at \$11,906,900 and total post-closure care cost is projected at \$17,550,000, totaling \$29,456,900. The County will recognize the remaining projected closure cost of \$3,423,673 and the remaining projected post-closure care cost of \$839,645 (totaling \$4,263,318) as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2024. The County currently projects a landfill life of 12 years and 4 months for permitted areas, which includes permitted air space over the existing landfills; however, ongoing research regarding the construction of additional cells could significantly extend landfill life. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The landfill is reported as an enterprise fund and the \$25,193,582 liability is reported in that fund.

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 12, 2024, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%
Governmental Activities:										
County's proportion of the net pension liability/(asset)	0.2551328%	0.2450117%	0.2438698%	0.2340595%	0.2330360%	0.2319392%	0.2224483%	0.2302752%	0.2404218%	0.2404218%
County's proportionate share of the net pension liability/(asset)	<u>\$ 54,710,768</u>	<u>\$ (20,028,697)</u>	<u>\$ 242,836</u>	<u>\$ 61,982,992</u>	<u>\$ 16,510,703</u>	<u>\$ 7,485,709</u>	<u>\$ 20,901,744</u>	<u>\$ 36,959,440</u>	<u>\$ 8,122,268</u>	<u>\$ 10,864,634</u>
County's covered payroll	\$ 62,377,619	\$ 56,922,904	\$ 59,278,000	\$ 54,993,339	\$ 53,606,179	\$ 53,166,641	\$ 51,678,654	\$ 50,929,759	\$ 53,329,523	\$ 54,635,873
County's proportionate share of the net pension liability(asset) as a percentage of its covered payroll	87.7%	(35.2)%	0.4%	112.7%	30.8%	14.1%	40.4%	72.6%	15.2%	19.9%
Business-type Activities:										
County's proportion of the net pension liability/(asset)	0.0123698%	0.0132104%	0.0134583%	0.0130472%	0.0131725%	0.0117778%	0.0126571%	0.0136579%	0.0147489%	0.0147489%
County's proportionate share of the net pension liability/(asset)	<u>\$ 2,652,575</u>	<u>\$ (1,079,893)</u>	<u>\$ 13,396</u>	<u>\$ 3,452,287</u>	<u>\$ 933,918</u>	<u>\$ 380,122</u>	<u>\$ 1,189,287</u>	<u>\$ 2,192,508</u>	<u>\$ 498,024</u>	<u>\$ 666,174</u>
County's covered payroll	\$ 3,024,292	\$ 3,071,725	\$ 2,698,275	\$ 3,063,254	\$ 3,032,201	\$ 2,698,275	\$ 2,938,397	\$ 3,021,257	\$ 3,271,542	\$ 3,351,681
County's proportionate share of the net pension liability(asset) as a percentage of its covered payroll	87.7%	(35.2)%	0.5%	112.7%	30.8%	14.1%	40.5%	72.6%	15.2%	19.9%

