PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel, assuming continuing compliance by the County with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the individual alternative minimum tax imposed by the Code. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision therein (including The City of New York). See "TAX MATTERS" herein for discussion of certain Federal taxes applicable to corporate owners of the Notes.

The Notes will be designated, or deemed designated, as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

$9,000,000

COUNTY OF JEFFERSON, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE #:473286

$9,000,000 Bond Anticipation Notes, 2019 (Renewals)

(the "Notes")

Dated: November 1, 2019 **Due: October 30, 2020**

The Notes are general obligations of the County of Jefferson, 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 limits imposed by Chapter 97 of the Laws of 2011 of the State of New York, as amended. See "TAX LEVY LIMITATION LAW" and "NATURE OF OBLIGATION" herein.

The Notes will not be subject to redemption prior to maturity.

At the option of the successful bidder(s), the Notes will be issued registered in the name of the purchaser in the denominations of $5,000 or multiples thereof.

Alternatively, at the option of the successful bidder(s), 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. In such case, Noteholders will not receive certificates representing their ownership interest in the notes purchased. In such case, under this option, payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC, 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(s) and subject to the receipt of the respective unqualified legal opinion as to the validity of the Notes of Bond, Schoeneck & King, PLLC, Syracuse, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon on or about November 1, 2019.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on October 16, 2019 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via 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.

October 8, 2019

THE COUNTY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(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 NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE WITH RESPECT TO THE NOTES. SEE "APPENDIX C-MATERIAL EVENT NOTICES" HEREIN.

COUNTY OF JEFFERSON, NEW YORK

COUNTY OFFICIALS

BOARD OF LEGISLATORS

SCOTT A. GRAY
Chairman of the Board

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ROBERT F. HAGEMANN, III
County Administrator
Clerk of the Board of Legislators

SARAH H. BALDWIN
Deputy County Administrator
Deputy Clerk of the Board of Legislators

KAREN M. CHRISTIE
County Treasurer

GIZELLE J. MEEKS
County Clerk

DAVID J. PAULSEN, ESQ.
County Attorney

BOND, SCHOENECK & KING, PLLC
Bond Counsel

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

No person has been authorized by the County to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the 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 JEFFERSON, NEW YORK

Relating To

$9,000,000 Bond Anticipation Notes, 2019 (Renewals)

This Official Statement, which includes the cover page and all Appendices, has been prepared by the County of Jefferson, New York (the "County", and "State", respectively) in connection with the sale by the County of $9,000,000, Bond Anticipation Notes, 2019 (Renewals) (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 of New York, 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 form of the Notes and such proceedings.

NATURE OF THE OBLIGATION

Each Note 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 County'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 County's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted. While phrased in permissive language, these provisions, when read together with the requirement of

the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

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

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

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

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

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

THE NOTES

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 "TAX LEVY LIMITATION LAW" herein).

The Notes are dated November 1, 2019 and will mature, without option of prior redemption, on October 30, 2020.

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.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

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

Purpose	Authorization Date		Amount
Emergency Radio Communication System Buildings	December 13, 2016		$ 3,804,000
Emergency Radio Communication Towers	December 13, 2016		765,000
Emergency Radio Communication Equipment	December 13, 2016		2,486,000
Jefferson Community College Learning Center	April 5, 2016		1,945,000
		Total	$ 9,000,000

The proceeds of the Notes, along with $3,381,000 unneeded bond anticipation note proceeds and $619,000 available funds of the County will renew $13,000,000 bond anticipation notes maturing on November 1, 2019 for the abovementioned purposes.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if 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. One fully-registered Note certificate will be issued for Notes bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

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 County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will 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 registered in the name of the Purchaser in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at the County. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE COUNTY

General Information

The County is located in the northwestern portion of New York State and is bounded by Lake Ontario to the west, the St. Lawrence River and St. Lawrence County to the north, Lewis County to the east and Oswego County to the south. The County seat is located in the center of the County in the City of Watertown. The City of Syracuse lies 60 miles to the south and Canada is on its Northern and Western borders. The County is serviced by Interstate Route 81, which provides direct access to Canada via the Thousand Islands Bridge, along with a good network of State, County and local roads. The Watertown International Airport, located in the Town of Hounsfield, is owned by Jefferson County. There are daily flights to and from Philadelphia, PA.

With a land area of approximately 1,269 square miles, it is the tenth largest County in New York State. The 2010 Census population for the County is 116,229. The 2018 Census population estimate for the County is 111,755, a decrease of 4,474 people. A majority of the residents are located in or near the area of the County which includes the City of Watertown, Town of LeRay, and the Fort Drum military base.

After the 2010 Census an Urbanized Area was designated in the County. This contiguous area includes the Village of Dexter in the western portion of the County, the greater Watertown area, part of the Town of LeRay including on-base Fort Drum housing, and the Villages of Carthage and West Carthage in the eastern portion of the County. This area had an estimated population of 57,496 in 2016.

The major employers in the County are Fort Drum (19,086), Samaritan Medical Center (2,455), New York State (1,900), Watertown City School District (836), and the County (830).

Jefferson County is home to the US Army's 10th Mountain Division stationed at Fort Drum. As of September 2018, there were 14,960 soldiers assigned to Fort Drum with 16,937 dependents. This significantly adds to the County population but exact numbers are difficult to calculate because of periodic deployments and constant movement of soldiers between bases. In addition, the post employed 4,126 civilian workers in FFY18, which does not include temporary construction workers.

The economy is comprised of Federal, State, and local government; an agricultural base principally involved in dairy farming; an industrial base producing machinery, transportation equipment, and paper and allied products; and a fishing, boating and tourist trade fostered by Lake Ontario, the St. Lawrence River, and the famed 1000 Islands Region.

Fort Drum

Fort Drum, home to the U. S. Army's 10th Mountain Division (light infantry), had an authorized end strength of 14,960 soldiers in Federal Fiscal Year "FFY" 2018. The final end strength for FFY 18 is expected remain constant at least until October 1, 2019, the start of FFY20. The 10th Mountain Division today is still approximately 4% over strength because of its frequent deployment schedule. The total dependents associated with soldiers run as high as 18,329 family members. This significantly adds to the County population, but exact numbers are difficult to calculate because of the high deployment rates. In addition, the post employed 4,126 civilian workers in FFY18, which does not include temporary construction workers.

Fort Drum Mountain Community Homes is a master planned community of 1,741 newly constructed three, four and five bedroom EnergyStar certified homes, four state of the art community centers, in addition to 2,041 fully renovated existing homes. Fort Drum Mountain Community Homes (FDMCH) is the Residential Communities Initiative or RCI project for Fort Drum, a 50-year partnership between Lend Lease and the Army, created to improve soldier retention and readiness through the development of world-class, high quality residential communities for military families. This project also includes The Timbers, a 192 unit, EnergyStar certified one and two bedroom suite-styled apartment community. FDMCH is currently executing a Project Out Year Plan (POP) for 2016-2020. Under this POP, the oldest 208 legacy homes were demolished and replaced with 155 new three and four bedroom EnergyStar compliant homes. Of the 155, 133 have been completed with the remaining to be completed in the first quarter of FY2019. The total end state number of on-post homes will be 3,782 plus the 192 apartments at the Timbers.* The Army's housing market study and an independent study commissioned by the Fort Drum Regional Liaison Organization (FDRLO), a not-for-profit organization devoted to strengthening ties between the military and civilian populations and promoting Fort Drum, showed a continuing need for off-post (market) housing for soldiers, the targeted goal agreed to by both the Army and FDRLO was 1,035 new units. The area has now more than met that demand for new units. Area developers are continuing to produce new units above the deficit number as there is a heavy demand for the new rental product.

Fort Drum did not have Military Construction (MILCON) Projects in FY18. None are planned in Future Years Defense Program/Plan (FYDP) for FY19.

The FY18 economic impact includes a one-time amount of $23M for construction on the new Intercontinental Hotel Group on Fort Drum.

Two new categories of expenses are included in the FY18's economic impact: utilities that have payable amounts in New York State and a portion of on-post retail (consignment amounts for the Thrift Shop and Off the Beatin' Path) as well as a percentage of Army and Air Force Exchange Services (AAFES) sales.

The overall contract amount of $58M is predominantly NYS. The Mission and Installation Contracting Command (MICC) identified $22.9M specific to the tri-county area. The contract amount includes non-appropriated fund procurements of $1.28M for the tri-county and $1.97M for NYS, as well as $7.9M for bulk petroleum oil lubricant (POL) payable in the Rochester and Albany areas.

* Information from Fort Drum's 2018 Economic Impact Statement.

Recent Economic Developments

Jefferson County's 2010 Census population was 116,229. The County's population reached an estimated high of 120,730 in 2012. Since then the estimated population in the County has decreased to an estimated 111,755 in 2018, a 3.8% decrease from the 2010 Census number. This decrease can partially be attributed to a reduction in the number of personnel stationed at Fort Drum.

In terms of recent non-armed services and non-agricultural employment trends, the yearly average for 2018 was 42,400; which is 550 less than the yearly average of 2017. The yearly average unemployment rate for 2018 was 5.8%; a slight decrease from 6.3% in 2017. On average, houses spent 99 days on market compared to 124 days on market during in 2017.

The brigade components of the US Army's 10th Mountain Division continue to be periodically deployed and remain in rotation to the Middle East. These cycles continue to impact the local housing market, especially the rental market, with variations in demand and vacancy rates. The current rental vacancy rate in the greater Watertown area is estimated to be approximately ten percent.

According to the Board of Realtors, 1,141 homes were sold through the Multiple Listing Service (MLS) from January through December 2018, compared to 1,134 homes sold during the same period in 2017.

While the commercial, retail, and service business growth throughout the County remains stable there are several new commercial projects being proposed in the County including the former Mercy Hospital campus in the City where 168 rental units and 42,000 square feet of commercial space have been proposed by COR Development, Inc. This would transform the southeastern edge of the City of Watertown downtown area with new residential and commercial opportunities.

Owned and operated by the County, the Watertown International Airport is continuing to upgrade commercial airline facilities and runways. In 2016, the airport's main runway was extended an additional 1,000 feet to allow for jet aircraft to land during the winter months, increasing the number of seats available for passengers on flights. American Airlines/US Airways continues daily non-stop commercial flights to Philadelphia International Airport. Over 48,000 passengers utilized commercial flights at Watertown Airport in 2018 compared to 46,232 in 2017.

The local economic impact of Fort Drum is reflected in the results of the Fort Drum Regional Liaison Organization's Regional Economic Impact Model. This model produces estimates of the base's total tri-county economic impact, which includes direct, indirect, and induced impacts. The indirect and induced impacts form the basis for what are commonly referred to as "spin-off" or secondary economic impacts.

A summary for Federal Fiscal Year 2018 follows:

Alternative Measure of Impact	Direct Effect	Indirect, Induced, & Dynamic Effect	Total Effect
Jobs	19,086	6,485	25,571
Payroll	$1,047.8 million	$239.5 million	$1,287.3 million
Gross Regional Product (1)	$1,047.8 million	$292.7 million	$1,340.5 million
Gross Output	$1,423.6 million (2)	$453.2 million (3)	$1,876.8 million

(1) Represents the sum of payroll and net business income (profit or retained earnings).
(2) Represents the total budget of Fort Drum (payroll, service and construction contracts).
(3) Represents the total effect on sales volume of business in the region.

Notes: The alternative measures of impact cannot be added together since payroll is a subset of GRP and GRP is a subset of Gross Output.

The call center Convergys that had approximately 800 employees is in the process of closing its Watertown operations.

Development Authority of the North Country

To facilitate the development of the infrastructure to support the region's economy, the State Legislature created the Development Authority of the North Country (the "Authority"). The Authority has general powers to construct, own and/or operate sewer, water and municipal solid waste disposal facilities to serve users within the Counties of Jefferson, Lewis and St. Lawrence and the City of Watertown.

In July 1992, the Authority issued approximately $27,940,000 tax-exempt revenue bonds and notes to pay the cost of the construction of a municipal solid waste landfill to service Jefferson Lewis and St. Lawrence Counties and the City of Watertown and others, secured by tipping fees charged for the delivery of solid waste to the collection and disposal system. During the fiscal year 1996, the Authority issued $14,950,075 of Series 1995A revenue refunding bonds to refund a portion of the series 1992A revenue bonds providing a saving to the Authority of $3,153,809. During the fiscal year 1998, the Authority issued $11,125,000 of Series 1997 revenue refunding bonds to refund the remaining balance of the Series 1992A revenue bonds providing a savings to the Authority of $2,025,000. During the fiscal year 2005, the New York State Environmental Facilities Corporation refunded the remaining $13,330,000 of the Series 1995A revenue bonds with 2005D revenue refunding bonds producing a savings to the Authority of $650,919. During the fiscal year 2011, the New York State Environmental Facilities Corporation refunded the remaining $3,185,000 of the Series 1997 revenue bonds providing a savings to the Authority of $277,294. During the fiscal year 2016, the Authority issued $8,520,000 of Series 2015 Solid Waste Management Facility Revenue Bonds to fund the construction of a leachate loadout facility and Access Control Facility. As of December 31, 2017, the Authority's Solid Waste Management Facility had outstanding 2016 Bonds of $8,050,000 and 2010 C Bonds of $765,000. As of December 31, 2018, the Authority's Solid Waste Management Facility had outstanding 2016 Bonds of $7,800,000 and 2010 C Bonds of $395,000. On September 5, 2019, the Authority issued $9,995,000 Series 2019 Bonds for construction of the initial two cells of the Southern Landfill Expansion in the Town of Rodman.

The landfill is operational and tipping fees have paid for costs of operation and debt service. However, the County, by contract, is obligated with the Counties of Lewis and St. Lawrence and the City of Watertown to make up any deficit in landfill operations not eliminated through adjustments in tipping fees.

Building Permits

	2014	2015	2016	2017	2018	2019 [(1)]
Total Permits	685	692	705	676	476	435

(1) Through September 11, 2019.

Source: Jefferson County Code Department (covers 29 of 43 municipalities).

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2000	2010	2013-2017	2000	2010	2013-2017
County of: Jefferson	$ 16,202	$ 21,823	$ 24,717	$ 39,296	$ 51,834	$ 59,488
State of: New York	23,389	30,948	31,177	51,691	67,405	70,850

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

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

Population Trends

	County of Jefferson	New York State
1960	87,835	16,842,100
1970	88,508	18,236,882
1980	88,151	17,558,072
1990	110,943	17,990,455
2000	111,738	18,976,457
2010	116,219	19,378,102
2018	111,755	19,542,209

Source: U.S. Census.

Unemployment Rate Statistics

	Annual Average							
	2011	2012	2013	2014	2015	2016	2017	2018
Jefferson County	9.8%	9.9%	9.2%	7.6%	6.6%	6.2%	6.5%	5.6%
New York State	8.3%	8.5%	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%

	2019 Monthly Figures								
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
Jefferson County	6.7%	6.6%	6.3%	5.3%	4.5%	4.2%	4.6%	5.0%	N/A
New York State	4.6%	4.4%	4.1%	3.6%	3.8%	3.8%	4.1%	4.2%	N/A

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

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

Banking Facilities

The following banks maintain offices in the County:

Carthage Federal Savings and Loan Association
Citizens Bank of Cape Vincent
Community Bank, N.A.
First Niagara Bank, N.A.
Gouverneur Savings and Loan
Key Bank, N.A.
M&T Bank
WSB Municipal Bank
Watertown Savings Bank
Americu Federal Credit Union
Northern Federal Credit Union

Major Employers

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

Company	Type	Number of Employees
Fort Drum	U.S. Army	19,086 (1)
Samaritan Medical Center	Healthcare	2,455 (2)
New York State	Government	1,900 (3)
Watertown City School District	Public School	836
Jefferson County	Government	790
Indian River School District	Public School	670
Carthage School District	Public School	630
Jefferson Rehabilitation Center	Healthcare	548
Jefferson-Lewis BOCES	Vocational Education	500
Carthage Area Hospital	Healthcare	384
South Jefferson School District	Public School	373
City of Watertown	Government	367
New York Air Brake Corporation	Manufacturer	355
Jefferson Community College	Education	286
Defense Support Services, LLC	Manufacturer	280
Car Freshner Corporation	Manufacturer	279
Watertown Family YMCA	Recreation and Child Care	239
Johnson Newspaper Corporation	Publisher	201

(1) This amount includes military and civilians. Both of these are expected to increase substantially with the increased number of troops stationed at the base. Due to military deployment, the actual number of personnel is frequently changing.
(2) This amount includes the Samaritan Medical Center, Samaritan Keep and Samaritan Summit Village.
(3) New York State employment includes all regional state offices and two correctional facilities (Watertown and Cape Vincent).

Source: County Officials and Jefferson County Economic Development.

Community College

The Jefferson Community College was established in 1961 with the County as the local sponsor under provisions of Article 126 of the Education Law. The College is administered by a board of trustees, consisting of ten voting members; five are appointed by the County Board of Legislators. The County is required to provide one-half of capital costs. Real property of the College vests with the County and bonds and notes for college capital costs are issued by the County and represent County debt. The County's sponsorship share of support to the College during the College's fiscal year ending 2018 was $4,961,724 and $5,060,959 in 2019. The projected sponsorship for 2020 is expected to be $5,262,179.

Soil and Water Conservation District

The County Board of Legislators has declared the County to be a soil and water conservation district in accordance with provisions of the Soil and Water Conservation Districts Law. Members of the Board of Directors of the District (the "District") are appointed by the County Board of Legislators and administrative costs of the District are provided primarily through County appropriations. The County Board of Legislators retains general oversight responsibilities, including monitoring District activities through detailed reporting to the Legislature by the District directors of its work and transactions in such form and for such periods as the Legislature may direct.

Industrial Development Agency

The Jefferson County Industrial Development Agency ("JCIDA"), is a public benefit corporation created by the Article 18A of New York State General Municipal Law, promotes economically sound commerce and industry for the purpose of preventing unemployment and economic deterioration in the County. Members of the JCIDA are appointed by the County Legislature, which exercises no oversight responsibility for fiscal matters. The County is not liable for JCIDA bonds or notes.

In addition, the JCIDA administers a $4,148,557 revolving loan fund, a $368,266 micro-enterprise loan program which provides loans to small businesses, and a $270,661 Watertown Economic Growth Fund which provides support to enterprises of the City of Watertown. These funds are used to make loans to eligible businesses that save and create employment opportunities for residents of the County. The JCIDA works closely with the Jefferson County Job Development Corporation through funding of certain programs for economic development activities.

Thousand Islands Bridge Authority

The Thousand Islands Bridge Authority ("TIBA") is a public benefit corporation created by State Legislation to promote the economic welfare, recreation, and prosperity of County inhabitants. TIBA operates the 6.5 mile four bridge system connecting the United States and Canadian main lands. It owns the bridges crossing the American portion of the St. Lawrence River and operates it as well as the international bridge and two Canadian bridges under a ten year operation agreement with its Canadian counterpart the Federal Bridge Corporation Ltd. It also owns and operates a regional tourist attraction, Boldt Castle. TIBA receives no funding for from the County and is self-supporting through tolls and user fees. Members of the TIBA are appointed by the municipal County Board of Legislators, which exercises no oversight responsibility. The agency members have complete responsibility for management of the agency and accountability for fiscal matters. The County is not liable for TIBA bonds or notes. TIBA has no current outstanding bonds or notes.

Form of County Government

Government of the County is the responsibility of a 15-member Board of Legislators. Each of the fifteen (15) Legislators are elected to two-year terms, and each represents a district of substantially equal population. The County Administrator serves as the Chief Administrative Officer of the County and as Budget Officer. The County Treasurer is the Chief Fiscal Officer and is elected at large.

Financial Organization

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

Budgetary Procedures

The County Administrator, as Budget Officer, is responsible for the preparation of a proposed annual County budget and its submission to the Finance and Rules Committee of the Board of Legislators prior to November 15th. Within fifteen days of receipt of the proposed budget, the Finance and Rules Committee reviews said budget and recommends such alterations as it deems appropriate to the Board of Legislators. Following a public hearing on the proposed budget, including the alterations as recommended by the Finance and Rules Committee, the question of adoption of the proposed budget is placed before the Board of Legislators for their consideration. The Board of Legislators is required to adopt a budget no later than December 20th. This same adoption procedure and process, with the exception of dates of action, is applicable to the adoption of the County Community College Budget. The County Community College fiscal year is September 1st to August 31st. Expenditures during the fiscal year may only be made pursuant to appropriations from the General Fund or other special purpose funds established by the Board of Legislators. However, during the fiscal year, the Board of Legislators, by resolution, may make additional appropriations from any unencumbered balance in appropriations, contingent funds or unanticipated revenues.

The County was within its allowable tax levy limit for the 2019 and 2018 fiscal years. The tax levy was increased by 1.99% in 2019 and 1.96% in 2018.

Investment Policy

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

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 New York State, (3) obligations of the United States of America, (4) 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, or (5) with the approval of the State Comptroller, revenue anticipation notes or tax anticipation notes of other local governments in the State. 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.

State Aid

The County receives financial assistance from the State. In its budget for the 2019 fiscal year, approximately 11.5% of the revenues of the County are estimated to be received in the form 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. In view of the State’s continuing budget problems, future State aid reductions are likely. 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.

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Employees

As of December 31, 2018, the County employs approximately 856 employees including management, management/confidential and elected officials. Additionally, there are 386 adjuncts, professors, student aides and support professionals at the Jefferson Community College. The Board of Legislators must approve collective bargaining agreements covering Jefferson Community College employees. The following is a breakdown of employee representation by collective bargaining agents which represent them and the dates of expiration of their agreements:

Employees Represented	Union Representation	Contract Expiration Date
493	Civil Service Employees' Association	December 31, 2019 (1)
41	Deputy Sheriff's Association	December 31, 2019 (1)
133	Faculty Association	August 31, 2021
68	JCC Support Staff Association	August 31, 2019 (1)
95	Sheriff's Employees (Corrections/Dispatch)	December 31, 2020

(1) Currently in negotiations.

Source: Jefferson Community College Office of Personnel and Jefferson County Information Technologies Department.

Status and Financing of Employee Pension Benefits

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 form 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $19,002 per year, and for police & firefighters at 15% of non-overtime wages

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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 payments, including Jefferson County Community College contributions, for each of the years 2014-2018 and the 2019 budgeted contributions to ERS have been as follows:

Year	Amount
2014	$ 7,852,296
2015	7,261,479
2016	6,442,165
2017	6,333,813
2018	6,391,654
2019 (Budgeted)	6,341,426

Source: County officials.

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 and PFRS rates (2016 to 2020) is shown below:

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

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

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

Other Post-Employment Benefits

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. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

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

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

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

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

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The County is not certain that municipalities will be mandated to implement GASB 45 since the potential liability will have to be determined by an actuarial and will be astronomical with the potential of bankrupting municipalities.

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Summary of Changes from the Last Valuation.

The County contracted with NYHART to assist in the determination of the costs and liabilities associated with the County's OPEB plan (the "Plan"). The first actuarial valuation under GASB 75 was completed for the fiscal year ending December 31, 2017. The following outlines the changes to the Total OPEB Liability during the 2017 and 2018 fiscal year, by source.

	2017	***2018***
Balance Beginning of Year	$ 383,688,755	$ 416,997,121
Changes for the Year:		
Service cost	$ 12,139,584	$ 12,282,463
Interest	14,442,856	15,103,895
Changes of Benefit Terms	743,910	(28,715,530)
Differences between expected and actual experience	(4,627,806)	(21,450,259)
Changes in assumptions or other inputs	19,919,173	0
Benefit payments	(9,309,351)	(10,114,176
Net Changes	33,308,366	(32,893,617)
Balance End of Year	$ 416,997,121	$ 384,103,514

Source: GASB 75 Actuarial Valuation of the County. The above tables are not audited. See "APPENDIX – C" for additional detail

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.

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

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

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

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

Other Information

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

No principal or interest upon any obligation of this County is past due. On May 15, 2015, the County had an interest payment due for the 2006 Serial Bonds, however, the payment was not made until May 18, 2015. A material event notice was filed June 2, 2015 Electronic Municipal Market Access (EMMA) website.

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.

Financial Statements

The financial accounts of the County are maintained in accordance with the New York State Uniform System of Accounts for counties. The County retains an outside independent auditor and is audited annually. The last audited report covers the period ending December 31, 2018. Certain financial information of the County may be found attached hereto as Appendices to the Official Statement.

The County complies with the Uniform System of Accounts as prescribed by the State Comptroller for counties in New York State. This System differs from generally accepted accounting principles 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).

Beginning with fiscal years ending December 31, 2001, the County issued its financial statements in accordance with GASB Statement No. 34. These statements include reporting of all county assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis.

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 State Comptroller's office released an audit report of the County on September 19, 2014. The purpose of our audit was to determine if counties are controlling inmate hospital costs and paying the appropriate rates for the services provided for the period January 1 through December 31, 2012.

Key Findings:

- The counties do not have adequate procedures for reviewing inpatient hospital claims and as a result, seven of the eight counties audited did not pay the appropriate Medicaid DRG rates on 90 percent of the inpatient hospital claims paid in 2012.
- Three counties did not submit claims seeking potential federal reimbursement of up to $46,352 for inpatient medical services provided to inmates.
- Seven of the eight counties have negotiated rates and discounts for inmates' outpatient services, but outpatient costs varied significantly in the counties audited due to different practices used.

Key Recommendations:

- Strengthen procedures for auditing inpatient hospital claims and ensure that accurate and appropriate rates are charged.
- Develop a process to claim federal reimbursement for inpatient hospital claims.
- Negotiate with hospitals and providers to obtain discounted rates for outpatient hospital services.

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

Fiscal Year Ending In	Stress Designation	Fiscal Score
2018	No Designation	0.0%
2017	No Designation	9.6%
2016	No Designation	19.2%
2015	No Designation	35.0%
2014	No Designation	35.0%

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

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

TAX INFORMATION

Taxable Valuations

Years Ending December 31:	2015	2016	2017	2018	2019
Assessed Valuation	$ 7,114,056,337	$ 7,233,840,532	$ 7,467,843,963	$ 7,526,427,600	$ 7,588,341,714
New York State Equalization Rate	91.27%	91.60%	93.70%	94.03%	94.29%
Full Valuation	$ 7,794,517,735	$ 7,897,205,821	$ 7,969,950,868	$ 8,004,283,314	$ 8,060,766,808

Tax Rate Per $1,000 (Assessed)

Years Ending December 31:	2015	2016	2017	2018	2019
	$ 6.73	$ 6.97	$ 7.01	$ 7.15	$ 7.29

Tax Collection Procedure

County real property taxes are levied annually no later than December 31 and become a lien on January 1. Taxes for County purposes apportioned to the area of the County outside the City of Watertown are levied together with taxes for town and special district purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. Taxes are collected by the town tax collectors during the period specified in the tax warrants and settlements are made by the collectors with the County Treasurer in March. Any unpaid town and special district taxes and assessments are turned over to the County Treasurer for collection.

The County Attorney is responsible for the tax enforcement acting as the Tax Enforcement Officer. The County annually forecloses on and auctions properties which are delinquent in the payment of property taxes for two years. For the past two years, these auctions have realized amounts substantially similar to the total of the outstanding taxes, interest and penalties on these properties.

In 1996, a local law was approved to allow real property owners in the County owing delinquent taxes to arrange for an installment contract. So long as a taxpayer continues payments within the terms of the contract, real property is protected from tax enforcement proceedings.

The collection of County taxes levied on properties within the City of Watertown are enforced, and will continue to be enforced, by the City of Watertown and the County receives the full amount of such taxes in the year due.

Unpaid village taxes and non-city school district taxes on properties outside the City of Watertown are turned over to the County for collection. Any such taxes remaining at year-end are relevied as County taxes in the subsequent year.

School taxes remaining unpaid in the enlarged city school district (outside city) are turned over to the County Treasurer in December for collection. After 2 years, the County will pay the City School for any unpaid city school taxes plus 24% interest.

Tax Levy and Tax Collection Record

Fiscal Year Ending December 31:	2015	2016	2017	2018	2019
Total Tax Levy	$ 74,518,919	$ 77,406,721	$ 78,765,125	$ 80,173,614	$ 82,316,292
Amount Uncollected [1]	425,650	788,232	1,859,417	2,613,072	4,337,232 [2]
% Uncollected	0.57%	1.02%	2.36%	3.26%	5.27%

[1] Includes County, Town, Relevies and Special District purposes.
[2] As of September 11, 2019.

Beginning on December 1, 2015, the County raised its County-wide sales tax rate from 3.75% to 4.00%. The sales tax is distributed as follows: 47% to the County, 24% to the City and 29% to the towns and villages on the basis of full value real property assessment. Most of the towns receive their share from the County in cash while others have elected to receive their portion in cash and a credit by reduction of the town's portion of the County real property tax levy (excluding the villages

Larger Taxpayers – 2018 Assessment Roll for 2019

Name	Type	Estimated Assessed Valuation
National Grid	Utility	$ 208,419,600
Salmon Run Shopping Center, LLP	Commercial retail	39,500,000
Eagle Ridge Partners LP	Commercial	47,646,800
Erie Boulevard Hydropower	Utility	25,397,500
ReEnergy Black River LLC.	Residential Vacant Land	19,200,000
LeRay Housing Association	Apartments	19,918,600
Leray 300 LLC	Apartments	19,670,000
Wal-Mart Real Estate	Large Retail Outlet	18,325,000
Verizon New York Inc.	Utility	14,128,000
CSX Transportation, Inc.	Rail-based transportation	13,308,400
New York State DEC	State/Fish, Game & Wildlife Pres.	13,733,400

The larger taxpayers, listed above, have a total assessed valuation of $439,247,000, which represents 5.44% of the County tax base.

The County does not have any pending or outstanding tax certioraris that are known or believed to have a material impact on the County.

Note: Includes properties inside the City of Watertown.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for Fiscal Years Ending December 31:

	2017	2018	2019
Five-Year Average Full Valuation	$ 7,776,501,459	$ 7,867,877,664	$ 7,947,698,509
Tax Limit - 1.5%	116,647,522	118,018,165	119,215,478
Add: Exclusions from Limit	2,510,947	3,116,008	3,832,317
Total Taxing Power	119,158,469	121,134,173	123,047,795
Less: Total County-wide levy	56,134,984	54,443,929	59,091,451
Tax Margin	$ 63,023,485	$ 66,690,244	$ 63,956,344

Sales Tax Revenues

Year	County Sales Tax	County Share of Collections
2010	$ 66,088,109	$ 31,061,411
2011	68,919,882	32,392,345
2012	72,537,561	34,092,654
2013	71,365,541	33,541,804
2014	71,951,035	33,816,986
2015	69,466,065	32,649,051
2016	73,630,440	34,606,307
2017	75,086,503	35,290,656
2018	78,658,684	36,969,582
2019 (Budgeted)	74,468,085	36,000,000

Hotel Tax

Pursuant to Chapter 764 of the Laws of 1984 of the State, Section 1202-C of the Tax Law was added whereby effective September 2, 1984, the County of Jefferson was authorized and empowered to adopt and amend local laws to impose a 3 percent hotel or motel tax. The County, pursuant to State authorization, enacted the occupancy tax by local law on March 22, 1988. The proceeds of the tax are shared between the County, the City of Watertown and the twenty-two towns and must be designated for use to promote tourism.

Other Tax Information

Real property in the County is assessed by the local assessors of the component towns and the City of Watertown.

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

The taxable assessment roll of the County is constituted approximately as follows:

Category	Percentage
Agriculture	4.06%
Residential	71.67%
Vacant Land	4.89%
Commercial	11.43%
Recreational & Entertainment	1.24%
Community Services	.15%
Industrial	0.69%
Public Service	5.54%
Wild & Forested Lands	0.32%
Totals	100.0%

The total property tax bill of a typical residence in the City of Watertown with an assessed value of $100,000 is currently estimated to be $2,656 including County, City of Watertown and school district taxes.

TAX LEVY LIMITATION LAW

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

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It was to expire on June 15, 2020; recent legislation has made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System. 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.

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge. Subject to certain enumerated exceptions, the County shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The County may contract indebtedness only for a County purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

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

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

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 Board of Legislators, the finance board of the County. Customarily, the County Board of Legislators has delegated to the County Treasurer, as chief fiscal officer of the County, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

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

(1) Such obligations are authorized for a purpose for which the County is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations

and an action contesting such validity is commenced within twenty days after the date of such publication,

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

Except on rare occasions the County complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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, tax and bond anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

Fiscal Years Ending December 31:	2014	2015	2016	2017	2018
Bonds	$ 10,730,000	$ 15,515,000	$ 13,630,000	$ 17,786,500	$ 15,530,000
Bond Anticipation Notes	1,000,000	500,000	3,400,000	11,000,000	13,000,000
Total Debt Outstanding	$ 11,730,000	$ 16,015,000	$ 17,030,000	$ 28,786,500	$ 28,530,000

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the County evidenced by serial bonds and notes as of October 8, 2019:

Type of Indebtedness	Maturity	Amount Outstanding
Bonds	2019-2037	$ 13,840,000
Bond Anticipation Notes	November 1, 2019	13,000,000 [1]
	Total Indebtedness	$ 26,840,000

[1] To be redeemed with proceeds of the Notes, unneeded bond anticipation note proceeds and available funds of the County.

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of October 8, 2019:

Five-Year Average Full Valuation of Taxable Real Property			$ 7,947,698,509
Debt Limit - 7% thereof			556,338,896
Inclusions:			
Bonds	$ 13,840,000		
Bond Anticipation Notes	13,000,000		
Total Inclusions		$ 26,840,000	
Exclusions:			
Appropriations	$ 455,000		
Total Exclusions		$ 455,000	
Total Net Indebtedness Subject to Debt Limit			$ 26,385,000
Net Debt-Contracting Margin			529,953,896
Percent of Debt Contracting Power Exhausted			4.74%

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

Bonded Debt Service

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

Cash Flow Borrowings

The County has not found it necessary to borrow tax anticipation notes or revenue anticipation notes in the past and does not anticipate the need to borrow either in the foreseeable future.

Estimate of Obligations to be Issued

The County is financing improvements to its Emergency Communications System. The cost of such improvements is approximately $20 million. The County has received commitments for $6.6 million in State grants-in-aid and has applied for additional grants-in-aid. The County entered into a ten year lease purchase contract for approximately $8 million to finance a contract with Motorola, a primary vendor for the project. On November 1, 2018, the County issued $11 million bond anticipation notes which renewed $9 million bond anticipation notes which matured on November 1, 2018 and provided $2 million in new monies for the aforementioned purpose. The bond anticipation notes mature on November 1, 2019 and will be redeemed with $564,000 available funds of the County, $3,381,000 unneeded bond anticipation note proceeds and $7,055,000 of the Notes.

The County has authorized $3.5 million in bonds to complete a series of projects at Jefferson Community College. To date, $1.5 million was permanently financed in 2016 and $2 million bond anticipation note proceeds were issued on November 1, 2017 to complete the commitment to the College. The County renewed $2 million bond anticipation notes on November 1, 2018 the aforementioned purpose. The bond anticipation notes mature on November 1, 2019 and will be redeemed with $55,000 available funds of the County and $1,945,000 of the Note proceeds.

The County has authorized $1.9 million bonds to purchase the building at 1000 Coffeen Street, Watertown, New York currently known as The Workplace that the County is renting. At this time, the County is exploring various options for the needed space as negotiations are at a standstill at this time.

Pending market conditions, both the local share of the Emergency Communication project, Jefferson Community College project and possibly the building purchase are planned to be permanently financed in 2020.

The County has committed to Jefferson Community College to borrow money on their behalf to install a turf field at the College at an estimated cost of $4 million. The project has not yet been approved by New York State who would be providing reimbursement for half the cost. With State approval, it is anticipated that $2 million serial bonds would be issued to permanently finance the local share of the project in 2020. Although a general obligation of the County, in the first instance, the Jefferson Community College Faculty/Student Association and the Jefferson Community College Foundation would each be responsible for repayment of one half of the debt service on the bonds.

No other borrowings are contemplated at this time.

Capital Planning and Budgeting

Pursuant to Section 99-g of the General Municipal Law, the County has undertaken the planning and execution of a capital program in accordance with the provisions of such section. The adoption of such program is not, in the case of the County, subject to referendum. At any time after the adoption thereof the County Legislature, by the affirmative vote of two-thirds of its total membership, may amend such program by adding, modifying or abandoning the projects, or by modifying the methods of financing.

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

	2019	2020	2021	2022	2023	2024
Building Projects	$ 43,000	$ 130,000	$ 143,000	$ 120,000	$ 85,000	$ 135,000
Computer Projects	530,000	280,000	180,000	180,000	180,000	180,000
Dog Control	22,707	10,000	10,000	10,0000	10,000	10,000
Public Safety Facility	453,386	50,000	30,000	30,000	20,000	30,000
Public Health Facility	31,085	15,000	10,000	15,000	10,000	20,000
Highway Facility	20,000	20,000	5,000	0	0	0
Highway Road Projects	1,100,000	1,700,000	1,800,000	1,900,000	2,300,000	2,400,000
Airport	4,690,000	3,349,000	2,200,000	10,450,000	2,000,000	0
Highway Bridge Projects	1,300,000	2,300,000	2,500,000	2,200,000	1,750,000	1,350,000

Estimated Overlapping Indebtedness

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

	Indebtedness	Exclusions [1]	Net Indebtedness
City of Watertown	$ 35,925,000	$ 17,232,190 [2]	$ 18,692,810
Towns	63,577,809	35,265,966 [2]	28,311,843
Villages	61,557,735	41,408,969 [2]	20,148,766
School Districts	179,931,123	154,884,058 [3]	25,047,065
Fire Districts	5,310,247	1,132,546	4,177,701
		Total	$ 96,378,185

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

Source: State Comptroller's reports for fiscal year ending 2017 for towns, city and fire districts and fiscal year ending 2018 for school districts and villages.

Debt Ratios

The following table sets forth certain ratios relating to the County's net indebtedness as of October 8, 2019:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 26,385,000	$ 236.10	0.33%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	122,763,185	1,098.50	1.52

(a) The 2018 estimated population of the County is 111,755. (See "THE COUNTY - Population" herein.)).
(b) The County's full value of taxable real estate for 2019 is $8,060,766,808. (See "TAX INFORMATION" herein.)
(c) See "Debt Statement Summary" for calculation of Net Indebtedness, herein.
(d) Estimated net overlapping indebtedness is $96,378,185. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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 shall not exceed nine per centum per annum. 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 or interest on the Notes.