COUNTY OF CHAUTAUQUA, NEW YORK
Schedule of the Local Government's Contributions—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<i>Governmental Activities:</i>										
Contractually required contributions	\$ 7,778,323	\$ 7,772,441	\$ 8,049,927	\$ 7,907,570	\$ 8,060,086	\$ 8,357,972	\$ 10,265,152	\$ 8,094,457	\$ 9,051,328	\$ 9,335,708
Contributions in relation to the contractually required contribution	<u>(7,778,323)</u>	<u>(7,772,441)</u>	<u>(8,049,927)</u>	<u>(7,907,570)</u>	<u>(8,060,086)</u>	<u>(8,357,972)</u>	<u>(10,265,152)</u>	<u>(8,094,457)</u>	<u>(9,051,328)</u>	<u>(9,335,708)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$62,443,090	\$60,830,654	\$56,697,200	\$54,991,830	\$53,605,819	\$53,804,423	\$52,485,956	\$51,255,048	\$49,947,906	\$55,388,381
Contributions as a percentage of covered payroll	12.5%	12.8%	14.2%	14.4%	15.0%	15.5%	19.6%	15.8%	18.1%	16.9%
<i>Business-type Activities:</i>										
Contractually required contributions	772,154	419,069	444,073	440,430	455,914	424,415	583,666	488,622	\$ 1,874,945	\$ 2,048,181
Contributions in relation to the contractually required contribution	<u>(772,154)</u>	<u>(419,069)</u>	<u>(444,073)</u>	<u>(440,430)</u>	<u>(455,914)</u>	<u>(424,415)</u>	<u>(583,666)</u>	<u>(488,622)</u>	<u>(1,874,945)</u>	<u>(2,048,181)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 3,027,466	\$ 3,282,599	\$ 2,580,800	\$ 3,063,170	\$ 3,032,181	\$ 2,730,644	\$ 2,984,300	\$ 3,040,553	\$ 2,963,011	\$ 3,285,751
Contributions as a percentage of covered payroll	25.5%	12.8%	17.2%	14.4%	15.0%	15.5%	19.6%	16.1%	63.3%	62.3%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental activities						
Total OPEB Liability						
Service cost	\$ 1,218,847	\$ 1,877,566	\$ 1,763,936	\$ 4,142,818	\$ 3,000,860	\$ 3,490,065
Interest	945,769	557,961	576,921	2,036,563	2,115,548	1,991,293
Change of benefit terms	(991,125)	-	(73,690)	-	8,755,178	-
Changes of assumptions	1,134,524	(4,519,030)	(24,075,363)	8,265,459	5,953,446	(4,198,426)
Differences between actual and expected experience	(2,356,846)	-	(30,219,759)	-	(3,171,202)	-
Benefit payments	<u>(1,800,658)</u>	<u>(1,587,364)</u>	<u>(1,789,758)</u>	<u>(2,602,092)</u>	<u>(2,317,947)</u>	<u>(2,147,243)</u>
Net change in total OPEB liability	(1,849,489)	(3,670,867)	(53,817,713)	11,842,748	14,335,883	(864,311)
Total OPEB liability—beginning	<u>25,569,226</u>	<u>29,240,093</u>	<u>83,057,806</u>	<u>71,215,058</u>	<u>56,879,175</u>	<u>57,743,486</u>
Total OPEB liability—ending	<u>\$ 23,719,737</u>	<u>\$ 25,569,226</u>	<u>\$ 29,240,093</u>	<u>\$ 83,057,806</u>	<u>\$ 71,215,058</u>	<u>\$ 56,879,175</u>
Covered employee payroll						
County's OPEB liability as a percentage of covered employee payroll	\$ 54,623,865 43.4%	\$ 49,804,378 51.3%	\$ 47,584,415 61.4%	\$ 45,825,627 181.2%	\$ 43,641,070 163.2%	\$ 43,175,990 131.7%
Business-type activities						
Total OPEB Liability						
Service cost	\$ 71,489	\$ 125,570	\$ 117,526	\$ 254,810	\$ 186,804	\$ 210,350
Interest	84,459	48,007	49,363	175,943	193,836	180,742
Change of benefit terms	-	-	-	-	626,870	-
Changes of assumptions	93,456	(348,753)	(2,148,526)	469,368	441,525	(351,567)
Differences between actual and expected experience	(152,366)	-	(2,309,501)	-	(243,724)	-
Benefit payments	<u>(165,505)</u>	<u>(96,345)</u>	<u>(101,685)</u>	<u>(237,467)</u>	<u>(162,428)</u>	<u>(141,385)</u>
Net change in total OPEB liability	(68,467)	(271,521)	(4,392,823)	662,654	1,042,883	(101,860)
Total OPEB liability—beginning	<u>2,260,179</u>	<u>2,531,700</u>	<u>6,924,523</u>	<u>6,261,869</u>	<u>5,218,986</u>	<u>5,320,846</u>
Total OPEB liability—ending	<u>\$ 2,191,712</u>	<u>\$ 2,260,179</u>	<u>\$ 2,531,700</u>	<u>\$ 6,924,523</u>	<u>\$ 6,261,869</u>	<u>\$ 5,218,986</u>
Covered employee payroll						
County's OPEB liability as a percentage of covered employee payroll	\$ 3,491,933 62.8%	\$ 4,402,374 51.3%	\$ 4,116,585 61.5%	\$ 3,819,373 181.3%	\$ 3,836,930 163.2%	\$ 2,859,160 182.5%

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

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

COUNTY OF CHAUTAUQUA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	\$ 69,231,835	\$ 69,231,835	\$ 67,850,298	\$ (1,381,537)
Real property tax items	3,103,826	3,103,826	2,956,847	(146,979)
Non property tax items	89,970,081	93,138,781	96,686,126	3,547,345
Departmental income	20,842,535	21,163,543	18,572,841	(2,590,702)
Intergovernmental charges	5,134,265	5,183,658	5,455,966	272,308
Licenses and permits	561,194	620,753	26,622	(594,131)
Fines and forfeitures	40,000	40,000	163,768	123,768
Use of money and property	200,500	200,500	2,654,904	2,454,404
Sale of property and compensation for loss	128,550	787,781	932,480	144,699
Miscellaneous	2,134,054	2,218,534	2,620,894	402,360
Interfund revenues	207,892	207,892	207,892	-
State aid	41,233,761	45,600,067	40,756,569	(4,843,498)
Federal aid	37,544,371	56,546,733	49,769,685	(6,777,048)
Total revenues	<u>270,332,864</u>	<u>298,043,903</u>	<u>288,654,892</u>	<u>(9,389,011)</u>
EXPENDITURES				
Current:				
General government support	66,184,146	69,695,805	64,468,778	5,227,027
Education	16,484,543	16,543,741	13,731,222	2,812,519
Public safety	37,300,455	39,127,647	37,797,032	1,330,615
Health	33,850,456	35,878,167	29,978,430	5,899,737
Transportation	5,276,896	5,491,188	5,204,465	286,723
Economic assistance and opportunity	89,789,945	97,710,541	95,749,714	1,960,827
Culture and recreation	513,708	483,522	475,272	8,250
Home and community services	1,534,386	3,822,915	3,177,648	645,267
Debt service:				
Principal	2,730,248	3,825,285	3,825,285	-
Interest	798,192	798,192	798,192	-
Total expenditures	<u>254,462,975</u>	<u>273,377,003</u>	<u>255,206,038</u>	<u>18,170,965</u>
Excess of revenues over expenditures	<u>15,869,889</u>	<u>24,666,900</u>	<u>33,448,854</u>	<u>8,781,954</u>
OTHER FINANCING (USES)				
Transfers out	(22,292,527)	(31,104,874)	(30,918,679)	186,195
Total other financing (uses)	<u>(22,292,527)</u>	<u>(31,104,874)</u>	<u>(30,918,679)</u>	<u>186,195</u>
Net change in fund balances (deficits)*	(6,422,638)	(6,437,974)	2,530,175	8,968,149
Fund balances—beginning	<u>62,288,722</u>	<u>62,288,722</u>	<u>62,288,722</u>	<u>-</u>
Fund balances—ending	<u>\$ 55,866,084</u>	<u>\$ 55,850,748</u>	<u>\$ 64,818,897</u>	<u>\$ 8,968,149</u>

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

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

COUNTY OF CHAUTAUQUA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—County Road Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Non-property tax items	\$ 800,000	\$ 800,000	\$ 810,010	\$ 10,010
Departmental income	25	25	6	(19)
Intergovernmental charges	-	-	265	265
Licenses and permits	75,000	75,000	61,582	(13,418)
Use of money and property	100,779	100,779	227,714	126,935
Sale of property and compensation for loss	-	-	12,638	12,638
Miscellaneous	275,600	275,600	210,868	(64,732)
State aid	6,693,237	8,590,643	8,546,719	(43,924)
Federal aid	-	3,373,828	2,493,909	(879,919)
Total revenues	<u>7,944,641</u>	<u>13,215,875</u>	<u>12,363,711</u>	<u>(852,164)</u>
EXPENDITURES				
Current:				
Transportation	<u>22,394,105</u>	<u>32,821,514</u>	<u>27,631,953</u>	<u>5,189,561</u>
Total expenditures	<u>22,394,105</u>	<u>32,821,514</u>	<u>27,631,953</u>	<u>5,189,561</u>
(Deficiency) of revenues over expenditures	<u>(14,449,464)</u>	<u>(19,605,639)</u>	<u>(15,268,242)</u>	<u>4,337,397</u>
OTHER FINANCING SOURCES				
Transfers in	<u>14,438,091</u>	<u>14,454,591</u>	<u>14,454,591</u>	<u>-</u>
Total other financing sources	<u>14,438,091</u>	<u>14,454,591</u>	<u>14,454,591</u>	<u>-</u>
Net change in fund balances*	(11,373)	(5,151,048)	(813,651)	4,337,397
Fund balances—beginning	<u>6,405,705</u>	<u>6,405,705</u>	<u>6,405,705</u>	<u>-</u>
Fund balances—ending	<u>\$ 6,394,332</u>	<u>\$ 1,254,657</u>	<u>\$ 5,592,054</u>	<u>\$ 4,337,397</u>

* The net change in fund balance was included in the budget as a reappropriation of prior year encumbrances.