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.

The Federal Bankruptcy Code allows public bodies 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 to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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 such obligations.

As a result of the Court of Appeals decision, 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 city, county, 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.

There is in the State Constitution, 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 provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

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 and in other jurisdictions in 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 another jurisdiction, or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the County to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The County is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the County, in any year, the County may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the County. In 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. (See also "State Aid").

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.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. These requirements include provisions, which prescribe yield and other limits relative to the investment and expenditures of the proceeds of the Notes and other amounts and require that certain earnings be rebated to the federal government. The County will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Non-compliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which non-compliance is ascertained.

The Code imposes a 30% branch profits tax on the earnings and profits of a United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of the United States branch of a foreign corporation is income that would be effectively connected with the United States trade or business if such income were taxable, such as the interest on the Notes. Existing United States income tax treaties may modify, reduce, or eliminate the branch profits tax, except in cases of treaty shopping.

The Code further provides that interest on the Notes is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits is to be included in taxable income of individuals. In addition, certain S Corporations may have a tax imposed on passive income, including tax-exempt interest, such as interest on the Notes.

Prospective purchasers should consult their tax advisors with respect to the calculations of the alternative minimum tax or foreign branch profits tax liability, and the tax on passive income of S Corporations or the inclusion of Social Security or other retirement payments in taxable income.

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

The opinion of Bond Counsel described herein with respect to the federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable federal income tax treatment on the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

In addition, in the opinion of Bond Counsel, under existing laws, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

LEGAL MATTERS

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

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

LITIGATION

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

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the County threatened against or affecting the County to restrain or enjoin the issuance, sale or delivery of the 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.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the County will enter into an Undertaking to Provide Notice of Material Events Certificate, the form, substantially of which, is attached hereto as "APPENDIX – C".

Historical Compliance

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.

RATING

The Notes are not rated. The purchaser of the Notes may choose to have a rating completed after the sale pending the approval of the County and at the expense of the purchaser(s), including any fees to be incurred by the County, as such rating action will result in a material event notification to be posted to EMMA which is required by the County's Continuing Disclosure Undertakings. (See "APPENDIX-C, MATERIAL EVENT NOTICES" herein.)

Moody's Investors Service ("Moody's") has assigned their underlying rating of "Aa3" to the County's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653.

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 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 Fiscal Advisors are 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 in good faith, no assurance can be given that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement that 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.

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

Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel to the County, expressed no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the County for use in connection with the offer and sale of the 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.

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

The Municipal Advisor may place a copy of this Official Statement on its website at www.fiscaladvisors.com or at www.fiscaladvisorsauction.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. The Municipal Advisor 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 the Municipal Advisor assumes any liability or responsibility for errors or omissions on such website. Further, the Municipal Advisor 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. The Municipal Advisor and the County also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The County's contact information is as follows: Ms. Karen M. Christie, County Treasurer, County Office Building, County Office Building, 175 Arsenal Street, Watertown, New York 13601, Phone: (315) 785-3055, Telefax: (315) 785-7589, Email: kchristie@co.jefferson.ny.us.

Additional copies of the Official Statement and Notice of Sale may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com and www.fiscaladvisorsauction.com.

COUNTY OF JEFFERSON

Dated: October 8, 2019

KAREN M. CHRISTIE
COUNTY TREASURER

GENERAL FUND

Balance Sheets

Fiscal Year Ending December 31:	2014	2015	2016	2017	2018
ASSETS					
Cash and Short-term Investments	$ 20,436,727	$ 17,114,830	$ 24,213,789	$ 25,693,989	$ 32,225,509
Restricted Assets	7,649,728	7,625,411	7,982,409	8,465,053	7,865,529
Receivables:					
Taxes - net	9,827,689	10,022,479	9,575,917	9,207,692	9,646,825
Accounts	2,581,632	2,523,504	2,904,443	1,715,233	2,286,337
Federal & State	-	-	-	-	-
Intergovernmental receivables	15,544,837	15,966,309	14,989,227	18,415,528	18,878,417
Other	-	-	-	-	-
Due from Other Funds	428,694	834,499	248,019	17,990	18,687
Prepaid Expenses	5,619,343	4,995,999	4,313,668	3,785,922	3,332,808
Inventories	57,454	37,194	30,225	39,901	57,784
Due From Other Governments	-	-	-	-	-
Interfund Loan	1,000,000	1,000,000	1,000,000	950,000	900,000
TOTAL ASSETS	$ 63,146,104	$ 60,120,225	$ 65,257,697	$ 68,291,308	$ 75,211,896
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 11,114,903	$ 9,894,455	$ 8,721,108	$ 8,910,180	$ 9,122,094
Accrued Liabilities	18,154	383,725	197,365	-	-
Due to Other Funds	1,408	2,124	-	-	-
Due to Other Governments	12,739,821	11,635,804	12,266,022	12,083,998	12,293,486
Other Liabilities	38,786	34,400	27,651	34,673	23,725
Unearned Revenue	4,772,723	5,359,557	5,715,015	6,107,920	5,201,375
Deferred Revenues	7,629,196	7,647,363	7,544,578	7,870,578	8,502,383
TOTAL LIABILITIES	36,314,991	34,957,428	34,471,739	35,007,349	35,143,063
FUND EQUITY					
Nonspendable	$ 6,676,797	$ 6,312,251	$ 5,591,912	$ 4,775,823	$ 4,290,592
Restricted	2,877,005	2,265,854	2,267,393	2,357,133	2,664,153
Committed	-	-	-	-	-
Assigned	17,086,812	14,460,133	14,689,875	14,174,433	15,948,977
Unassigned	190,499	2,124,559	8,236,778	11,976,570	17,165,111
TOTAL FUND EQUITY	26,831,113	25,162,797	30,785,958	33,283,959	40,068,833
TOTAL LIABILITIES and FUND EQUITY	$ 63,146,104	$ 60,120,225	$ 65,257,697	$ 68,291,308	$ 75,211,896

Source: Audited financial reports of the County.

This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	2013	2014	2015	2016	2017
REVENUES					
Real Property Taxes	$ 49,446,267	$ 49,894,402	$ 52,052,567	$ 55,326,481	$ 54,902,976
Real Property Tax Items	3,213,914	2,988,172	2,791,332	2,642,878	2,686,236
Non-Property Tax Items	72,003,621	72,594,119	70,077,793	74,235,698	75,710,735
Departmental Income	14,231,628	12,777,458	11,169,321	10,609,444	10,408,327
Intergovernmental Charges	2,559,102	2,180,220	2,238,090	2,289,806	2,268,002
Use of Money & Property	355,729	515,631	587,742	682,860	755,795
Licenses and Permits	43,354	21,046	23,692	52,819	36,303
Fines and Forfeitures	282,720	250,525	232,900	186,848	195,085
Sale of Property and Compensation for Loss	1,405,184	1,614,408	1,424,976	2,680,429	1,265,202
Miscellaneous	3,972,121	4,866,596	4,383,765	4,573,440	4,869,367
Interfund Revenues	-	-	-	-	-
Revenues from State & Federal Sources	41,107,730	38,770,831	43,370,527	42,940,767	40,669,272
Total Revenues	$ 188,621,370	$ 186,473,408	$ 188,352,705	$ 196,221,470	$ 193,767,300
EXPENDITURES					
General Government Support	$ 54,173,459	$ 54,699,956	$ 53,194,900	$ 55,040,181	$ 56,066,389
Education	10,707,249	10,816,101	10,788,348	10,803,067	10,288,405
Public Safety	21,884,433	22,162,552	21,679,218	20,813,677	22,254,590
Health	13,827,276	13,750,340	13,537,672	13,276,500	13,025,194
Transportation	1,875,908	1,989,767	1,969,439	1,985,967	1,974,351
Economic Assistance and Opportunity	64,775,728	65,069,960	63,111,345	62,967,635	62,669,099
Culture and Recreation	341,185	360,110	277,538	279,140	334,839
Home and Community Services	1,191,938	1,410,220	1,046,797	932,066	841,683
Employee Benefits	7,458,419	8,539,670	9,891,783	10,268,330	9,585,371
Debt Service	-	-	7,500	4,950	67,811
Total Expenditures	$ 176,235,595	$ 178,798,676	$ 175,504,540	$ 176,371,513	$ 177,107,732
Excess of Revenues Over (Under) Expenditures	$ 12,385,775	$ 7,674,732	$ 12,848,165	$ 19,849,957	$ 16,659,568
Other Financing Sources (Uses):					
Operating Transfers In	71,011	345,000	79,135	146,500	27,558
Sale of Capital Assets	-	(14,913,668)	(14,595,616)	(14,373,296)	(14,189,125)
Operating Transfers Out [1]	(15,856,273)	-	-	-	-
Operating Transfer to JCC	-	-	-	-	-
Total Other Financing	$ (15,785,262)	$ (14,568,668)	$ (14,516,481)	$ (14,226,796)	$ (14,161,567)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(3,399,487)	(6,893,936)	(1,668,316)	5,623,161	2,498,001
FUND BALANCE					
Fund Balance - Beginning of Year	37,124,536	33,725,049	26,831,113	25,162,797	30,785,958
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 33,725,049	$ 26,831,113	$ 25,162,797	$ 30,785,958	$ 33,283,959

[1] Operating transfers out include amounts for debt service.

Source: Audited financial reports of the County.

This Appendix is not itself audited.

GENERAL FUND

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

Fiscal Years Ending December 31:	2018 Original Budget	2018 Final Budget	2018 Actual	2019 Adopted Budget
REVENUES				
Real Property Taxes	$ 56,842,526	$ 56,842,526	$ 56,555,914	$ 58,287,908
Real Property Tax Items	2,700,000	2,839,714	2,884,892	2,700,000
Non-Property Tax Items	74,234,484	76,906,566	79,603,971	74,598,085
Departmental Income	12,666,418	12,744,335	11,080,546	12,502,304
Intergovernmental Charges	3,642,501	3,875,148	1,849,415	3,455,313
Use of Money & Property	1,638,308	1,638,308	865,560	473,800
Licenses and Permits	50,000	50,000	23,934	50,000
Fines and Forfeitures	181,120	181,120	189,074	173,585
Sale of Property and Compensation for Loss	1,338,000	1,338,000	1,353,475	1,237,000
Miscellaneous	3,158,757	3,222,965	5,861,392	3,349,072
Interfund Revenues	-	-	-	(1,821,554)
Revenues from State & Federal Sources	42,059,224	46,487,486	40,892,530	43,127,067
Total Revenues	$ 198,511,338	$ 206,126,168	$ 201,160,703	$ 198,132,580
EXPENDITURES				
General Government Support	$ 57,501,170	$ 60,008,723	$ 57,905,434	$ 58,220,529
Education	11,372,984	11,372,984	10,760,703	11,157,219
Public Safety	22,563,710	23,024,594	22,032,313	23,669,462
Health	13,700,991	15,276,068	13,489,643	14,643,122
Transportation	2,471,902	2,462,609	2,091,238	2,346,910
Economic Assistance and Opportunity	68,866,917	66,258,064	63,452,756	66,822,858
Culture and Recreation	280,228	386,271	376,687	280,488
Home and Community Services	972,354	1,041,038	846,401	977,693
Employee Benefits	12,383,553	12,370,038	7,835,790	14,936,287
Debt Service	258,500	275,000	275,000	-
Total Expenditures	$ 190,372,309	$ 192,475,389	$ 179,065,965	$ 193,054,568
Excess of Revenues Over (Under) Expenditures	$ 8,139,029	$ 13,650,779	$ 22,094,738	$ 5,078,012
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out [1]	(14,966,985)	(15,309,864)	(15,309,864)	(11,728,683)
Sale of Capital Assets	-	-	-	-
Operating Transfer to JCC	-	-	-	-
Total Other Financing	$ (14,966,985)	$ (15,309,864)	$ (15,309,864)	$ (11,728,683)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(6,827,956)	(1,659,085)	6,784,874	(6,650,671)
FUND BALANCE				
Fund Balance - Beginning of Year	33,283,959	33,283,959	33,283,959	6,650,671
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	$ 26,456,003	$ 31,624,874	$ 40,068,833	$ -

[1] Operating transfers out include amounts for debt service.

Source: Audited financial reports and budgets of the County.

This Appendix is not itself audited.

CHANGES IN FUND EQUITY

Fiscal Year Ending December 31:	2014	2015	2016	2017	2018
OTHER GOVERNMENTAL FUNDS [1]					
Fund Equity - Beginning of Year	$ 5,074,943	$ 5,379,886	$ 6,208,943	$ 6,630,685	$ 4,480,261
Prior Period Adjustments (net)	-	201,107		-	-
Revenues & Other Sources	22,295,785	21,986,309	22,720,055	23,315,010	26,985,465
Expenditures & Other Uses	21,990,842	21,358,359	22,298,313	25,465,433	23,826,716
Fund Equity - End of Year	$ 5,379,886	$ 6,007,836	$ 6,630,685	$ 4,480,262	$ 7,639,010
CAPITAL PROJECTS FUND					
Fund Equity - Beginning of Year	$ 9,405,075	$ 8,424,922	$ 9,649,692	$ 6,201,605	$ 15,473,804
Prior Period Adjustments (net)		(90,000)		686	-
Revenues & Other Sources	8,463,133	17,555,282	12,592,348	20,628,314	10,180,672
Expenditures & Other Uses	9,443,286	16,240,512	16,040,435	11,356,801	16,171,699
Fund Equity - End of Year	$ 8,424,922	$ 9,649,692	$ 6,201,605	$ 15,473,804	$ 9,482,777
ENTERPRISE FUND					
Fund Equity - Beginning of Year	$ 2,813,668	$ 2,579,339	$ 2,238,755	$ 2,272,012	$ 2,341,423
Prior Period Adjustments (net)	(18,293)				
Revenues & Other Sources	2,635,708	2,557,248	2,649,352	2,920,086	3,222,621
Expenditures & Other Uses	2,851,744	2,897,832	2,616,095	2,850,675	3,271,960
Fund Equity - End of Year	$ 2,579,339	$ 2,238,755	$ 2,272,012	$ 2,341,423	$ 2,292,084

[1] Includes Special Grant, County Road, Road Machinery and Debt Service Funds.

Source: Annual financial reports and audited financial statements of the County.

This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Principal	Interest	Total
2019	$ 2,145,000	$ 463,083.75	$ 2,608,083.75
2020	2,200,000	375,215.00	2,575,215.00
2021	575,000	314,700.00	889,700.00
2022	585,000	301,787.50	886,787.50
2023	595,000	288,650.00	883,650.00
2024	615,000	273,500.00	888,500.00
2025	630,000	256,237.50	886,237.50
2026	650,000	238,487.50	888,487.50
2027	670,000	220,187.50	890,187.50
2028	690,000	201,337.50	891,337.50
2029	700,000	181,275.00	881,275.00
2030	720,000	159,975.00	879,975.00
2031	740,000	138,075.00	878,075.00
2032	770,000	114,906.25	884,906.25
2033	790,000	90,456.25	880,456.25
2034	810,000	64,837.50	874,837.50
2035	835,000	37,950.00	872,950.00
2036	400,000	18,300.00	418,300.00
2037	410,000	6,150.00	416,150.00
TOTALS	$ 15,530,000	$ 3,745,111.25	$ 19,275,111.25

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2006 Jefferson County Community College Principal	Interest	Total	2011 Refunding Principal	Interest	Total
2019	$ 455,000	$ 36,196.25	$ 491,196.25	$ 1,145,000	$ 87,375.00	$ 1,232,375.00
2020	470,000	18,565.00	488,565.00	1,175,000	29,375.00	1,204,375.00
TOTALS	$ 925,000	$ 54,761.25	$ 979,761.25	$ 2,320,000	$ 116,750.00	$ 2,436,750.00

Fiscal Year Ending Dec 31st	2015 Various Projects Principal	Interest	Total	2017 Various Projects Principal	Interest	Total
2019	$ 300,000	$ 174,925.00	$ 474,925.00	$ 245,000	$ 164,587.50	$ 409,587.50
2020	305,000	168,875.00	473,875.00	250,000	158,400.00	408,400.00
2021	315,000	162,675.00	477,675.00	260,000	152,025.00	412,025.00
2022	320,000	156,325.00	476,325.00	265,000	145,462.50	410,462.50
2023	325,000	149,875.00	474,875.00	270,000	138,775.00	408,775.00
2024	335,000	141,600.00	476,600.00	280,000	131,900.00	411,900.00
2025	345,000	131,400.00	476,400.00	285,000	124,837.50	409,837.50
2026	355,000	120,900.00	475,900.00	295,000	117,587.50	412,587.50
2027	365,000	110,100.00	475,100.00	305,000	110,087.50	415,087.50
2028	375,000	99,000.00	474,000.00	315,000	102,337.50	417,337.50
2029	380,000	87,675.00	467,675.00	320,000	93,600.00	413,600.00
2030	390,000	76,125.00	466,125.00	330,000	83,850.00	413,850.00
2031	400,000	64,275.00	464,275.00	340,000	73,800.00	413,800.00
2032	415,000	51,531.25	466,531.25	355,000	63,375.00	418,375.00
2033	425,000	37,881.25	462,881.25	365,000	52,575.00	417,575.00
2034	435,000	23,362.50	458,362.50	375,000	41,475.00	416,475.00
2035	450,000	7,875.00	457,875.00	385,000	30,075.00	415,075.00
2036	-	-	-	400,000	18,300.00	418,300.00
2037	-	-	-	410,000	6,150.00	416,150.00
TOTALS	$ 6,235,000	$ 1,764,400.00	$ 7,999,400.00	$ 6,050,000	$ 1,809,200.00	$ 7,859,200.00

APPENDIX - B2
Jefferson County

LEASE PURCHASE CONTRACT AMORTIZATION SCHEDULE

Date	Payment	Interest	Principal
4/15/2019	338,902.70	56,069.20	282,833.50
10/15/2019	338,902.70	53,044.22	285,858.48
4/15/2020	338,902.70	49,986.89	288,915.81
10/15/2020	338,902.70	46,896.86	292,005.84
4/15/2021	338,902.70	43,773.78	295,128.92
10/15/2021	338,902.70	40,617.30	298,285.40
4/15/2022	338,902.70	37,427.06	301,475.64
10/15/2022	338,902.70	34,202.70	304,700.00
4/15/2023	338,902.70	30,943.85	307,958.85
10/15/2023	338,902.70	27,650.15	311,252.55
4/15/2024	338,902.70	24,321.22	314,581.48
10/15/2024	338,902.70	20,956.69	317,946.01
4/15/2025	338,902.70	17,556.18	321,346.52
10/15/2025	338,902.70	14,119.29	324,783.41
4/15/2026	338,902.70	10,645.65	328,257.05
10/15/2026	338,902.70	7,134.85	331,767.85
4/15/2027	338,902.70	3,566.58	335,336.12
TOTALS	$ 5,761,345.90	$ 518,912.47	$ 5,242,433.43

MATERIAL EVENT NOTICES

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 Notes

(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 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 security 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.

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

The County may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the County determines that any such other event is material with respect to the 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.

The County reserves the right to terminate its obligation to provide the aforedescribed 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.

COUNTY OF JEFFERSON
NEW YORK

Basic Financial Statements, Required Supplementary Information, Supplementary Information and Federal Awards Information for the Year Ended December 31, 2018 and Independent Auditors' Reports

Such Financial Report and opinions 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.

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable County Board of Legislators and County Administrator
County of Jefferson, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Jefferson, New York (the "County"), as of and for the year ended December 31, 2018 (with the Jefferson County Community College for the fiscal year ended August 31, 2018 and the Jefferson County Industrial Development Agency for the fiscal year ended September 30, 2018), and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jefferson County Community College (the "College") and Jefferson County Industrial Development Agency (the "Agency"), which are shown as discretely presented component units. 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 College and Agency, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. 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 June 28, 2019 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

June 28, 2019

As management of the County of Jefferson, New York (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information contained in the financial statements and notes to the financial statements, which follow this narrative.

Financial Highlights

- The liabilities and deferred inflows of resources of the County's primary government exceeded its assets and deferred outflows of resources at December 31, 2018 by $(235,194,865) (net position). This consists of $140,002,702 net investment in capital assets, $3,001,892 restricted for specific purposes, offset by an unrestricted net position of $(378,199,459).

- The County's total primary government net position increased by $2,737,015 during the year ended December 31, 2018. Governmental activities increased the County's net position by $2,786,352, while the net position of the County's business-type activity decreased $49,337.

- As of December 31, 2018, the County's governmental funds reported combined fund balances of $57,190,621, an increase of $3,952,595 in comparison with the prior year.

- General Fund fund balance increased $6,784,874 during the year ended December 31, 2018 and ended the year with a total fund balance of $40,068,833. Of this, $4,290,592 is considered nonspendable, $2,664,153 is restricted, and $15,948,977 is assigned for other specified purposes by County management. General Fund fund balance of $17,165,111 is available to meet the County's current and future needs (unassigned fund balance).

- The County's governmental activities' total serial bonds outstanding decreased by $2,256,500 during the current year as a result of scheduled principal payments.

Overview of the Financial Statements

The 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 intended to furnish additional detail to support 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.

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 principally are 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, public health, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest and fiscal charges. The business-type activity of the County is the Solid Waste Management Fund.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Community College and an Industrial Development Agency for which the County is financially accountable. Financial information presented for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15-16 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, a proprietary fund, 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 funds' balance sheet and the governmental funds' 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 six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Projects Fund, which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Supplementary Information section of this report.

The County adopts an annual appropriated budget for its General Fund, County Road Fund, Road Machinery Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, a major fund, within the required supplementary information to demonstrate compliance with this budget.

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

Proprietary funds. The County maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as a *business-type activity* in the government-wide financial statements. The County uses an enterprise fund to account for its Solid Waste Management Facility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of the funds are not available to support the County's own programs.

The County maintains one type of fiduciary fund. The Agency Fund reports resources held by the County in a custodial capacity for individuals, private organizations and other governments.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-68 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the County's net pension liability/(asset), the County's total Other Postemployment Benefits ("OPEB") liability and related ratios, and budgetary comparison schedule for the General Fund. Required Supplementary Information and the related notes to the required supplementary information can be found on pages 69-76 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 77-78.

The Federal Awards Information presents the County's Schedule of Expenditures of Federal Awards. This section can be found on pages 79-90 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, liabilities and deferred inflows of resources of the County's primary government exceeded its assets and deferred outflows of resources at December 31, 2018 by $(235,194,865) at the close of the most recent fiscal year.

The County's combined net position during fiscal year ended December 31, 2018 increased from December 31, 2017, by $2,737,015. By far, the largest portion of the County's net position at December 31, 2018, $140,002,702, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment and infrastructure) net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, $3,001,892 represents resources subject to external restrictions on how they may be used and are reported as restricted net position. The remaining category of total net position, $(378,199,459), is considered to be unrestricted. This deficit does not mean the County does not have resources available to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments that are greater than currently available resources. Payments for these liabilities are to be budgeted in the year that actual payment will be made.

Table 1, as presented below, shows the net position as of December 31, 2018 and 2017 of the County's governmental activities and business-type activity.

Table 1—Condensed Statement of Net Position—Primary Government

	Governmental activities		Business-type activity		Total	
	December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
Current assets	$ 108,229,241	$ 101,409,437	$ 770,494	$ 494,433	$ 108,999,735	$ 101,903,870
Noncurrent assets	900,000	950,000	-	-	900,000	950,000
Capital assets	145,250,150	137,945,499	2,869,887	3,072,092	148,120,037	141,017,591
Total assets	254,379,391	240,304,936	3,640,381	3,566,525	258,019,772	243,871,461
Deferred outflows of resources	31,809,328	30,732,802	-	-	31,809,328	30,732,802
Current liabilities	42,822,251	40,304,384	421,648	236,159	43,243,899	40,540,543
Noncurrent liabilities	416,704,497	463,044,080	926,649	988,945	417,631,146	464,033,025
Total liabilities	459,526,748	503,348,464	1,348,297	1,225,104	460,875,045	504,573,568
Deferred inflows of resources	64,148,920	7,962,575	-	-	64,148,920	7,962,575
Net position:						
Net investment in capital assets	138,032,815	131,584,229	1,969,887	2,122,092	140,002,702	133,706,321
Restricted	2,917,930	10,570,854	83,962	103,605	3,001,892	10,674,459
Unrestricted	(378,437,694)	(382,428,384)	238,235	115,724	(378,199,459)	(382,312,660)
Total net position	$ (237,486,949)	$ (240,273,301)	$ 2,292,084	$ 2,341,421	$ (235,194,865)	$ (237,931,880)

Table 2, presented below, shows the changes in net position for the years ended December 31, 2018 and December 31, 2017.

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

	Governmental activities		Business-type activity		Total	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues	$ 74,277,972	$ 68,494,918	$ 3,122,027	$ 2,844,786	$ 77,399,999	$ 71,339,704
General revenues	147,440,699	138,449,105	100,596	75,299	147,541,295	138,524,404
Total revenues	221,718,671	206,944,023	3,222,623	2,920,085	224,941,294	209,864,108
Total expenses	218,932,319	230,480,649	3,271,960	2,850,675	222,204,279	233,331,324
Change in net position	2,786,352	(23,536,626)	(49,337)	69,410	2,737,015	(23,467,216)
Net position—beginning	(240,273,301)	(216,736,675)	2,341,421	2,272,011	(237,931,880)	(214,464,664)
Net position—ending	$ (237,486,949)	$ (240,273,301)	$ 2,292,084	$ 2,341,421	$ (235,194,865)	$ (237,931,880)

Governmental activities increased the County's net position by $2,786,352. Operations of the business-type activity decreased the County's net position by $49,337 for the year ended December 31, 2018.

A summary of sources of revenues for the years ended December 31, 2018 and December 31, 2017 is presented below in Table 3.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2018	2017	Dollars	Percent
Charges for services	$ 14,998,815	$ 15,387,755	$ (388,940)	(2.5)
Operating grants and contributions	46,885,576	43,802,926	3,082,650	7.0
Capital grants and contributions	12,393,581	9,304,237	3,089,344	33.2
Property taxes and tax items	60,011,826	58,022,765	1,989,061	3.4
Non-property taxes	78,658,684	75,086,503	3,572,181	4.8
Other general revenues	8,770,189	5,339,837	3,430,352	64.2
Total revenues	$ 221,718,671	$ 206,944,023	$ 14,774,648	7.1

The most significant source of revenues is non-property taxes, which accounts for $78,658,684, or 35.5 percent, of total governmental activities revenues, for the year ended December 31, 2018, and $75,086,503, or 36.3 percent, of total governmental activities revenues, for the year ended December 31, 2017. The next largest source of revenue is property taxes and tax items, which comprises 27.1 percent and 28.0 percent of total governmental activities revenues for the years ended December 31, 2018 and 2017, respectively.

During the year ended December 31, 2018 revenues increased by 7.1 percent from the year ended December 31, 2017. Changes in revenues were largely due to the following:

- Non-property taxes increased $3,572,181 primarily due to an underlying increase in sales subject to sales tax.

- Other general revenues increased $3,430,352 primarily due to a large amount of insurance refunds and rebates received in 2018.

- Capital grants and contributions increased $3,089,344 mainly due to increased aid received for the Airport Improvement Project and highway and construction projects.

As presented in Table 4, below, the County's significant expense items for governmental activities were economic assistance and opportunity of $71,787,908 or 32.8 percent, of total governmental activities expenses, general government support of $63,016,488, or 28.8 percent, of total governmental activities expenses, public safety of $34,459,991, or 15.7 percent, of total governmental activities expenses, transportation of $18,696,406, or 8.5 percent, of total governmental activities expenses, and education of $12,357,976, or 5.6 percent of total governmental activities expenses for the year ended December 31, 2018. Similarly, for the year ended December 31, 2017 significant expense items for governmental activities were economic assistance and opportunity of $74,644,866, or 32.4 percent, of total governmental activities expenses, general government support of $63,325,908, or 27.5 percent, of total governmental activities expenses, public safety of $33,997,901, or 14.8 percent, of total governmental activities expenses, transportation of $24,564,652, or 10.7 percent, of total governmental activities expenses, and education of $14,141,648, or 6.1 percent of total governmental activities expenses.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2018	2017	Dollars	Percent
General government support	$ 63,016,488	$ 63,325,908	$ (309,420)	(0.5)
Education	12,357,976	14,141,648	(1,783,672)	(12.6)
Public safety	34,459,991	33,997,901	462,090	1.4
Public health	15,243,552	16,032,035	(788,483)	(4.9)
Transportation	18,696,406	24,564,652	(5,868,246)	(23.9)
Economic assistance and opportunity	71,787,908	74,644,866	(2,856,958)	(3.8)
Culture and recreation	376,851	335,012	41,839	12.5
Home and community services	2,136,914	2,632,236	(495,322)	(18.8)
Interest and fiscal charges	856,233	806,391	49,842	6.2
Total program expenses	$ 218,932,319	$ 230,480,649	$(11,548,330)	(5.0)

Significant changes in the County's expenses from 2017 to 2018 are identified as follows:

- Expenses for transportation decreased by $5,868,246 primarily due to a decrease in repairs and maintenance expenditures and allocated employee benefit costs related to OPEB.

- Expenses for economic and assistance opportunity decreased by $2,856,958 primarily due to allocated employee benefit costs related to OPEB.

Business-type Activity. Business-type activity decreased the County's net position by $49,337 due to normal operations.

Revenues relating to the County's business-type activity increased by 10.4 percent and expenses increased 14.8 percent for the year ended December 31, 2018, from the year ended December 31, 2017.

A summary of sources of revenues and expenditures for the County's business-type activity for the years ended December 31, 2018 and December 31, 2017 is presented below in Table 6.

Table 6—Summary of Sources of Revenues and Expenses—Business-type Activity

	Year Ended December 31,		Increase/(decrease)	
	2018	2017	Dollars	Percent
Charges for services	$ 3,093,962	$ 2,819,790	$ 274,172	9.7
Operating grants and contributions	28,065	24,996	3,069	12.3
General revenues	100,596	75,298	25,298	33.6
Total program revenues	$ 3,222,623	$ 2,920,084	$ 302,539	10.4
Solid waste management expenses	$ 3,271,960	$ 2,850,675	$ 421,285	14.8

Financial Analysis of the 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 Board of Legislators.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $57,190,621, an increase of $3,952,595 in comparison with the prior year. Total *unassigned fund balance* is $17,165,111 which is 7.9 percent of total governmental funds' expenditures. Additionally, the County's total *assigned fund balances* total $26,106,942 or 12.0 percent of total governmental funds' expenditures. Together, *unassigned* and *assigned fund balance* represents $43,272,053, or 19.9 percent of total governmental expenditures. *Restricted fund balance* of $9,485,279 represent resources for which spending is restricted for a special purpose. *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 consists of $3,475,505 of prepaid items, $57,784 of inventory, and $900,000 representing long-term receivables at December 31, 2018.

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 $17,165,111, while total fund balance was $40,068,833. The General Fund fund balance increased $6,784,874 from the prior year, as compared to the planned use of fund balance of $6,827,956 from appropriation of fund balance during the budget process and carryover of prior year encumbrances. 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 8.8 percent of General Fund expenditures and transfers out, while total fund balance represents 20.6 percent of that same amount.

The fund balance in the Capital Projects Fund decreased $5,991,028 from December 31, 2017. This decrease is due to capital outlay expenditures exceeding revenues.

Proprietary fund. The County's proprietary fund provides the same type of information found in the governmental-wide financial statements, but in more detail.

The net position of Solid Waste Management Fund (the County's only enterprise fund) at December 31, 2018, amounted to $2,292,084 and unrestricted net position was $238,235. The operating activities of the Solid Waste Management Fund during 2018 resulted in an operating loss of $88,218 and the nonoperating revenues and expenses netted to total nonoperating revenue of $38,881. At December 31, 2018, the Solid Waste Management Fund reports a noncurrent interfund loan from the General Fund of $900,000. This amount is included as nonspendable fund balance within the General Fund. The Solid Waste Management Fund made a $50,000 payment on the noncurrent loan during the year ended December 31, 2018.

General Fund Budgetary Highlights

The County adopts an annual appropriated budget for all governmental funds, except the Capital Projects Fund. A budgetary comparison schedule for the General Fund has been provided in the Required Supplementary Information section of this report to demonstrate compliance with the budget.

A summary of the General Fund results of operations for the year ended December 31, 2018 is presented in Table 7 below:

Table 7—Summary of General Fund Results of Operations

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues	$ 198,511,338	$ 206,126,168	$ 201,160,703	$ (4,965,465)
Expenditures and other financing uses	205,339,294	207,785,256	194,375,829	13,409,427
Excess (deficiency) of revenues over expenditures and other financing uses	$ (6,827,956)	$ (1,659,088)	$ 6,784,874	$ 8,443,962

Original budget compared to final budget. During the year, the budget is modified, primarily to reflect the acceptance of new state and federal grants and related expenditures. These grants explain the majority of increases in appropriations and revenue from the original adopted budget final budget. Significant grants for which the budget was modified were for state and federal aid.

Final budget compared to actual results. The General Fund had a favorable variance from final budgetary appropriations of $13,409,427. The primary positive variances were realized in economic assistance and opportunity, employee benefits, and general government support.

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounts to $148,120,037 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and building improvements, improvements other than buildings, machinery and equipment and infrastructure.

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

Capital assets net of depreciation for the governmental activities and business-type activities at the years ended December 31, 2018 and December 31, 2017 are presented in Table 8 below:

Table 8—Summary of Capital Assets (Net of Depreciation)

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
Land	$ 2,625,768	$ 2,625,768	$ 12,415	$ 12,415	$ 2,638,183	$ 2,638,183
Construction in progress	21,809,386	11,489,034	-	-	21,809,386	11,489,034
Buildings and building improvements	43,925,635	44,392,410	2,401,506	2,453,962	46,327,141	46,846,372
Improvements other than buildings	185,651	218,029	-	-	185,651	218,029
Machinery and equipment	6,713,588	7,473,074	455,966	605,715	7,169,554	8,078,789
Infrastructure	69,990,122	71,747,184	-	-	69,990,122	71,747,184
Total	$ 145,250,150	$ 137,945,499	$ 2,869,887	$ 3,072,092	$ 148,120,037	$ 141,017,591

The County's infrastructure assets are recorded at historical cost or estimated historical cost in the government-wide financials statements. The County has elected to depreciate its infrastructure assets. Additional information on County's capital assets can be found in Note 4 of this report.

Long-term liabilities. In 2018, the County's long-term liabilities, as reported on the County-wide statement of net position, continue to reflect a dramatic change, since Governmental Accounting Standards Board ("GASB") requires that the County recognize, according to a prescribed calculation, its obligation for OPEB. In the case of the County, this obligation consists of health benefits promised to its current and future retirees. Based on a study of the County's numerous benefit packages and the affected population, actuaries have determined the value of these benefits earned in prior years, as well as the value earned during 2018.

This obligation is a commitment the County has made to its employees pursuant to contract negotiations. County management has attempted to minimize the impact of dramatic health cost increases as new contracts have been negotiated. Newer contracts require greater employee contributions and increased length of employment to qualify for retiree health benefits.

Governmental activities outstanding net bonded indebtedness decreased $2,400,141.

Table 9—Summary of Long-Term Liabilities

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
Net bonds payable	$ 15,889,912	$ 18,290,053	$ -	$ -	$ 15,889,912	$ 18,290,053
Compensated absences	2,200,176	2,202,824	26,649	38,945	2,226,825	2,241,769
Capital lease	5,242,433	5,799,153	-	-	5,242,433	5,799,153
Claims and judgments	4,170,506	4,595,892	-	-	4,170,506	4,595,892
Other postemployment benefits	384,103,514	416,997,121	-	-	384,103,514	416,997,121
Net pension liability	5,097,956	15,159,037	-	-	5,097,956	15,159,037
Total	$ 416,704,497	$ 463,044,080	$ 26,649	$ 38,945	$ 416,731,146	$ 463,083,025

The County carries an Aa3 rating from Moody's. Additional information on the County's long-term liabilities can be found in Note 13 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- Until 2018, the County experienced a consistent decline in population. While less frequent and in shorter duration than in recent years, brigade components of the US Army's 10th Mountain Division continue to be periodically deployed and remain in rotation to the Middle East. These cycles continue to impact the local housing market, especially the rental market, with variations in demand and vacancy rates noted. The current rental vacancy rate in the greater Watertown area is estimated to be roughly ten percent. The true economic impact of Fort Drum in 2018 is $1.5 million based on an economic impact model. The model also estimates an additional 4,126 jobs supported by Fort Drum related activity.

- Commercial, retail, and service business growth throughout the County continues to slow compared to the most robust construction period mid-way through the 3rd Brigade transformation that began in 2006. However, the City of Watertown is benefiting from a number of noteworthy and high profile rehabilitation projects in the downtown core. The nearby historic Woolworth Building on Public Square underwent a $17 million renovation to create 50 apartments and ground floor commercial space in the six story structure. In addition, the Lincoln Building has been renovated. Furthermore, the Marcy Spa, and a microbrewery have relocated and opened in the building. There are several new restaurants in the downtown area as well. The City was the recipient of a $10 million Downtown Revitalization Initiative grant and is working on identifying projects.

- A significant local transportation development is the continued upgrade of the facilities and airfield infrastructure at Watertown International Airport. Due in part to these upgrades and the growth in the County, American Airlines continues daily non-stop commercial flights at the local airport. Daily flights to Philadelphia International Airport are conducted twice each day. Over 46,000 and 48,000 passengers utilized commercial flights at the Watertown Airport in 2017 and 2018, respectively. Beginning July 2017, jet service has returned to the airport. General Aviation activity continues to grow since the opening of the new Fixed Base Operator facility in 2015. There has been over $1,635,000 collected in 2018 from airport operations.
- The 2018 U.S. Census Bureau population for Jefferson County was 111,755, which is a 2.1% decrease from 2017.
- In December 2015, the County requested and was granted permission from New York State to increase the rate of sales tax from 7.75% to 8.00%.
- The County's 2019 budget set the full value property tax rate at $7.29 per thousand which is a 2.0% increase from the 2018 average full value tax rate.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Jefferson County Treasurer's Office, 175 Arsenal Street, Watertown, New York 13601.