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

COUNTY OF CHAUTAUQUA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Road Machinery Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental charges	\$ 552,300	\$ 552,300	\$ 434,806	\$ (117,494)
Use of money and property	18,600	18,600	147,743	129,143
Sale of property and compensation for loss	4,000	4,000	71,057	67,057
Miscellaneous	-	-	1,854	1,854
Interfund revenues	<u>622,715</u>	<u>622,715</u>	<u>566,611</u>	<u>(56,104)</u>
Total revenues	<u>1,197,615</u>	<u>1,197,615</u>	<u>1,222,071</u>	<u>24,456</u>
EXPENDITURES				
Current:				
Transportation	5,182,343	5,178,067	4,654,138	523,929
Debt service:				
Principal	474,944	474,944	474,944	-
Interest	<u>364,936</u>	<u>364,936</u>	<u>364,936</u>	<u>-</u>
Total expenditures	<u>6,022,223</u>	<u>6,017,947</u>	<u>5,494,018</u>	<u>523,929</u>
(Deficiency) of revenues over expenditures	<u>(4,824,608)</u>	<u>(4,820,332)</u>	<u>(4,271,947)</u>	<u>548,385</u>
OTHER FINANCING SOURCES				
Transfers in	<u>4,824,608</u>	<u>4,824,608</u>	<u>4,838,784</u>	<u>14,176</u>
Total other financing sources	<u>4,824,608</u>	<u>4,824,608</u>	<u>4,838,784</u>	<u>14,176</u>
Net change in fund balances	-	4,276	566,837	562,561
Fund balances—beginning	<u>448,004</u>	<u>448,004</u>	<u>448,004</u>	<u>-</u>
Fund balances—ending	<u>\$ 448,004</u>	<u>\$ 452,280</u>	<u>\$ 1,014,841</u>	<u>\$ 562,561</u>

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

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COUNTY OF CHAUTAUQUA, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2023

1. OPEB LIABILITY

Changes in Assumptions—Changes in assumptions reflect the effects of changes in the long-term discount rate, the mortality rate, and the healthcare trend rate. The single discount rate changed from 4.05% effective January 1, 2023 to 3.77% effective December 31, 2023. The salary scale remained unchanged at 2.00%. The mortality improvement scale remained unchanged from Scale MP-2021 mortality improvement scale on a generational basis. The annual rate of increase in healthcare costs was revised to better reflect future expectations, including updating long-term rates based on the SOA Long Term Healthcare Cost Trends Model v2024_1b (the Getzen model).

Trust Assets—There are no assets accumulated in a trust that meets the criteria of GASB Statements No. 75 to pay related benefits.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Capital Projects Fund and the Chautauqua Tobacco Asset Securitization Corporation. The Capital Projects Fund is appropriated on a project length basis; appropriations are approved through a County Legislature resolution at the project's inception and lapse upon termination of the project. The Chautauqua Tobacco Asset Securitization Corporation adopts its own budget for internal purposes.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the County Legislature. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is 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, 2023 include encumbrances from the prior year of \$1,401,511.

Excess of Expenditures Over Appropriations—For the year ended December 31, 2023, the County's General Fund had budgetary expenditures in excess of the final budget amount within transfers out of \$702,306. This was the result of greater than anticipated transfers to other funds.

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SUPPLEMENTARY INFORMATION

COUNTY OF CHAUTAUQUA, NEW YORK
Combining Statement of Net Position—Internal Service Funds
December 31, 2023

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total Internal</u> <u>Service Funds</u>
ASSETS			
Current assets:			
Investments	\$ 12,972,987	\$ 2,740,034	\$ 15,713,021
Receivables	-	261,366	261,366
Intergovernmental receivables	2,591,176	-	2,591,176
Prepaid items	<u>-</u>	<u>324,807</u>	<u>324,807</u>
Total assets	<u>15,564,163</u>	<u>3,326,207</u>	<u>18,890,370</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,127	1,020,113	1,021,240
Accrued liabilities	<u>-</u>	<u>6,836</u>	<u>6,836</u>
Total current liabilities	<u>1,127</u>	<u>1,026,949</u>	<u>1,028,076</u>
Noncurrent liabilities:			
Workers' compensation liability	16,078,922	-	16,078,922
Health insurance liability	<u>-</u>	<u>1,506,811</u>	<u>1,506,811</u>
Total noncurrent liabilities	<u>16,078,922</u>	<u>1,506,811</u>	<u>17,585,733</u>
Total liabilities	<u>16,080,049</u>	<u>2,533,760</u>	<u>18,613,809</u>
NET POSITION			
Unrestricted	<u>(515,886)</u>	<u>792,447</u>	<u>276,561</u>
Total net position	<u>\$ (515,886)</u>	<u>\$ 792,447</u>	<u>\$ 276,561</u>

COUNTY OF CHAUTAUQUA, NEW YORK
Combining Statement of Revenues, Expenses, and
Changes in Net Position—Internal Service Funds
Year Ended December 31, 2023

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total Internal</u> <u>Service Funds</u>
OPERATING REVENUES			
Charges for services	\$ 1,589,030	\$ 21,615,904	\$ 23,204,934
Total operating revenues	<u>1,589,030</u>	<u>21,615,904</u>	<u>23,204,934</u>
OPERATING EXPENSES			
Insurance claims and expenses	<u>1,015,223</u>	<u>23,172,760</u>	<u>24,187,983</u>
Total operating expenses	<u>1,015,223</u>	<u>23,172,760</u>	<u>24,187,983</u>
Operating income (loss)	573,807	(1,556,856)	(983,049)
NONOPERATING REVENUES			
Interest income	693,981	-	693,981
Other miscellaneous revenue	<u>401,754</u>	<u>2,027,173</u>	<u>2,428,927</u>
Total nonoperating revenues	<u>1,095,735</u>	<u>2,027,173</u>	<u>3,122,908</u>
Change in net position	1,669,542	470,317	2,139,859
Net position—beginning	<u>(2,185,428)</u>	<u>322,130</u>	<u>(1,863,298)</u>
Net position—ending	<u>\$ (515,886)</u>	<u>\$ 792,447</u>	<u>\$ 276,561</u>

COUNTY OF CHAUTAUQUA, NEW YORK
Combining Statement of Cash Flows—Internal Service Funds
Year Ended December 31, 2023

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total Internal</u> <u>Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from services provided	\$ 3,437,060	\$ 21,354,538	\$ 24,791,598
Payments to suppliers and service providers	<u>(3,186,384)</u>	<u>(22,834,854)</u>	<u>(26,021,238)</u>
Net cash provided by (used for) operating activities	<u>250,676</u>	<u>(1,480,316)</u>	<u>(1,229,640)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from other funds	3,007,802	-	3,007,802
Other income	<u>401,754</u>	<u>2,027,173</u>	<u>2,428,927</u>
Net cash provided by noncapital financing activities	<u>3,409,556</u>	<u>2,027,173</u>	<u>5,436,729</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment (loss)	<u>(3,660,232)</u>	<u>(546,857)</u>	<u>(4,207,089)</u>
Net cash (used for) investing activities	<u>(3,660,232)</u>	<u>(546,857)</u>	<u>(4,207,089)</u>
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents—beginning	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 573,807	\$ (1,556,856)	\$ (983,049)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Decrease in intergovernmental receivables	1,848,030	-	1,848,030
(Increase) in prepaid items	-	(24,800)	(24,800)
(Decrease) increase in accounts payable	(13,799)	334,092	320,293
(Decrease) increase in other accrued expenses	<u>(2,157,362)</u>	<u>28,614</u>	<u>(2,128,748)</u>
Total adjustments	<u>(323,131)</u>	<u>76,540</u>	<u>(246,591)</u>
Net cash provided by (used for) operating activities	<u>\$ 250,676</u>	<u>\$ (1,480,316)</u>	<u>\$ (1,229,640)</u>