BASIC FINANCIAL STATEMENTS

COUNTY OF JEFFERSON, NEW YORK
Statement of Net Position
December 31, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activity	Total	Community College August 31, 2018	Industrial Development Agency September 30, 2018
ASSETS					
Cash and cash equivalents	$ 20,257,340	$ 310,467	$ 20,567,807	$ 9,870,534	$ 2,888,623
Restricted cash and cash equivalents	24,507,078	83,962	24,591,040	1,873,287	4,860,068
Investments	21,670,656	-	21,670,656	8,037,492	-
Receivables, net of allowances					
Property taxes receivable	9,646,825	-	9,646,825	-	-
Accounts receivable	3,456,814	329,158	3,785,972	4,606,179	59,654
Intergovernmental receivables	25,157,239	28,065	25,185,304	556,238	-
Prepaid items	3,475,505	18,842	3,494,347	73,128	3,290
Inventories	57,784	-	57,784	2,753	-
Loans and notes receivable	-	-	-	430,539	2,204,338
Internal balances	900,000	(900,000)	-	-	-
Net pension asset	-	-	-	545,565	-
Capital assets not being depreciated	24,435,154	12,415	24,447,569	2,084,848	1,094,321
Capital assets, net of accumulated depreciation	120,814,996	2,857,472	123,672,468	50,297,019	601,315
Total assets	254,379,391	2,740,381	257,119,772	78,377,582	11,711,609
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows—relating to pensions	16,929,468	-	16,929,468	4,287,349	-
Deferred outflows—relating to OPEB	14,227,981	-	14,227,981	-	-
Deferred charge on refunding bonds	93,869	-	93,869	-	-
Excess consideration provided for acquisition	558,010	-	558,010	-	-
PILOT monies receivable	-	-	-	-	426,385
Total deferred outflows of resources	31,809,328	-	31,809,328	4,287,349	426,385
LIABILITIES					
Accounts payable	11,497,113	421,648	11,918,761	522,555	16,983
Retainages payable	484,502	-	484,502	-	-
Accrued liabilities	-	-	-	167,946	-
Interest payable	71,989	-	71,989	29,597	5,081
Due to other governments	12,293,486	-	12,293,486	4,768,406	-
Bond anticipation notes payable	13,000,000	-	13,000,000	-	-
Unearned revenue	5,451,436	-	5,451,436	2,270,855	35,279
Other liabilities	23,725	-	23,725	-	103,335
Noncurrent liabilities:					
Due within one year	2,967,342	1,332	2,968,674	562,427	1,719
Due in more than one year	413,737,155	25,317	413,762,472	76,844,184	201,931
Total liabilities	459,526,748	448,297	459,975,045	85,165,970	364,328
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows—relating to pensions	17,844,097	-	17,844,097	2,848,874	-
Deferred inflows—relating to OPEB	46,304,823	-	46,304,823	2,027,322	
Unavailable revenues—grants	-	-	-	818,367	-
Due to other governments	-	-	-	-	648,159
Total deferred inflows of resources	64,148,920	-	64,148,920	5,694,563	648,159
NET POSITION					
Net investment in capital assets	138,032,815	1,969,887	140,002,702	31,347,367	1,515,476
Restricted for:					
General Fund restrictions	2,664,153	-	2,664,153	-	-
Capital projects	-	83,962	83,962	-	-
Road Machinery, Special Grant and Debt Service restrictions	253,777	-	253,777	-	-
Community College—expendable	-	-	-	2,428,892	-
Community College—nonexpendable	-	-	-	4,280,783	-
Community development	-	-	-	-	4,787,484
Unrestricted	(378,437,694)	238,235	(378,199,459)	(46,252,644)	4,822,547
Total net position	$ (237,486,949)	$ 2,292,084	$ (235,194,865)	$ (8,195,602)	$ 11,125,507

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

COUNTY OF JEFFERSON, NEW YORK
Statement of Activities
Year Ended December 31, 2018

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government — Governmental Activities	Business-type Activity	Total	Component Units — Community College August 31, 2018	Industrial Development Agency September 30, 2018
Primary government:									
Governmental activities:									
General government support	$ 63,016,488	$ 5,346,019	$ 4,472,275	$ 16,816	$ (53,181,378)	$ -	$ (53,181,378)	$ -	$ -
Education	12,357,976	-	-	791,233	(11,566,743)	-	(11,566,743)	-	-
Public safety	34,459,991	1,045,280	1,230,830	1,264,188	(30,919,693)	-	(30,919,693)	-	-
Public health	15,243,552	3,916,982	9,800,394	-	(1,526,176)	-	(1,526,176)	-	-
Transportation	18,696,406	1,809,936	194,466	10,321,344	(6,370,660)	-	(6,370,660)	-	-
Economic assistance and opportunity	71,787,908	2,848,897	29,840,335	-	(39,098,676)	-	(39,098,676)	-	-
Culture and recreation	376,851	-	139,488	-	(237,363)	-	(237,363)	-	-
Home and community services	2,136,914	31,701	1,207,788	-	(897,425)	-	(897,425)	-	-
Interest and fiscal charges	856,233	-	-	-	(856,233)	-	(856,233)	-	-
Total governmental activities	218,932,319	14,998,815	46,885,576	12,393,581	(144,654,347)	-	(144,654,347)	-	-
Business-type activity:									
Solid waste management	3,271,960	3,093,962	28,065	-	-	(149,933)	(149,933)	-	-
Total primary government	$ 222,204,279	$ 18,092,777	$ 46,913,641	$ 12,393,581	(144,654,347)	(149,933)	(144,804,280)	-	-
Component units:									
Jefferson Community College	$ 43,705,169	$ 11,621,455	$ 2,915,354	$ -				(29,168,360)	-
Industrial Development Agency	1,644,840	513,352	710,183	-				-	(421,305)
Total component units	$ 45,350,009	$ 12,134,807	$ 3,625,537	$ -				(29,168,360)	(421,305)
General revenues:									
Property taxes, levied for general purpose					57,126,934	-	57,126,934	-	-
Property tax items					2,884,892	-	2,884,892	-	-
Sales taxes					78,658,684	-	78,658,684	-	-
Other taxes					632,351	-	632,351	-	-
Unrestricted grants and contributions					-	-	-	6,226,984	64,229
Use of money and property					927,980	11,062	939,042	564,373	12,296
Miscellaneous					4,655,709	89,534	4,745,243	57,079	1,721
State and federal appropriations					-	-	-	19,581,348	-
Sale of property and compensation for loss					2,478,437	-	2,478,437	-	-
Gain on sale of capital assets					75,712	-	75,712	-	-
Additions to permanent endowments					-	-	-	140,888	-
Total general revenues					147,440,699	100,596	147,541,295	26,570,672	78,246
Change in net position					2,786,352	(49,337)	2,737,015	(2,597,688)	(343,059)
Net position—beginning, as restated					(240,273,301)	2,341,421	(237,931,880)	(5,597,914)	11,468,566
Net position—ending					$ (237,486,949)	$ 2,292,084	$(235,194,865)	$ (8,195,602)	$ 11,125,507

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

COUNTY OF JEFFERSON, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2018

	General	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 10,554,853	$ 2,669,576	$ 7,032,911	$ 20,257,340
Restricted cash and cash equivalents	7,865,529	16,401,235	240,314	24,507,078
Investments	21,670,656	-	-	21,670,656
Receivables, net of allowances:				
Property taxes receivable	9,646,825	-	-	9,646,825
Accounts receivable	2,286,337	-	-	2,286,337
Due from other funds	18,687	856,866	-	875,553
Interfund loan	900,000	-	-	900,000
Intergovernmental receivables	18,878,417	4,430,704	1,848,118	25,157,239
Inventory	57,784	-	-	57,784
Prepaid items	3,332,808	-	142,697	3,475,505
Total assets	$ 75,211,896	$ 24,358,381	$ 9,264,040	$ 108,834,317
LIABILITIES				
Accounts payable	$ 9,122,094	$ 1,678,475	$ 696,544	$ 11,497,113
Intergovernmental payables	12,293,486	-	-	12,293,486
Due to other funds	-	-	875,553	875,553
Bond anticipation notes payable	-	13,000,000	-	13,000,000
Unearned revenue	5,201,375	197,128	52,933	5,451,436
Other liabilities	23,725	-	-	23,725
Total liabilities	26,640,680	14,875,603	1,625,030	43,141,313
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues—grants	543,427	-	-	543,427
Unavailable revenues—property taxes	7,958,956	-	-	7,958,956
Total deferred inflows of resources	8,502,383	-	-	8,502,383
FUND BALANCES				
Nonspendable	4,290,592	-	142,697	4,433,289
Restricted	2,664,153	6,567,349	253,777	9,485,279
Assigned	15,948,977	2,915,429	7,242,536	26,106,942
Unassigned	17,165,111	-	-	17,165,111
Total fund balances	40,068,833	9,482,778	7,639,010	57,190,621
Total liabilities, deferred inflows of resources and fund balances	$ 75,211,896	$ 24,358,381	$ 9,264,040	$ 108,834,317

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

COUNTY OF JEFFERSON, NEW YORK

Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position

December 31, 2018

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

Total fund balances—governmental funds (page 17)		$ 57,190,621
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $269,119,675 and the accumulated depreciation is $123,869,525.		145,250,150
Other long-term assets are not available to pay for current period expenditures and, therefore, are either recorded as unearned revenue or deferred inflows of resources in the funds but are considered government-wide revenues:		
Deferred inflows of resources - grants	$ 543,427	
Deferred inflows of resources - property taxes	7,958,956	8,502,383
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to employer contributions	$ 4,326,447	
Deferred outflows related to experience and investment earnings one time	12,603,021	
Deferred inflows of resources related to pensions	(17,844,097)	(914,629)
Deferred outflows and inflows of resources related to differences between expected and actual experience and changes of assumptions in other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows of resources related to OPEB	$ 14,227,981	
Deferred inflows of resources related to OPEB	(46,304,823)	(32,076,842)
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge and recognized as a component of interest expense over either the lesser of the life of the debt issuance or the bonds refunded for the government-wide statements.		93,869
The excess consideration for acquired assets that have a useful life extending beyond a single reporting period is recorded as an expenditure within the funds but recorded as a deferred outflow of resources on the government-wide financial statements.		558,010
Certain accrued revenues reported in the statement of net position are received after the availability period for recognition of revenue in the governmental funds.		1,170,477
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(484,502)
Net accrued interest expense for serial bonds is not reported in the funds.		(71,989)
Long-term liabilities, including bonds payable, compensated absences, capital lease, claims and judgments payable, other post-employment benefits ("OPEB") and the net pension liability are not due and payable in the current period and, therefore, are not reported in the funds. The effect of these items are:		
Bonds payable	$ (15,530,000)	
Unamortized premiums	(359,912)	
Compensated absences	(2,200,176)	
Capital lease	(5,242,433)	
Claims and judgments	(4,170,506)	
Other postemployment benefits	(384,103,514)	
Net pension liability	(5,097,956)	(416,704,497)
Net position of governmental activities		$ (237,486,949)

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

COUNTY OF JEFFERSON, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds
Year Ended December 31, 2018

	General	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Real property taxes	$ 56,555,914	$ -	$ -	$ 56,555,914
Real property tax items	2,884,892	-	-	2,884,892
Non-property tax items	79,603,971	-	-	79,603,971
Departmental income	11,080,546	-	894,505	11,975,051
Intergovernmental charges	1,849,415	232,647	113,617	2,195,679
Use of money and property	865,560	9,424	184,756	1,059,740
Licenses and permits	23,934	-	4,860	28,794
Fines and forfeitures	189,074	-	-	189,074
Sale of property and compensation for loss	1,353,475	45,388	36,771	1,435,634
Miscellaneous	5,861,392	-	75,115	5,936,507
Interfund revenues	-	-	261,630	261,630
State aid	21,370,679	2,610,750	8,088,508	32,069,937
Federal aid	19,521,851	4,761,981	2,671,318	26,955,150
Total revenues	201,160,703	7,660,190	12,331,080	221,151,973
EXPENDITURES				
Current:				
General government support	57,905,434	-	-	57,905,434
Education	10,760,703	-	-	10,760,703
Public safety	22,032,313	-	578,287	22,610,600
Health	13,489,643	-	-	13,489,643
Transportation	2,091,238	-	14,053,904	16,145,142
Economic assistance and opportunity	63,452,756	-	2,582,823	66,035,579
Culture and recreation	376,687	-	-	376,687
Home and community services	846,401	-	1,145,806	1,992,207
Employee benefits	7,835,790	-	41,083	7,876,873
Debt service:				
Principal	-	-	2,813,220	2,813,220
Interest and fiscal charges	275,000	-	746,593	1,021,593
Capital outlay	-	16,171,697	-	16,171,697
Total expenditures	179,065,965	16,171,697	21,961,716	217,199,378
Excess (deficiency) of revenues over expenditures	22,094,738	(8,511,507)	(9,630,636)	3,952,595
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,520,479	14,654,385	17,174,864
Transfers out	(15,309,864)	-	(1,865,000)	(17,174,864)
Total other financing sources (uses)	(15,309,864)	2,520,479	12,789,385	-
Net change in fund balances	6,784,874	(5,991,028)	3,158,749	3,952,595
Fund balances—beginning	33,283,959	15,473,806	4,480,261	53,238,026
Fund balances—ending	$ 40,068,833	$ 9,482,778	$ 7,639,010	$ 57,190,621

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

COUNTY OF JEFFERSON, 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, 2018

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

Net change in fund balances—total governmental funds (page 19)		$ 3,952,595
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital asset additions	$ 15,226,213	
Depreciation expense	(7,901,202)	
Loss on disposal of capital assets	(20,360)	7,304,651
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:		
County pension contributions	$ 4,326,447	
Cost of benefits earned net of employee contributions	(4,069,145)	257,302
Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization.		
Deferred inflows between expected and actual experience	$ (42,338,132)	
Deferred outflows relating to changes in assumptions	(2,845,596)	(45,183,728)
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge on the government-wide statements and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		(80,461)
Governmental funds report excess consideration paid for assets as expenditures in the year of acquisition. However, in the County's statement of activities the cost of consideration is allocated over the estimated useful life and impaired accordingly.		(41,851)
Certain tax and other revenue in the governmental funds is deferred or not recognized because it is not available soon enough after year end to pay for the current period's expenditures. On the accrual basis, however, this is recognized regardless of when it is collected.		
Change in deferred inflows of resources - property taxes	$ 571,020	
Change in deferred inflows of resources - grants	60,785	
Change in other receivable	(65,107)	566,698
Governmental funds report retained percentages expenditures on construction contracts when such a retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues.		(369,536)
In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.		102,180
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:		
Principal payments on serial bonds	$ 2,256,500	
Amortization of premium on serial bonds	143,641	
Change in compensated absences	2,648	
Principal payments on capital lease	556,720	
Change in claims and judgments	425,386	
Change in other postemployment benefits	32,893,607	36,278,502
Change in net position of governmental activities		$ 2,786,352

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

COUNTY OF JEFFERSON, NEW YORK
Statement of Net Position—Proprietary Fund
December 31, 2018

	Business-type Activity— Enterprise Fund: Solid Waste Management
ASSETS	
Current assets:	
Cash	$ 310,467
Restricted cash	83,962
Accounts receivable	329,158
Intergovernmental receivables	28,065
Prepaid items	18,842
Total current assets	770,494
Noncurrent assets:	
Capital assets not being depreciated	12,415
Capital assets, net of accumulated depreciation	2,857,472
Total noncurrent assets	2,869,887
Total assets	3,640,381
LIABILITIES	
Current liabilities:	
Accounts payable	421,648
Total current liabilities	421,648
Noncurrent liabilities:	
Compensated absences—due within one year	1,332
Compensated absences—due in more than one year	25,317
Interfund loan	900,000
Total noncurrent liabilities	926,649
Total liabilities	1,348,297
NET POSITION	
Net investment in capital assets	1,969,887
Restricted for capital projects	83,962
Unrestricted	238,235
Total net position	$ 2,292,084

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

COUNTY OF JEFFERSON, NEW YORK

Statement of Revenues, Expenses and Changes in Fund Net Position—Proprietary Fund
Year Ended December 31, 2018

	Business-type Activity—Enterprise Fund: Solid Waste Management
Operating revenues:	
Charges for services	$ 2,653,802
Recycling income	440,160
Miscellaneous	89,590
Total operating revenues	3,183,552
Operating expenses:	
Salaries, wages and employee benefits	935,233
Tipping fees	2,043,005
Depreciation	202,149
Other operating expenses	91,383
Total operating expenses	3,271,770
Operating loss	(88,218)
Nonoperating revenues (expenses):	
State aid and local grants	28,065
Investment earnings	11,062
Loss on sale of capital assets	(56)
Financing interest	(190)
Total nonoperating revenues (expenses)	38,881
Change in net position	(49,337)
Total net position—beginning	2,341,421
Total net position—ending	$ 2,292,084

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

COUNTY OF JEFFERSON, NEW YORK
Statement of Cash Flows—Proprietary Fund
Year Ended December 31, 2018

	Business-type Activity— Enterprise Fund Solid Waste Management
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from services provided	$ 2,529,364
Receipts from other operating revenue	529,750
Payments to employees	(947,529)
Payments to suppliers	(1,854,292)
Net cash provided by operating activities	257,293
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Financing interest	(190)
Payment on noncurrent interfund loan	(50,000)
Net cash used for capital and related financing activities	(50,190)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	11,062
Net cash provided by investing activities	11,062
Net increase in cash and cash equivalents	218,165
Cash and cash equivalents—beginning	176,264
Cash and cash equivalents—ending	$ 394,429
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (88,218)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	202,149
(Increase) in accounts receivable	(33,055)
Decrease in prepaid items	3,224
Increase in accounts payable	185,489
(Decrease) in compensated absences	(12,296)
Total adjustments	345,511
Net cash provided by operating activities	$ 257,293

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

COUNTY OF JEFFERSON, NEW YORK
Statement of Net Position—Fiduciary Fund
December 31, 2018

	Agency Fund
ASSETS	
Restricted cash	$ 1,461,968
Total assets	$ 1,461,968
LIABILITIES	
Agency liabilities	$ 1,461,968
Total liabilities	$ 1,461,968

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County of Jefferson, 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 governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Description of Government-wide Financial Statements

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

Financial Reporting Entity

The County, which was established in 1805, is governed by County local law and other general laws of the State of New York and various local laws. The Board of Legislators is the legislative body responsible for overall operations, the Chairman of the Board serves as chief executive officer and the County Treasurer serves as chief fiscal officer. Independent elected officials of the County include 15 legislators, the District Attorney, the County Clerk, the County Treasurer, and the County Sheriff.

The County provides mandated social service programs such as Medicaid and Temporary Assistance for Needy Families. The County also provides the following basic services: maintenance of County roads, health and social services (including Office for the Aging), public safety (including law enforcement, jail, probation, District Attorney and Public Defender), general administrative services, culture and recreation, solid waste management (including recycling) and among others, operation of a Community College and an airport.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units—The component unit columns in the basic financial statements include the financial data of the County's two discretely presented component units. These units are reported in a separate column to emphasize that they are legally separate from the County.

Jefferson Community College—The Jefferson Community College (the "College") was established in 1961 with the County as the local sponsor under provisions of Article 126 of the Education Law. The College is administered by a Board of Trustees consisting of ten members, five appointed by the County governing body, four by the Governor and one student trustee. Also, the College budget is subject to the approval of the County Board of Legislators and the County provides one half of capital costs for the College. Real property of the College vests with the County and bonds and notes for the College capital costs are issued by the County and represent County debt. Mandated by New York State Law, the fiscal year end for the College is August 31.