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BASIC FINANCIAL STATEMENTS

COUNTY OF CHAUTAUQUA, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title (1a)	Federal Assistance Listing Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed Through to Sub- Recipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF AGRICULTURE:				
Direct Programs:				
Schools and Roads - Grants to Counties	10.666	N/A	\$ -	\$ 230
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	-	2,360,198
Total SNAP Cluster			-	2,360,198
Total U.S. Department of Agriculture			-	2,360,428
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Passed through NYS Housing Agencies:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	222ME984-21	177,396	177,396
Passed through NYS Office of Lead Hazard Control and Healthy Homes:				
Lead Hazard Reduction Demonstration Grant Program	14.905	NYLHB-0758-20	1,717,477	2,054,158
Total U.S. Department of Housing and Urban Development			1,894,873	2,231,554
U.S. DEPARTMENT OF JUSTICE:				
Direct Programs:				
State Criminal Alien Assistance Program	16.606	N/A	-	20,704
Comprehensive Opioid, Stimulant, and Other Substances Use Program	16.838	N/A	-	360,530
Total U.S. Department of Justice			-	381,234
U.S. DEPARTMENT OF LABOR:				
Passed through Senior Services America, Inc.:				
Senior Community Service Employment Program	17.235	N/A	-	22,076
Total U.S. Department of Labor			-	22,076
U.S. DEPARTMENT OF TRANSPORTATION:				
Direct Programs:				
Airport Improvement Program	20.106	3-36-0022-57-2020	-	9,375
Airport Improvement Program	20.106	3-36-0022-059-2021	-	50,681
Airport Improvement Program	20.106	3-36-0022-064-2023	-	4,594
Airport Improvement Program	20.106	3-36-0022-061-2021	-	48,406
Airport Improvement Program	20.106	3-36-0048-059-2022	-	2,508,891
Airport Improvement Program	20.106	3-36-0048-058-2022	-	311,228
Airport Improvement Program	20.106	3-36-0048-xxx-2023	-	2,700
Airport Improvement Program	20.106	Land RWS 6/24 & 15/33	-	85,168
Airport Improvement Program	20.106	3-36-0048-48-2018	-	64,625
Airport Improvement Program	20.106	3-36-0048-50-2019	-	20,660
Airport Improvement Program	20.106	3-36-0048-56-2021	-	312,641
Airport Improvement Program	20.106	3-36-0048-53-2020	-	20,819
Total Airport Improvement Program			-	3,439,788
Passed through NYS Department of Transportation:				
Formula Grants for Rural Areas and Tribal Transit Program	20.509	C-004107/C-004063	-	1,320,350

(continued)

COUNTY OF CHAUTAUQUA, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title (1a)	Federal Assistance Listing Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed Through to Sub- Recipients	Total Federal Expenditures (1d)
Highway Planning and Construction	20.205	D-040750	-	279,250
Highway Planning and Construction	20.205	D-036425	-	2,142,066
Highway Planning and Construction	20.205	D-035636	-	70,708
Highway Planning and Construction	20.205	D-040962	-	1,885
Total Highway Planning and Construction			-	2,493,909
Passed through NYS Division of Homeland Security: Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	T-835696	-	38,455
Total U.S. Department of Transportation			-	7,292,502
U.S. DEPARTMENT OF THE TREASURY: Direct Programs:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	11,710,685
Total U.S. Department of the Treasury			-	11,710,685
U.S. ENVIRONMENTAL PROTECTION AGENCY: Passed through NYS Department of Health:				
State Indoor Radon Grants	66.032	T-37364GG	-	12,196
Beach Monitoring and Notification Program Implementation Grants	66.472	C-029637	-	10,100
Total U.S. Environmental Protection Agency			-	22,296
U.S. DEPARTMENT OF EDUCATION: Passed through NYS Department of Health:				
Special Education - Grants for Infants and Families with Disabilities	84.181	C-36394GG	-	61,863
Total U.S. Department of Education			-	61,863
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: Direct Programs:				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	N/A	-	885,053
Certified Community Behavioral Health Clinic Expansion Grants	93.696	N/A	-	876,817
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	N/A	-	350,625
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	N/A	-	166,693
Passed through Health Research Inc.:				
Public Health Emergency Preparedness	93.069	HRI 1587-15	-	64,984
Injury Prevention and Control Research and State and Community Based Programs	93.136	HRI 6148-04	-	51,451
Injury Prevention and Control Research and State Immunization Cooperative Agreements	93.268	C-36920GG	1,998	46,567
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	HRI 6425-01	-	4,763
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	HRI 6816-01	50,000	1,248,658
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	HRI 7177-01	-	179,985
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			50,000	1,433,406

(continued)

COUNTY OF CHAUTAUQUA, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title (1a)	Federal Assistance Listing Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed Through to Sub- Recipients	Total Federal Expenditures (1d)
Passed through NYS Department of Health:				
<i>Medicaid Cluster</i>				
Medical Assistance Program	93.778	C-34813GG	-	2,059,369
<i>Medicaid Cluster</i>			-	2,059,369
Maternal and Child Health Services Block Grant to the States	93.994	C-36977GG	-	26,465
Maternal and Child Health Services Block Grant to the States	93.994	C-35708GG	-	72,536
Total Maternal and Child Health Services Block Grant to the States			-	99,001
Passed through Columbia University:				
Drug Abuse and Addiction Research Programs	93.279	N/A	-	278,190
Passed through NYS Office of Temporary and Disability Assistance:				
Temporary Assistance for Needy Families	93.558	N/A	-	10,522,236
Child Support Enforcement	93.563	N/A	-	1,310,097
Low-Income Home Energy Assistance	93.568	N/A	-	8,670,564
Passed through NYS Office of Children and Family Services:				
Guardianship Assistance	93.090	N/A	-	41,104
Promoting Safe and Stable Families	93.556	N/A	-	14,253
<i>Child Care and Development Fund Cluster</i>				
Child Care and Development Block Grant	93.575	N/A	-	6,119,701
Total Child Care and Development Fund Cluster			-	6,119,701
Child Welfare Services Program	93.645	N/A	-	81,421
Foster Care, Title IV-E	93.658	N/A	-	2,144,697
Adoption Assistance	93.659	N/A	-	1,684,972
Social Services Block Grant	93.667	N/A	-	596,694
Chafee Foster Care Independence Program	93.674	N/A	-	27,962
Elder Abuse Prevention Interventions Program	93.747	N/A	-	35,576
Passed through NYS Office for the Aging:				
<i>Aging Cluster</i>				
Special Programs for the Aging, Title III Part B	93.044	III-B	-	300,018
Special Programs for the Aging, Title III Part C	93.045	III-C	-	726,649
Nutrition Services Incentive Program	93.053	NSIP	-	124,026
Total Aging Cluster			-	1,150,693
Special Programs for the Aging, Title III, Part D - Disease Prevention and Health Promotion Services	93.043	III-D	-	5,736
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	N/A	-	36,175
National Family Caregiver Support, Title III, Part E	93.052	III-E	-	68,539
Medical Assistance Enrollment Assistance Program	93.071	MIPPA / ADRC	-	19,349
Demonstrations and Evaluations	93.779	HIICAP	-	4,786
Passed through NYS Office of Mental Hygiene:				
<i>Medicaid Cluster</i>				
Medical Assistance Program	93.778	N/A	-	95,255
Total Medicaid Cluster			-	95,255
Total U.S. Department of Health and Human Services			51,998	38,941,966

(continued)

COUNTY OF CHAUTAUQUA, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

			(concluded)	
Federal Grantor/Pass-Through Grantor/Program or Cluster Title (1a)	Federal Assistance Listing Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed Through to Sub- Recipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Direct Programs:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	237,122
Passed through NYS Division of Homeland Security and Emergency Services:				
Hazard Mitigation Grant Program (HMGP)	97.039	C-000875	-	30,000
Emergency Management Performance Grants	97.042	C-185005	-	55,869
Passed through NYS Office of Homeland Security:				
Homeland Security Grant Program	97.067	C-160022	-	98,003
Homeland Security Grant Program	97.067	C-160005	-	90,700
Homeland Security Grant Program	97.067	C-969590	-	(20)
Homeland Security Grant Program	97.067	C-835698	-	12,335
Homeland Security Grant Program	97.067	C-969500	-	26,447
Homeland Security Grant Program	97.067	C-174710	-	84,511
Homeland Security Grant Program	97.067	C-190110	-	26,985
Homeland Security Grant Program	97.067	C-969502	-	5,736
Homeland Security Grant Program	97.067	T-835611	-	32,086
Homeland Security Grant Program	97.067	C-190111	-	17,592
Homeland Security Grant Program	97.067	T-180229	-	3,890
Homeland Security Grant Program	97.067	C-182480	-	315
Homeland Security Grant Program	97.067	C-174790	-	807
Homeland Security Grant Program	97.067	C-160078	-	50,611
Homeland Security Grant Program	97.067	C-969599	-	9,426
Homeland Security Grant Program	97.067	C-969509	-	54,083
Homeland Security Grant Program	97.067	T-835619	-	10,954
Homeland Security Grant Program	97.067	T-160048	-	10,656
Total U.S. Department of Homeland Security			-	858,108
TOTAL FEDERAL FINANCIAL ASSISTANCE (1e)			\$ 1,946,871	\$ 63,882,712