The County budget for 2018 included an appropriation of $4,961,724 in support of the College budget for the College fiscal year ended August 31, 2018. In addition to the funds contributed for the support of the College budget for 2017-2018, the General Fund budget supports the debt service on other college capital improvement bonds as outlined in the following paragraphs.

In 2005, the College began work on a new capital improvement plan for which the County has responsibility for the debt issued in 2006. In 2018, the County paid $493,136 in debt service on the 2006 debt issue. The principal payment was $440,000, and interest was paid in the amount of $53,136. Outstanding debt on this issue at December 31, 2018, was $925,000.

In 2015, the County issued $7,000,000 in public improvement serial bonds for the Jefferson Community College Collaborative Learning Project. In 2018, the County paid $470,825 in debt service on the 2015 debt issue. The principal payment was $290,000, and interest was paid in the amount of $180,825. Outstanding debt on this issue at December 31, 2018, was $6,235,000.

In 2017, the County issued $6,206,500 in public improvement serial bonds of which $1,500,000 was on behalf of the College. Of this amount, $1,448,400 was for the campus building reconstruction at Jefferson Community College and $51,600 was for purchasing a loader. In 2018, the County paid $104,553 in debt service on the 2017 debt issue. The principal payment was $43,000, and interest was paid in the amount of $61,553. Outstanding debt on this issue at December 31, 2018 was $1,457,000.

In addition, in 2018 the County issued a $13,000,000 bond anticipation notes ("BAN") of which $2,000,000 was for the purpose of additional work on the Jefferson Community College Learning Center. It is anticipated that this BAN will be converted to a bond in 2019 once the work has been completed on the various projects for which the funds are to be used. The interest rate on this BAN is 3%.

Jefferson County paid $336,200 to other New York State Community Colleges for its residents attending community colleges outside the County.

Jefferson County Industrial Development Agency—The Jefferson County Industrial Development Agency (the "Agency") is a public benefit corporation created by Article 18A of New York State General Municipal Law to promote the economic welfare, recreation opportunities and prosperity of County inhabitants. Members of the Agency are appointed by the County Board of Legislators which exercises no oversight responsibility for fiscal matters. The Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The County is not liable for agency bonds or notes.

In addition, the Agency administers a $4,148,557 revolving loan fund, a $368,266 micro-enterprise loan program which provides loans to small businesses and a $270,661 Watertown Economic Growth Fund which provides support to enterprises in the City of Watertown. These funds are used to provide loans to eligible businesses that save and create employment opportunities for residents of Jefferson County. The Agency works closely with Jefferson County Job Development Corporation ("JCJDC") through funding of certain programs for economic development activities. The Agency has no staff; staff is supplied by the JCJDC under contract. The Agency includes two blended component units, the Jefferson County Local Development Corporation and the Jefferson County Civic Facilities Development Corporation.

Separate financial statements can be obtained by writing the Agency's administration office, 800 Starbuck Avenue, Suite 800, Watertown, New York 13601.

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

Jefferson County Soil and Water Conservation District—The Board of Legislators has declared the County to be a Soil and Water Conservation District in accordance with the provisions of the Soil and Water Conservation District Law. Members of the Board of Directors have been appointed by the County governing body and administrative costs of the District are provided primarily through County appropriations. The Board of Legislators retains general oversight responsibilities including monitoring district activities through detailed reporting to the Board of Legislators by the District Directors of its work and transactions in such periods as the Board of Legislators may direct. However, the County cannot impose will upon the District nor is there a financial benefit/burden relationship with the County to require it to be presented as a component unit of the County.

The annual financial report can be obtained from the District's administration office at Jefferson County Soil and Water Conservation District, 21168 State Route 232, PO Box 838, Watertown, NY 13601.

Thousand Islands Bridge Authority—The Thousand Islands Bridge Authority is a public benefit corporation created by State Legislation to promote the economic welfare, recreation, and prosperity of the County inhabitants. Members of the agency are appointed by the municipal governing body which exercises no oversight responsibility. The Authority members have complete responsibility for management of the Authority and accountability for fiscal matters. The County is not liable for Authority bonds or notes.

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, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, its proprietary fund, and its fiduciary fund, even though the latter is excluded from the government-wide financial statements.

As discussed earlier, the government has two discretely presented component units. Jefferson Community College and the Jefferson County Industrial Development Agency are shown in separate columns in the government-wide financial statements.

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

Basis of Presentation—Fund Financial Statements

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

The County reports the following major governmental funds:

- *General Fund*—This fund is the principal operating fund of the County and is used to account for all financial resources except those required to be accounted for in other funds.
- *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 the enterprise fund. The County utilizes separate funds to account for capital projects benefiting the following programs: general government, public safety, transportation, sanitation, and recreation.

Additionally, the County reports the following nonmajor governmental funds:

Special Revenue Funds—used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:

- *County Road Fund*—The County Road Fund is used to account for expenditures for highway purposes authorized by Section 114 of the Highway Law.
- *Road Machinery Fund*—The Road Machinery Fund is used to account for the purchase, repair, maintenance and storage of highway machinery, tools and equipment pursuant to Section 133 of the Highway Law.
- *Special Grant Fund*—The Special Grant Fund is used to account for funds received under the Job Training Partnership Act/Workforce Investment Act and for Community Block Grant funds received from the Department of Housing and Urban Development.

Debt Service Fund—used to account for current payments of principal and interest on general obligation long-term debt and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

The County reports the following major enterprise fund:

- *Solid Waste Management Fund*—The Solid Waste Management Fund accounts for the handling of solid waste, including a recycling facility and transfer station, where the governing officials have determined that the costs of operations are to be financed through charges for services to users.

Fiduciary Fund—The Fiduciary Fund is used to account for assets held by the County in a trustee or custodial capacity, and therefore are not available to support the County's programs. The following is the County's Fiduciary Fund:

- *Agency Fund*—The Agency Fund is used to account for money received and held by the County in the capacity of trustee, custodian, or agent. The Agency Fund is custodial in nature and does not involve measurement of results of operations. The most significant of the County's Agency accounts are mortgage tax and social service trust accounts.

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/due to other funds and advances to/from 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 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 activity column.

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

Measurement Focus and Basis of Accounting

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

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

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

Property taxes, sales taxes, 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 one year of the end of the current fiscal period). 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 the end of the current fiscal period). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

Cash, Cash Equivalents and Investments—Cash and cash equivalents are considered to be cash on hand, certificates of deposits, demand deposits and short-term investments with original maturities of 90 days or less from the date of acquisition. State statutes and various resolutions of the Board of Legislators 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 and Cash Equivalents—Restricted cash and cash equivalents represent unspent proceeds from debt, amounts received for grants but not yet spent, and amounts to support restricted fund balances.

Receivables—Receivables are stated net of allowances for estimated uncollectible amounts. Intergovernmental receivables include 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 tax, State and Federal aid, and various grant program revenues.

Inventory—Inventory associated with the governmental activities is valued at the lower of cost or market using the average cost method.

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

Capital Assets—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County as assets with an initial, individual cost of more than $5,000, or $10,000 for heavy equipment, and an estimated useful life in excess of two years. For infrastructure (including buildings) assets, the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than $25,000 are reported as capital assets.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Major outlay for capital assets and improvements are capitalized as projects are constructed. Expenditures reported in the Capital Projects Fund are classified as capital outlays. Routine capital expenditures in other governmental funds are included in the appropriate functional category (i.e. purchase of new highway equipment as part of current expenditures – transportation). Additionally, the amount reported as capital outlay in the Capital Projects Fund includes certain non-capitalized costs (i.e. furnishings below the capitalization threshold).

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and construction in progress are not depreciated. The other property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the estimated useful lives as shown on the following page.

Capitalization Threshold and Useful Lives		
Class of Asset	Threshold	Useful Life
Land	$ 5,000	n/a
Works of art and historical treasures	5,000	n/a
Construction in progress	5,000	n/a
Land improvements	5,000	20
Buildings	25,000	50
Building improvements	5,000	20
Machinery and equipment:		
Office equipment	5,000	10
Furniture	5,000	10
Computer and computer equipment	5,000	5
Vehicles	5,000	7
Heavy equipment	10,000	7
Other	5,000	10
Infrastructure		
Roads, network	25,000	25
Bridges (includes culverts)	25,000	40
Improvements other than land or buildings	5,000	7

When capital assets are retired, or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period in the government-wide financial statements. Maintenance and repairs are charged to expense as incurred; significant renewals and betterments are capitalized.

Unearned revenue—Certain amounts received have not been spent or otherwise used to meet the revenue recognition criteria for government-wide or fund financial purposes. At December 31, 2018, the County reported unearned revenues of $5,201,375, $197,128 and $52,933 within the General Fund, Capital Projects Fund and nonmajor Funds, respectively.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The primary government has four types of items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide financial statements. This represents the effect of the net change in the County's proportion of the collective net pension asset or liability, and 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 systems made subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the County's proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The third is a deferred charge on refunding bonds that is being amortized over the life of the refunded debt and is reported in the government-wide statement of net position. The last item is the excess consideration provided for the acquisition of the fixed based operation at the airport and is reported in the government-wide statement of net position. The excess results from the difference in the carrying value of the items purchased and the acquisition price. This amount is considered deferred and is being impaired over the life of the assets that were acquired.

In addition to liabilities, the statement of financial position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The primary government has four types of items, which qualify for reporting in this category. The first item represents the effect of the net change in the County's proportion of the collective net pension liability and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide statements. The second item represents the effects of the change in the District's proportion of the collective net OPEB liability and difference 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 net OPEB liability and is reported in the government-wide statements. Additionally, under the modified accrual basis of accounting, the governmental funds report unavailable revenues from two sources: property taxes and some nonexchange State aid that will more than likely not be realized within one year. These amounts are deferred and recognized in the period that the amounts become available. Accordingly, the items, *unavailable revenue*, are reported as deferred inflows of resources only in the governmental funds balance sheet.

***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 position 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 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 specific purposes determined by a formal action of the County's highest level of decision-making authority. The Board of Legislators is the highest level of decision-making authority for the government 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 government for specific purposes but do not meet the criteria to be classified as committed. The Board of Legislators has by resolution authorized the County Administrator to recommend assignments to a committee which can then approve, reject or adjust the assignments of fund balance. The Board of Legislators 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 Expenditures/Expenses

Program Revenues—The 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 operation 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.

Real Property Taxes—Real property taxes are levied annually no later than December 31, and become a lien on January 1. Town and County taxes are collected by the towns during the period January 1 to late March, as specified in their warrants. Towns return unpaid taxes to the County by appointment in March. Delinquent taxes accrue interest at 1% per month beginning on February 1. A 5% penalty is added to any taxes due upon settlement between the Towns and the County. Upon settlement, the County assumes collection of delinquent taxes until they are enforced, no earlier than 24 months after lien date. Towns and special districts receive the full amount of their levies annually from the first amounts collected on the combined bills.

For years prior to 1995, unpaid taxes were/are enforced in accordance with the provision of Chapter 157 of the Law of 1883, as amended; the end result being that the individual towns made the taxes whole to the County. The County Treasurer acts as central collection for all delinquent taxes outside the City of Watertown.

Since 1995, pursuant to Article 11 of New York State Real Property Tax Law, the County assumes enforcement responsibility for all taxes levied outside the city, with the County Attorney acting as the Tax Enforcement Officer.

In 2018, the County Attorney, as Tax Enforcement Officer, conducted the County's fifteenth sale of properties acquired through tax foreclosure. Of 74 properties acquired through foreclosure in 2018 and remaining unsold from 2017, 65 were sold at auction, generating receipts of $574,025.

In 1997, the County enacted a local law to allow payment of current real property taxes in installments commencing in 1998. Each Town has the option to adopt the installment method. Twenty of the County's twenty-two towns participate in installment collections.

Beginning in 1999, non-city school districts were permitted to adopt the installment option of payment for their taxpayers. The program allows for the school district to collect the first installment within the first 30 days of the tax lien. The County is then charged with collecting the second and third installments, after compensating the school districts for these amounts.

In 1996, a local law was approved to allow real property owners in the County owing delinquent taxes to enter into an installment contract. As long as the taxpayer continues payments within the terms of the contract, real property is protected from tax enforcement proceedings.

County taxes collected on properties within the City of Watertown are enforced, and will continue to be enforced, by the City. The County receives the full amount of such taxes in the year due.

Unpaid village taxes and non-city school district taxes are turned over to the County for enforcement. Any such taxes remaining unpaid at year end are re-levied as County taxes in the subsequent year.

School taxes remaining unpaid in the enlarged city school district (outside the City) are turned over to the County Treasurer in December each year and eventually are subject to enforcement by the County within the same time frame as re-levied village and school taxes.

At December 31, 2018, the total real property tax assets relating to the County of $8,647,173 are offset by an allowance for uncollectible taxes of $2,612,144 and other items of $682,089. Additionally, included in real property tax assets are current year returned village and school taxes of $4,293,885, which are offset by liabilities to the villages and school districts which will be paid no later than April 20, 2019. The remaining portion of tax assets is partially offset by deferred inflows of resources – property taxes of $7,958,956 in the General Fund and represents an estimate of tax liens which will not be collected within the first sixty (60) days of the subsequent year.

A 4.0% sales tax is levied in and for the County under the general authority of Article 29 of the Tax Law and specific authority of local law. This tax is administered and collected by the State Sales Tax Commission in the same manner as the State imposed 4.0% sales and compensating use tax. Net collections, meaning monies collected after deducting them from expenses of administration and collection and amounts refunded or to be refunded, but inclusive of any applicable penalties and interest, are paid by the State to the County on a monthly basis. Of the total $78,658,684 sales tax collected or accrued for the year ended December 31, 2018, $41,689,103 was distributed to the towns, villages and the City of Watertown, of which, $7,287,430 is recorded as liabilities to be distributed.

Constitutional Tax Limit**—**The amount that may be raised by the County-wide tax levy on real estate in any fiscal year (for purposes other than debt service on County indebtedness) is limited to one and one-half per centum (subject to increase up to two per centum by resolution of the Board of Legislators) of the five-year average full valuation of taxable real estate of the County, per New York State statutes.

The County constitutional tax limit (per New York State statutes) for the fiscal year ended December 31, 2018 is computed as follows:

Five-year average full valuation of taxable real estate	$ 7,947,698,509
Tax limit @ 1.5%	$ 119,215,478
Tax levy subject to tax limit	55,259,134
Tax margin	$ 63,956,344

Property Tax Revenue Recognition**—**The County-wide property tax is levied by the Board of Legislators effective January 1 of the year the taxes are recognizable as revenue. Taxes become a lien on the related property on that date of the year for which they are levied. Accordingly, property tax is only recognized as revenue in the year for which the levy is made, and to the extent that such taxes are received within the reporting period or 60 days thereafter in the governmental fund financial statements.

The County's tax sale procedures have resulted in cumulative net gain. The County does not consider its delinquent property taxes for prior years to be uncollectible. However, delinquent property taxes not collected at year end (excluding collections in the 60 day subsequent period) are recorded as deferred inflows of resources in the Governmental Fund financial statements. Any taxes not collectible pursuant to a court order are recorded as a reduction to prior year revenue when the Court determines them to be uncollectible.

Compensated Absences—Most employees are granted vacation, personal, and sick leave and earn compensatory time in varying amounts. In the event of termination, an employee is entitled to payment for accumulated vacation and compensatory time. Upon retirement, an employee is entitled to vacation and unused compensatory absences at various rates subject to certain maximum limitations.

Full time employees are entitled to earn 15 days of sick time annually which is accrued proportionately with each bi-weekly pay period, and may accumulate credit up to a maximum of 200 days. The County has no liability for sick leave upon retirement; any unused sick leave is applied toward service time for retirement benefits as outlined in Section 41J of New York State Retirement and Social Security Law.

Compensated absences for vacation and compensatory time for governmental fund type employees are reported as a liability and an expense in the government-wide financial statements. For business-type activities employees, the accumulation is recorded as an accrued liability and/or other long-term obligation of the business-type activities.

The compensated absences liability for the primary government at year end totaled $2,226,825 and is reported as governmental activities at $2,200,176, business-type activities at $26,649. The College reports $458,762 as its liability for compensated absences.

Payment of vacation and compensatory time is recorded in the governmental funds is dependent upon many factors. Therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and compensatory time when such payment becomes due.

Pensions—The County and the College are mandated by New York State law to participate in the New York State Teachers' Retirement System ("TRS") and the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension (asset)/liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension 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 at Note 5.

Other Postemployment Benefits—In addition to providing pension benefits, the County provides retired employees with group health insurance benefits. The obligation of the County to contribute to the cost of providing this benefit has been established pursuant to legislative resolution and various collective bargaining agreements. Substantially all employees become eligible for such benefit if they have been continuously employed by the County for the equivalent of at least ten years at the time of retirement.

Regarding the County's postemployment benefits, retirees' and their survivor's health care benefits are provided through an insurance company whose premiums are based on historic experience. Additionally the County finances the plan on a pay-as-you-go basis, and the cost of retiree group health insurance benefits is recognized as an expenditure/expense based on premiums paid during the year. During 2018, $10,114,176 was paid by the County on behalf of eligible retirees, including their dependents and survivors.

Proprietary Funds Operating and Nonoperating Revenues and Expenses**—**Operating revenues of enterprise funds consist mainly of user fees. Operating expenses of enterprise funds consist of salaries, wages and benefits, contractual services and depreciation and amortization. Transactions related to capital and financing activities, non-capital financing activities, investing activities and interfund transfers from other funds and State appropriations are components of non-operating income. Subsidies and grants to proprietary funds which finance either capital or current operations are reported as nonoperating revenue.

Other

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

Adoption of New Accounting Pronouncements—During the year ended December 31, 2018, the County implemented GASB Statements No. 85, *Omnibus 2017;* and No. 86, *Certain Debt Extinguishment Issues*. GASB Statement No. 85 addressed practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. GASB Statements No. 85 and 86 did not have a material impact on the County's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; and No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending December 31, 2019, No. 87, *Leases*; and No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending December 31, 2020, and No. 91, *Conduit Debt Obligations*, effective for the year ending December 31, 2021. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 83, 84, 87, 88, 89, 90 and 91 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets**—**The County follows these procedures in establishing the budgetary data reflected in the financial statements:

The County's annual procedures in establishing the budgetary data reflected in the basic financial statements are as follows:

- No later than November 15, the budget officer submits a tentative budget to the Board of Legislators for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for the General Fund, County Road Fund, Road Machinery Fund and Debt Service Fund.

- After public hearings are conducted to obtain taxpayer comments, no later than December 20, the governing board adopts the budget.

- All amendments of the budget must be approved by the governing board. However, the County Administrator is authorized to transfer certain budgeted amounts within departments, upon request of the department head.

- Budgets are prepared for proprietary funds to establish the estimated contributions required from other funds and to control expenditures.

Reclassifications and Restatements—During the year, the County's discretely presented component unit, the College, adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions ("GASB 75")*. A prior-period adjustment to net position of $21,340,861 was made to the net position of the College to reflect the implementation of GASB 75. The restated net position of the College as of September 1, 2017 is $(5,597,914).

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Available cash of the County is deposited and invested in accordance with the provisions of applicable State statutes. The County also has its own written investment guidelines which have been established by the Board of Legislators.