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

COUNTY OF CHAUTAUQUA, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Chautauqua, New York (the "County") under programs of the federal government for the year ended December 31, 2022. 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 position or cash flows of the County. The following notes were identified on the Schedule:

- a) Includes all federal award programs of the County of Chautauqua, New York. The federal expenditures of the Chautauqua County Industrial Development Agency, the Chautauqua Tobacco Asset Securitization Corporation, and the Chautauqua County Land Bank Corporation have not been included.
- b) Source: Federal Assistance Listing Numbers, previously known as the 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 principles 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 (ALN 93.568). \$8,101,342 indirect 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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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 Executive and Members of the County Legislature
County of Chautauqua, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Chautauqua, New York (the "County"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 12, 2024 (which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 96 and a reference to other auditors). Our report includes a reference to other auditors who audited the financial statements of the Chautauqua County Industrial Development Agency, the Chautauqua County Land Bank Corporation, and the Chautauqua Tobacco Asset Securitization Corporation, 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 separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Drescher & Malecki LLP

August 12, 2024

DRESCHER & MALECKI LLP

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

Report on Compliance for Each Major Federal Program

Opinion on Each Federal Program

We have audited the County of Chautauqua, New York's (the "County") compliance with the types of compliance requirements described in the *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, 2023. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Chautauqua County Industrial Development Agency ("CCIDA"), Chautauqua Tobacco Asset Securitization Corporation ("CTASC"), and the Chautauqua County Land Bank Corporation ("CCLBC"), which are not included in the County's schedule of expenditures of federal awards. Our compliance audit, described below, did not include the operations of the CCIDA, CTASC, or CCLBC because other auditors were engaged to perform such audits in accordance with the Uniform Guidance, as applicable.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

August 12, 2024

COUNTY OF CHAUTAUQUA, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section 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. 96 and a reference to other auditors)

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported
Noncompliance material to the financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported

Type of auditor's 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

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
20.509	Formula Grants for Rural Areas and Tribal Transit Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.568	Low-Income Home Energy Assistance
93.659	Adoption Assistance
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs? \$ 1,916,481

Auditee qualified as low-risk auditee? _____ ☒ Yes ☐ No

Section II. FINANCIAL STATEMENT FINDINGS

No findings noted.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

COUNTY OF CHAUTAUQUA, NEW YORK
Summary Schedule of Prior Year Audit Findings and Corrective Action Plan
Year Ended December 31, 2023
(Follow-up of December 31, 2022 findings)

No findings were reported.

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FORM OF BOND COUNSEL'S OPINION

December 19, 2024

County of Chautauqua
State of New York

Re: County of Chautauqua, New York
\$3,400,000 Bond Anticipation Notes, 2024

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$3,400,000 Bond Anticipation Notes, 2024 (the "Obligation"), of the County of Chautauqua, State of New York (the "Obligor"), dated December 19, 2024, in the denomination of \$_____, bearing interest at the rate of _____% per annum, payable at maturity, and maturing December 19, 2025.

The Obligations shall be subject to redemption, in full or in part, on or after June 20, 2025 at par, upon 20 days' written notice.

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 Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation 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 Obligation 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 Obligation 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 Obligation 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 Obligation, including the form of the Obligation. 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 Obligation 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 Obligation and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligation: (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 Obligation; 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 Obligation 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 Obligation is not a specific preference item for purposes of the federal alternative minimum tax on individuals. Interest on the Obligation included in adjusted financial statement income of certain corporations and is not excluded from the federal corporate 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 Obligation.

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 Obligation) 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 Obligation 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 Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation 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 Obligation 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 Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation 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 Obligation, 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