The County deposits cash into a number of bank accounts. Monies must be deposited in demand or time accounts at, or certificates of deposit issued by, FDIC-insured commercial banks or trust companies located within the State. Some of the County's accounts are required by various statutes and borrowing restrictions for specific funds, while the remainder are used for County operating cash and for investment purposes. The County's bank accounts are maintained in separate demand accounts with the respective offset being to various fund equities in pooled cash, investments, and restricted cash. Interest income from the pooled accounts is allocated based on the funds' respective share of the pool.

Cash at year-end consisted of:

	Governmental Activities	Business-type Activity	Fiduciary Fund	Total Balance
Petty cash (uncollateralized)	$ 5,720	$ 800	$ -	$ 6,520
Deposits	44,758,698	393,629	1,461,968	46,614,295
Total	$ 44,764,418	$ 394,429	$ 1,461,968	$ 46,620,815

Deposits and Cash with Fiscal Agent—All deposits and cash with fiscal agent are carried at fair value.

	Bank Balance	Carrying Amount
Insured (FDIC)	$ 2,585,890	$ 2,422,822
Uninsured:		
Collateral held by bank's agent in the County's name	43,596,408	44,191,473
Total	$ 46,182,298	$ 46,614,295

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. For investments, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. By State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2018, the County's deposits were FDIC insured or collateralized. The County pools its cash from all funds, except for cash required by law to be segregated, into a concentration account for investment purposes.

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 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.

Restricted Cash—Restricted cash and cash equivalents include the following:

	Purpose	Amount
Governmental activities:		
General Fund	Workers' compensation	$ 209,503
General Fund	Unemployment insurance	70,163
General Fund	Insurance	1,910,490
General Fund	Advanced fundings	714,135
General Fund	Child welfare	4,345,677
General Fund	Law enforcement and prosecution	291,507
General Fund	BAN Premium	113,230
General Fund	Wireless 911 Surcharge	210,884
Capital Projects Fund	Unspent BAN proceeds	9,636,758
Capital Projects Fund	Unspent bond proceeds	2,211,578
Capital Projects Fund	Flood mitigation project	197,128
Capital Projects Fund	Unspent lease proceeds	4,355,711
Nonmajor Funds:		
Road Machinery Fund	Highway equipment reserve	68
Debt Service Fund	Debt service	240,246
Business-type activities:		
Solid Waste Management Fund	Capital projects	83,962
Total primary government		$ 24,591,040
Fiduciary Fund:		
Agency Fund	Agency liabilities	$ 1,461,968
Total Fiduciary Fund		$ 1,461,968

Amounts restricted for General Fund reserves are subject to externally enforceable legal purpose restrictions, which are authorized by General Municipal Law, and for cash advances related to grant funding. Amounts restricted with the Capital Projects Fund are for unspent debt proceeds. Amounts restricted for debt service represent unexpended fund balances of completed capital projects and/or interest earned from the investment of debt proceeds which will be used to reduce future debt service per New York State Local Finance Law. Amounts restricted for capital projects within the Solid Waste Management Enterprise Fund are reserved to finance future costs of equipment replacement and capital improvements, including facility reconstruction. The fund is managed in accordance with section 6-c of the Municipal Law. Amounts restricted with the Agency Fund are for social services trust accounts.

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. Quoted 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 correlation or by other means.

- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

The County has the following fair value measurements as of December 31, 2018:

- Certificates of deposit of $16,700,000 are valued based on quoted market prices for similar assets in active markets (level 2 input).

- U.S Treasury bills of $4,970,656 are valued using quoted market prices for identical assets in active markets (level 1 input).

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

Discretely Presented Component Units

Jefferson Community College—The College and its component units had unrestricted deposits of $6,528,578 and $3,341,956, respectively. The College has an Insured Cash Sweep (ICS) account utilizing Promontory Interfinancial Network through banking relationships with Watertown Savings Municipals Bank. The account provides multi-million dollar Federal Depository Insurance Coverage by distributing monies through other member banks in amounts below the standard FDIC insurance maximum of $250,000.

The primary institution of the College had investments comprised of certificates of deposit with a market value of $1,198,000 as of August 31, 2018. Its component units had investments as of August 31, 2018 with a market value of $6,839,492. All investment held by the component unit are deemed to be observable in active markets and are therefore considered to be Level 1.

JCC-Component Units	Market	Cost
Equity investments RBC Dain Rauscher:		
PAG Prime Income	$ 858,716	$ 710,444
PAG Dividend Growth	995,342	748,429
PAG ADR Investment	482,394	452,716
Fox Asset Management	523,183	411,388
Madison Investments	636,258	412,083
Focus Investments	832,382	632,763
ClearBridge Investments	533,419	287,824
Fixed income funds RBC Dain Rauscher	1,977,798	1,996,614
Total investments	$6,839,492	$5,652,261

The Jefferson Community College Foundation, Inc. and the Jefferson FSA Auxiliary, LLC, component units of the College, have restricted cash of $1,873,287, consisting of various reserve funds.

***Jefferson County Industrial Development Agency*—**The Agency had unrestricted deposits of $2,888,623 and restricted deposits of $4,860,068 which were insured or collateralized by securities held by the pledging financial institution’s trust department or agent, but not in the Agency’s name.

3. RECEIVABLES

Accounts receivables, representing amounts due from various sources, as of December 31, 2018, are as follows:

Governmental funds:	
Various fees and charges:	
General Fund	$ 2,341,534
Less allowance for doubtful accounts	(55,197)
Total	$ 2,286,337
Enterprise Fund:	
Various fees and charges	$ 420,689
Less allowance for doubtful accounts	(91,531)
Total	$ 329,158

Intergovernmental receivables as of December 31, 2018, are as follows:

Governmental funds:	
General Fund:	
Due from State and Federal	$ 12,652,978
Due from other governments	6,225,439
Capital Projects Fund:	
Due from State and Federal	4,387,723
Due from other governments	42,981
Other governmental funds:	
Due from State and Federal	1,772,715
Due from other governments	75,403
Total	$ 25,157,239
Enterprise Fund:	
Due from State and Federal	$ 28,065
Total	$ 28,065

Discretely Presented Component Units

Jefferson Community College—Significant receivables include amounts due from students for fees and tuitions. These receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated and recorded based on the College's historical bad debt experience, and based on management's judgment. At August 31, 2018, the College reported total accounts receivable of $4,606,179, intergovernmental receivables of $556,238 and notes receivable of $430,539.

Jefferson County Industrial Development Agency—Significant receivables of the Agency include accounts receivable and loans and notes receivable. The Agency had accounts receivable of $9,654, grants receivable of $50,000 and loans and notes receivable of $2,204,338 at September 30, 2018.

4. CAPITAL ASSETS

Governmental activities—Capital asset activity for the primary government's governmental activities, for fiscal year ended December 31, 2018, was as follows:

	Balance 1/1/2018	Additions and Reclassifications	Deletions and Reclassifications	Balance 12/31/2018
Capital assets, not being depreciated:				
Land	$ 2,625,768	$ -	$ -	$ 2,625,768
Construction in progress	11,489,034	13,510,754	(3,190,402)	21,809,386
Total capital assets not being depreciated	14,114,802	13,510,754	(3,190,402)	24,435,154
Capital assets, being depreciated:				
Buildings and building improvements	82,725,753	1,445,274	(3,843)	84,167,184
Improvements other than buildings	1,407,921	-	-	1,407,921
Machinery and equipment	29,225,875	921,634	(1,196,094)	28,951,415
Infrastructure	127,658,912	2,538,953	(39,864)	130,158,001
Total capital assets being depreciated	241,018,461	4,905,861	(1,239,801)	244,684,521
Less accumulated depreciation for:				
Buildings and building improvements	(38,333,343)	(1,850,761)	(57,445)	(40,241,549)
Improvements other than buildings	(1,189,892)	(32,378)	-	(1,222,270)
Machinery and equipment	(21,752,801)	(1,722,048)	1,237,022	(22,237,827)
Infrastructure	(55,911,728)	(4,296,015)	39,864	(60,167,879)
Total accumulated depreciation	(117,187,764)	(7,901,202)	1,219,441	(123,869,525)
Total capital assets, being depreciated, net	123,830,697	(2,995,341)	(20,360)	120,814,996
Governmental activities capital assets, net	$ 137,945,499	$ 10,515,413	$ (3,210,762)	$ 145,250,150

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

Governmental activities:	
General government support	$ 1,102,794
Public safety	1,120,582
Public health	37,137
Transportation	5,372,891
Economic assistance and opportunity	267,798
Total depreciation expense—governmental activities	$ 7,901,202

Business-type activity—Capital asset activity for the primary government's business-type activity (Enterprise Fund), for fiscal year ended December 31, 2018, as presented below:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
Capital assets, not being depreciated:				
Land	$ 12,415	$ -	$ -	$ 12,415
Total capital assets not being depreciated	12,415	-	-	12,415
Capital assets, being depreciated:				
Buildings	3,228,022	-	-	3,228,022
Machinery and equipment	3,135,448	-	(6,781)	3,128,667
Total capital assets being depreciated	6,363,470	-	(6,781)	6,356,689
Less accumulated depreciation for:				
Buildings	(774,060)	(52,456)	-	(826,516)
Machinery and equipment	(2,529,733)	(149,693)	6,725	(2,672,701)
Total accumulated depreciation	(3,303,793)	(202,149)	6,725	(3,499,217)
Total capital assets, being depreciated, net	3,059,677	(202,149)	(56)	2,857,472
Business-type activity capital assets, net	$ 3,072,092	$ (202,149)	$ (56)	$ 2,869,887

Depreciation expense for business-type activity was charged to functions and programs of the primary government as follows:

Business-type activity:	
Home and community services	$ 202,149

Discretely Presented Component Units

Jefferson Community College—Capital asset activity for Jefferson Community College was as follows:

	Balance 9/1/2017	Additions	Deletions	Balance 8/31/2018
Capital assets, not being depreciated:				
Land	$ 145,000	$ -	$ -	$ 145,000
Construction in progress	1,448,664	2,278,413	(1,881,229)	1,845,848
Total capital assets not being depreciated	1,593,664	2,278,413	(1,881,229)	1,990,848
Capital assets, being depreciated:				
Land improvements and infrastructure	6,709,696	17,220	1,826,292	8,553,208
Buildings	41,970,336	-	54,937	42,025,273
Furniture and equipment	4,020,018	255,070	(56,419)	4,218,669
Library books	4,981,344	34,178	-	5,015,522
Total capital assets being depreciated	57,681,394	306,468	1,824,810	59,812,672
Less accumulated depreciation for:				
Land improvements and infrastructure	(2,881,967)	(257,917)	-	(3,139,884)
Buildings	(13,289,922)	(1,372,084)	-	(14,662,006)
Furniture and equipment	(3,702,665)	(147,211)	56,419	(3,793,457)
Library books	(4,642,836)	(132,088)	-	(4,774,924)
Total accumulated depreciation	(24,517,390)	(1,909,300)	56,419	(26,370,271)
Total capital assets, being depreciated, net	33,164,004	(1,602,832)	1,881,229	33,442,401
Governmental activities capital assets, net	$ 34,757,668	$ 675,581	$ -	$ 35,433,249

In addition to the capital assets reported above, the College reports net capital assets of its discretely presented component units in the amount of $16,948,618.

Jefferson County Industrial Development Agency**—**Capital asset activity for the Jefferson County Industrial Development Agency was as follows:

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018
Capital assets, not being depreciated:				
Land and land improvements	$ 1,085,353	$ 8,968	$ -	$ 1,094,321
Total capital assets not being depreciated	1,085,353	8,968	-	1,094,321
Capital assets, being depreciated:				
Equipment	188,803	-	-	188,803
Buildings	1,738,690	-	-	1,738,690
Total capital assets, being depreciated:	1,927,493	-	-	1,927,493
Less accumulated depreciation for:				
Buildings	(1,185,309)	(140,869)	-	(1,326,178)
Total accumulated depreciation	(1,185,309)	(140,869)	-	(1,326,178)
Total capital assets, being depreciated, net	742,184	(140,869)	-	601,315
Governmental activities capital assets, net	$ 1,827,537	$ (131,901)	$ -	$ 1,695,636

5. PENSION PLANS

Plan Description and Benefits Provided

Employees' Retirement System**—**The County and the College participate in the New York State and Local Employees' Retirement System ("ERS"), a cost-sharing multiple-employer retirement system (the "System"). The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to 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 10, 2010, who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2018, the County reported the liability shown below for their proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2018. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of April 1, 2017, with update procedures used to roll forward the total net pension liability to the measurement date. The County’s proportion of the net pension liability was based on projections of the County’s long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the County.

	ERS
Measurement date	March 31, 2018
Net pension liability	$ 5,097,956
County's portion of the Plan's total net pension liability	0.1579564%

For the year ended December 31, 2018, the County recognized a pension expense of $5,449,657 for the ERS. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown in the chart below.

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 1,818,276	$ 1,502,554
Change in assumptions	3,380,366	-
Net difference between projected and actual earnings on pension plan investments	7,404,378	14,615,499
Changes in proportion and differences between the County's contributions and proportionate share of contributions	31,257	1,726,044
County contributions subsequent to the measurement date	4,295,191	-
Total	$ 16,929,468	$ 17,844,097

The County’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below:

Year Ending December 31,	ERS
2019	$ 377,808
2020	324,723
2021	(4,045,095)
2022	(1,867,256)

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

	ERS
Measurement date	March 31, 2018
Actuarial valuation date	April 1, 2017
Interest rate	7.0%
Salary scale	3.8%
Decrement tables	April 1, 2010- March 31, 2015
Inflation rate	2.5%
Cost-of-living adjustments	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Measurement date	March 31, 2018	
Asset class:		
Domestic equities	36.0 %	4.6 %
International equities	14.0	6.4
Private equity	10.0	7.5
Real estate	10.0	5.6
Absolute return strategies	2.0	3.8
Opportunistic portfolio	3.0	5.7
Real assets	3.0	5.3
Bonds and mortgages	17.0	1.3
Cash	1.0	(0.3)
Inflation-indexed bonds	4.0	1.3
Total	100.0 %	

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)—ERS	$ 38,572,511	$ 5,097,956	$ (23,220,180)

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

	(Dollars in Thousands) ERS
Valuation date	March 31, 2018
Employers' total pension liability	$ 183,400,590
Plan fiduciary net position	180,173,145
Employers' net pension liability	$ 3,227,445
System fiduciary net position as a percentage of total pension liabilitiy	98.2%

Discretely Presented Component Units

Jefferson Community College—The College participates in the ERS and the Teachers' Retirement System ("TRS").

Plan Description and Benefits Provided

Employees' Retirement System—The College participates in the ERS. The plan description is the same as disclosed previously within this footnote.

Teachers' Retirement System—The College participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and the New York State Retirement and Social Security Law ("NYSRSSL"). TRS is governed by a 10 member Board of Trustees. TRS benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York State Public Schools and

BOCES who elect to participate in TRS. Once a public employer elects to participate in TRS, 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. Additional information regarding TRS may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial Report which can be found on TRS' website at www.nystrs.org.

Plan members who joined the TRS before July 27, 1976, are not required to make contributions. Those joining after July 27, 1976 are required to contribute three percent (3.0%) to three and one half percent (3.5%) of their annual salary. Employees in the System more than ten years are no longer required to contribute. Pursuant to Article 11 of the Education Law, rates are established annually by the New York State Teachers' Retirement Board.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At August 31, 2018, the College reported the following liabilities for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2018 for ERS and June 30, 2018 for TRS. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of April 1, 2017 for ERS and June 30, 2018 for TRS. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and TRS in reports provided to the College.

	TRS	ERS
Measurement date	June 30, 2018	March 31, 2018
Net pension (asset)/liability	$ (545,565)	$ 591,727
The College's portion of the Plan's total net pension (asset)/liability	0.0301710%	0.0183342%

For the year ended August 31, 2018, the College recognized pension credit of $20,791 for TRS and a pension credit of $61,711 for ERS. At August 31, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown below:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experiences of economic and demographic assumptions	$ 407,697	$ 211,050	$ 73,850	$ 174,404
Changes in assumptions	1,907,109	392,364	-	-
Net difference between projected and actual earnings on pension plan investments	-	859,437	605,619	1,696,442
Changes in proportion and differences between the College's contributions and proportionate share of contributions	134,337	3,628	98,215	200,344
College contributions subsequent to the measurement date	71,532	300,195	-	-
Total	$ 2,520,675	$ 1,766,674	$ 777,684	$ 2,071,190

The College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2019. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to ERS and TRS will be recognized as pension expense below:

Year Ending August 31,	TRS	ERS
2019	$ 552,596	$ 43,853
2020	377,029	37,691
2021	44,912	(469,520)
2022	375,744	(216,735)
2023	267,247	-
Thereafter	53,931	-

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

	TRS	ERS
Measurement date	June 30, 2018	March 31, 2018
Actuarial valuation date	June 30, 2017	April 1, 2017
Interest rate	7.25%	7.0%
Salary scale	1.90%-4.72%	3.8%
Decrement tables	July 1, 2009 June 30, 2014	April 1, 2010- March 31, 2015
Inflation rate	2.5%	2.5%

For TRS, annuitant mortality rates are based on July 1, 2009-June 30, 2014. System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target asset allocation is summarized below:

	TRS	ERS	TRS	ERS
	Target Allocation		Long-Term Expected Real Rate of Return	
Measurement date			June 30, 2018	March 31, 2018
Asset class:				
Domestic equities	33.0 %	36.0 %	5.8 %	4.6 %
International equities	16.0	14.0	7.3	6.4
Private equity	4.0	10.0	6.7	7.5
Real estate	11.0	10.0	4.9	5.6
Absolute return strategies	0.0	2.0	0.0	3.8
Opportunistic portfolio	0.0	3.0	0.0	5.7
Real assets	0.0	3.0	0.0	5.3
Bonds and mortgages	0.0	17.0	0.0	1.3
Cash	0.0	1.0	0.0	(0.3)
Inflation-indexed bonds	0.0	4.0	0.0	1.3
Alternative investments	8.0	0.0	8.9	0.0
Fixed income securities	27.0	0.0	15.3	0.0
Short-term	1.0	0.0	0.3	0.0
Total	100 %	100 %		

Discount Rate—The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS for the year ending August 31, 2018. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset)/liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the College's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.25% for TRS and 7.0% for ERS at August 31, 2018, as well as what the College's proportionate share of the net pension liability/(asset) would be if they were calculated using a discount rate that is one percentage-point lower (6.25% for TRS and 6.0% for ERS) or one percentage-point higher (8.25% for TRS and 8.0% for ERS) than the current rate.

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension liability/(asset)	$ 3,748,124	$ (545,565)	$ (4,142,484)

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)	$ 4,477,167	$ 591,727	$ (2,695,199)

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

	(Dollars in Thousands)		
	TRS	ERS	Total
Valuation date	June 30, 2018	March 31, 2018	
Employers' total pension liability	$ 118,107,254	$ 183,400,590	$ 301,507,844
Plan fiduciary net position	119,915,518	180,173,145	300,088,663
Employers' net pension (asset)/liability	$ (1,808,264)	$ 3,227,445	$ 1,419,181
System fiduciary net position as a percentage of total pension liability	101.5%	98.2%	99.5%

6. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Benefits Provided—The County may pay for a portion of eligible retirees' health insurance dependent upon such factors as age, years of service and associated group or union. While benefits change over time as union contracts are renegotiated, current benefits are as shown on the following page.

(1) *CSEA*—An employee must be eligible to retire under NYSERS and have at least 10 years of service with the County. For retirees hired prior to January 1, 1999, the County pays for 100% of the medical premiums for single and family coverage. For employees hired between January 1, 1999 and December 31, 2007, the County pays 50% of medical premiums for employees with between 10 and less than 15 years of service, 75% of premiums with 15 years but less than 20 years of service and 100% for employees with 20 or more years of service. For employees hired on or after January 1, 2008, the County pays medical premiums for 25% of the cost for those with 10 years of service but less than 15 years, 50% for those with 15 years of service but less than 20 years and 75% for those with 20 or more years of service.

(2) *Management*—An employee must be eligible to retire under NYSERS and have at least 10 years of service with the County. For retirees hired prior to January 1, 1998, the County pays 100% of medical premiums for single and family coverage. For employees hired between January 1, 1998 and December 31, 2005, the County pays 50% of medical premiums for employees with between 10 and less than 15 years of service, 75% of premiums with 15 years but less than 20 years of service and 100% for employees with 20 or more years of service. For employees hired on or after January 1, 2006, the County pays medical premiums for 25% of the cost for those with 10 years of service but less than 15 years, 50% for those with 15 years of service but less than 20 years and 75% for those with 20 or more years of service.

(3) *Deputy Sheriff—*An employee must be eligible to retire under NYSERS and have at least 10 years of service with the County. For retirees hired prior to January 1, 1998, the County pays 100% of medical premiums for single and family coverage. For employees hired between January 1, 1998 and December 31, 2006, the County pays 50% of medical premiums for employees with between 10 and less than 15 years of service, 75% of premiums with 15 years but less than 20 years of service and 90% for employees with 20 or more years of service. For employees hired on or after January 1, 2007, the County pays medical premiums for 20% of the cost for those with 10 years of service but less than 15 years, 30% for those with 15 years of service but less than 20 years and 70% for those with 20 or more years of service.

(4) *Corrections/Dispatch*—An employee must be eligible to retire under NYSERS and have at least 10 years of service with the County. For retirees hired prior to January 1, 2001, the County pays 100% of medical premiums for single and family coverage. For employees hired between January 1, 2001 and December 31, 2007, the County pays 50% of medical premiums for employees with between 10 and less than 15 years of service, 75% of premiums with 15 years but less than 20 years of service and 90% for employees with 20 or more years of service. For employees hired on or after January 1, 2008, the County pays medical premiums for 25% of the cost for those with 10 years of service but less than 15 years, 50% for those with 15 years of service but less than 20 years and 75% for those with 20 or more years of service.

Employees Covered by Benefit Terms—At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiairies currently receiving benefit payments	561
Active employees	620
	1,181

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 of $384,103,514 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions—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, 2018 actuarial valuation, the Entry Age Normal over a level percent of pay was used. The single discount rate changed from 3.81% to 3.56% effective January 1, 2018, and 4.11% effective December 31, 2018. The salary scale used is based on the New York State Employees Retirement System and Police and Fire Retirement System which vary by age. Mortality rates are based on the RPH-2017 Total Dataset or Disabled Retiree Mortality Table fully generational using MP-2017. The 2015 New York State Employees Retirement System and Police and Fire Retirement System rates were used for turnover and retirement rates. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 8.50%, while the ultimate healthcare cost trend rate is 5.00%.

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

	Total OPEB Liability
Balances at 12/31/2017:	$ 416,997,121
Changes for the year:	
Service Cost	12,282,463
Interest	15,103,895
Changes of assumptions	(28,715,530)
Differences between expected and actual experience	(21,450,259)
Contributions—employer	(10,114,176)
Net changes	(32,893,607)
Balances at 12/31/2018	$ 384,103,514

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

	1% Decrease (3.11%)	Current Discount Rate (4.11%)	1% Increase (5.11%)
Net OPEB liability	$ 456,344,951	$ 384,103,514	$ 327,287,436

Additionally, healthcare costs can be subject to considerable volatility over time. The table on the following page presents the effect on the net OPEB liability of a 1% change in the initial (8.5%)/ ultimate (5.0%) healthcare cost trend rates.

	1% Decrease (7.5%/ 4.0%)	Healthcare Cost Trend Rates (8.5%/5.0%)	1% Decrease (9.5%/ 6.0%)
Net OPEB liability	$ 320,394,488	$ 384,103,514	$ 466,977,899

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's Board of Legislators. 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 contributed $10,114,176 for the fiscal year ended December 31, 2018.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The County reports deferred outflows of resources and deferred 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 net OPEB liability are required to be determined. The table below presents the County's deferred outflows and inflows of resources at December 31, 2018.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 21,691,512
Changes of assumptions	14,227,981	24,613,311
Total	$ 14,227,981	$ 46,304,823

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

Year ending December 31,	
2019	$ (4,982,061)
2020	(4,982,061)
2021	(4,982,061)
2022	(4,982,061)
2023	(4,982,061)
Thereafter	(7,166,537)

Discretely Presented Component Units

Jefferson Community College

Plan Description—The College's defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the College. The plan is a single-employer defined benefit OPEB plan administered by the College. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the College Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees Covered by Benefit Terms—At August 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiairies currently receiving benefit payments	106
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	216
Total Covered Employees	322

Total OPEB Liability—The College's total OPEB liability of $53,544,474 was measured as of August 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumption—The actuarial cost method used to calculate the costs of the Plan for age, disability, vested and surviving spouse's benefits is known as the Projected Unit Credit Actuarial Cost Method. Under this method, each participant's projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial date and actuarial assumptions. The actuarial assumptions included annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after ten years. The discount rate as of September 1, 2017 and August 31, 2018 was 4% per year compounded annually. This is the rate used to discount future benefit liabilities into today's dollars. The College's unfunded actuarial accrued liability is being amortized as a level dollar amount over a 30 year period.

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

	Total OPEB Liability
Balances at 8/31/2017:	$ 51,151,669
Changes for the year:	
Service Cost	1,474,246
Interest	1,781,419
Changes of assumptions	(2,319,023)
Contributions—employer	(1,075,293)
Changes in benefit terms	2,531,456
Net changes	2,392,805
Balances at 8/31/2018	$ 53,544,474

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

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Net OPEB liability	$ 63,987,626	$ 53,544,474	$ 45,302,036

Additionally, healthcare costs can be subject to considerable volatility over time. The table on the following page presents the effect on the net OPEB liability of a 1% change in the current rate of 3.89% of healthcare cost trend rates.

	1% Decrease (2.89%)		Health Care Cost Trend Rates (3.89%)		1% Increase (4.89%)	
Net OPEB liability	$	42,983,005	$	53,544,474	$	67,485,986

Funding Policy—The obligations of the Plan members, employers and other entities are established by action of the College pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The College currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. For fiscal year 2018, the College contributed $1,024,238 for current premiums. Plan members receiving benefits may be required to contribute to the Plan depending on date of hire. The costs of administering the plan are paid by the College.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—For the year ended August 31, 2018, the College recognized OPEB expense of $4,420,127. At August 31, 2018, the College reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	
Changes of assumptions or Other Inputs	$	2,027,322
Total	$	2,027,322

College benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended August 31, 2019, if applicable. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31,		
2019	$	(291,701)
2020		(291,701)
2021		(291,701)
2022		(291,701)
2023		(291,701)
Thereafter		(568,817)

7. DEFERRED COMPENSATION PLAN

On October 1, 1997, the New York State Deferred Compensation Board (the "Board") created a Trust and Custody agreement making JP Morgan Chase Bank the Trustee and Custodian of the Deferred Compensation Plan (the "Plan"). As the Board is no longer the trustee of the Plan, the Plan no longer meets the criteria for inclusion in New York State's financial statements. Therefore, municipalities which participate in New York State's Deferred Compensation Plan are no longer required to record the value of the Plan assets. The County participates in the Plan which is administered for them by Nationwide Retirement Solutions.

8. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; business interruption; errors or omissions; injuries to employees; and natural disasters. The County assumes the liability for most risks including, but not limited to, property damage, personal injury liability, employee health insurance, and workers' compensation. The County had also elected to purchase minor policies from commercial insurers to provide for items such as property damage coverage, as well as protection of valuable papers and records; settled claims have not exceeded commercial coverage in a material amount in any of the past three fiscal years. Governmental funds estimated current contingent loss liabilities for property damage, personal injury liability, employee health insurance, and workers' compensation are reported within governmental activities in the government-wide financial statements.

Claims and judgments are recognized when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. Such recording is consistent with the requirements of GASB. These liabilities include an estimate of claims that have been incurred but not reported and the effects of both specific, incremental claims adjustment expenditures/expenses and estimated recoveries on unsettled claims, if any.

Business-type fund activity claims and judgments applicable to self-insured claims are recorded as expenses and liabilities in the Enterprise Fund (except workers' compensation, which is only recognized when invoiced from the County).

Claims and judgments reportable as part of the County's governmental activities are recognized as expenditures and fund liabilities in the General Fund when payment is due. Claims and judgments are recorded as a governmental activities long-term liability instead of in the General Fund at December 31, 2018 because they did not meet the criteria for recognition as fund liabilities.

The changes since January 1, 2017 in the reported Governmental Activities for risk financing activities claims and judgments were as follows:

Year Ended December 31,	Liability Beginning of Year	Claims and Adjustments	Claim Payments and Adjustments	Liability End of Year
2018	$ 4,595,892	$ 609,247	$ 1,034,633	$ 4,170,506
2017	4,868,686	769,554	1,042,348	4,595,892

9. OPERATING LEASES

The County leases three refueler trucks for the airport on a month to month basis. Additionally, during 2018 the County entered into a four year lease on copier equipment to expire in June 2022. Total costs for such leases were $102,745 for the year ended December 31, 2018.

During 2012, the County entered into an agreement with the Watertown Savings Bank to lease a building on Coffeen Street to use in operation of its Workforce Development Program. Costs for this lease totaled $178,800 for the year ended December 31, 2018. The current lease expired on October 31, 2017 and is now considered month to month at $14,900 pending a new contract.

The future minimum lease payments for operating leases are shown below:

Year Ending December 31,	Vehicle Lease	Copier Lease
2019	$ 22,500	$ 70,582
2020	-	70,582
2021	-	70,582
2022	-	35,291
Total	$ 22,500	$ 247,037

10. CAPITAL LEASE

In 2017, the County entered into a capital lease with Bank of America Public Capital Corporation for the purpose of acquiring, installing and implementing equipment related to the emergency communications project. The original lease amount was $7,974,153. The lease has a 10 year term with an interest rate of 2.14 percent with a maturity of April 14, 2027. As of December 31, 2018, $4,355,771 of unspent proceeds are restricted in the Capital Projects Fund.

The future minimum lease payments are shown below:

Year Ending December 31,	Principal	Interest
2019	$ 568,692	$ 109,113
2020	580,922	96,884
2021	593,414	84,391
2022	606,176	71,630
2023	619,211	58,593
2024-2027	2,274,018	98,298
Total	$ 5,242,433	$ 518,909

The County has purchased assets in the amount of $3,618,382 with the proceeds of the lease. The assets are recorded within construction in progress and have not yet been placed in service.

11. JOINT VENTURE/LONG-TERM RECEIVABLE

The County has entered into an intermunicipal agreement with the City of Watertown, New York for the operation of a Public Safety Facility. The County receives a minimum lease payment annually from the City based on the prorated share of square footage utilized by the City. For its prorated share of costs for operation and maintenance in 2018, the City was billed $131,485 for the lease agreement as well as $21,397 for joint services. These payments are offset by a percentage of eligible costs incurred by the City.

12. SHORT-TERM DEBT

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

During the year ended December 31, 2018, the County issued bond anticipation notes in the amount of $13,000,000 at 3% interest to mature on November 1, 2019. The purpose of the BAN was to initiate work on upgrading and replacing the 911 System in the County and for various projects at Jefferson Community College Learning Center.

The following is a summary of the County's short-term debt for the year ended December 31, 2018:

	Original Issue	Interest Rate	Balance 1/1/2018	Issues	Redemptions	Balance 12/31/2018
Bond anticipation notes:						
E911 Radio Community Project	2018	3.00%	$ -	$ 11,000,000	$ -	$ 11,000,000
JCC Learning Center	2018	3.00%	-	2,000,000	-	2,000,000
E911 Radio Community Project	2017	2.50%	9,000,000	-	9,000,000	-
JCC Learning Center	2017	2.50%	2,000,000	-	2,000,000	-
			$ 11,000,000	$ 13,000,000	$ 11,000,000	$ 13,000,000

13. 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, compensated absences, capital lease, claims and judgments, other postemployment benefits and net pension liabilities.

The following is a summary of changes in the County's long-term liabilities for the year ended December 31, 2018:

	Balance 1/1/2018	Additions	Decreases	Balance 12/31/2018	Due Within One Year
Governmental activites:					
Bonds payable	$ 17,786,500	$ -	$ 2,256,500	$ 15,530,000	$ 2,145,000
Premium	503,553	-	143,641	359,912	143,641
Net bonds payable	18,290,053	-	2,400,141	15,889,912	2,288,641
Compensated absences	2,202,824	2,861,713	2,864,361	2,200,176	110,009
Capital lease	5,799,153	-	556,720	5,242,433	568,692
Claims and judgments	4,595,892	609,247	1,034,633	4,170,506	-
Other postemployment benefits	416,997,121	27,386,358	60,279,965	384,103,514	-
Net pension liability*	15,159,037	-	10,061,081	5,097,956	-
Total governmental activities	$ 463,044,080	$ 30,857,318	$ 77,196,901	$ 416,704,497	$ 2,967,342
Business type activites:					
Compensated absences	$ 38,945	$ 39,112	$ 51,408	$ 26,649	$ 1,332
Total business-type activities	$ 38,945	$ 39,112	$ 51,408	$ 26,649	$ 1,332

(*reductions to the net pension liability are shown net of additions.)

Bonds Payable—The County borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the statement of net position.

The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Governmental Activities Bonds	Original Date Issued	Original Debt	Interest Rate	Date Final Maturity	Balance 12/31/2018
2011 Refunding Bonds	2011	$ 9,440,000	2.00-5.00%	03/2020	$ 2,320,000
2017 Public Improvement Bond	2017	4,706,500	2.25-3.00%	06/2037	4,593,000
Issued on behalf of					
Jefferson Community College:					
2006 Public Improvement Bond	2006	4,915,000	3.75-3.95%	11/2020	925,000
2015 Public Improvement Bond	2015	7,000,000	2.00-3.50%	06/2035	6,235,000
2017 Public Improvement Bond	2017	1,500,000	2.00-3.50%	06/2037	1,457,000
Total		$ 27,561,500			$ 15,530,000

Compensated Absences—Represents the value of earned and unused portion of the liability for compensated absences and is liquidated in various funds.

Capital Lease—As explained in Note 10, the County obtained a lease for $7,974,153. The lease has a 10 year term with an interest rate of 2.14 percent with a maturity of April 14, 2027. The balance at December 31, 2018 was $5,242,433.

Claims and Judgments—As further discussed in Note 8, the County is self-insured. Liabilities are established for workers' compensation and general claims in accordance with GASB requirements. Estimated long-term contingent loss liabilities in the governmental fund types have been reported as long-term liabilities in the government-wide financial statements. The Proprietary Fund has no loss contingency liability except workers' compensation which is recognized when invoiced from the County.

Other Postemployment Benefits ("OPEB") Obligation—As explained in Note 6, the County provides health insurance coverage for retirees. The County's annual postemployment benefit ("OPEB") cost is calculated based in the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The estimated long-term OPEB liability is estimated to be $384,103,514 at December 31, 2018.

Net Pension Liability—The County reports a liability for its proportionate share of the net pension liability for the Employee's Retirement System. The net pension liability is estimated to be $5,097,956 in the governmental activities. Refer to Note 5 for additional information related to the County's net pension liability.

Constitutional Debt Limit—Outstanding bond indebtedness aggregated $15,530,000, all of which was subject to the constitutional debt limit and represented approximately 2.79% of its debt limit.

The following is a maturity schedule of the County's indebtedness:

	Governmental Activities							
Year Ending December 31,	Bonds Payable	Premium	Compensated Absences	Capital Lease	Claims and Judgments	Other Postemployment Benefits	Net Pension Liability	Total
2019	$ 2,145,000	$ 143,641	$ 110,009	$ 568,692	$ -	$ -	$ -	$ 2,967,342
2020	2,200,000	33,682	-	580,922	-	-	-	2,814,604
2021	575,000	11,686	-	593,414	-	-	-	1,180,100
2022	585,000	11,686	-	606,176	-	-	-	1,202,862
2023	595,000	11,686	-	619,211	-	-	-	1,225,897
2024-2028	3,255,000	58,430	-	2,274,018	-	-	-	5,587,448
2029-2033	3,720,000	58,430	-	-	-	-	-	3,778,430
2034-2038	2,455,000	30,671	-	-	-	-	-	2,485,671
Thereafter	-	-	2,090,167	-	4,170,506	384,103,514	5,097,956	395,462,143
	$ 15,530,000	$ 359,912	$ 2,200,176	$ 5,242,433	$ 4,170,506	$ 384,103,514	$ 5,097,956	$ 416,704,497

Interest requirements on serial bonds are as follows:

Year Ending December 31,	Interest
2019	$ 463,084
2020	375,215
2021	314,700
2022	301,788
2023	288,650
2024-2028	1,189,751
2029-2033	684,687
2034-2038	127,238
Total	$ 3,745,113

Discretely Presented Component Units

Jefferson Community College—The College and its component units' long-term debt balances for the year ended August 31, 2018:

	Balance 9/1/2017 (restated)	Balance 8/31/2018	Due Within One Year
Compensated absences	$ 498,303	$ 458,762	$ -
Interest rate swap	-	368,855	-
Reserve payable	79,966	86,207	-
Bonds payable	21,313,152	20,941,589	385,000
Capital lease obligation	1,393,900	1,414,997	177,427
Other postemployment benefits	51,151,669	53,544,474	-
Net pension liability	1,739,478	591,727	-
Total governmental activities	$ 76,176,468	$ 77,406,611	$ 562,427

Bonds Payable—Bonds payable reported by the College represents amounts issued by its component units.

Capital Lease Obligation—On January 6, 2011, the College entered into an Energy Performance Contract Municipal Lease/Purchase Agreement with Municipal Leasing Consultants. The project includes the replacement of six boilers and campus-wide lighting improvements. The estimated value of the capital improvements at the completion of the project and at the inception of the lease is $1,311,822. The project was substantially complete as of August 31, 2012 and had resulted in $1,235,950 of construction costs (net of rebates of $183,072) which were capitalized in the prior year. The balance as of August 31, 2018 is $837,566. The capital lease obligation is amortized at an implicit interest rate of approximately 5.44%.

During the year ended August 31, 2017, the College entered into a Lease/Purchase Agreement with Jefferson Community College Foundation, Inc., a discretely presented component unit, for a 2,150 square foot clinical facility on the College's campus. The Lease/Purchase Agreement at the inception of the lease amounted to $498,798 which covered all costs incurred to construct the building. Balance at August 31, 2018 is $430,539, with payment terms of 15 years at 5.50%. The agreement states that upon completion of payments, the Foundation will relinquish any title or ownership to the College.

During the year ended August 31, 2018, the College entered into an installment purchase agreement with First American Equipment Finance for multiple printers. The installment purchase agreement at the inception of the lease amounted to $187,822. Balance at August 31, 2018 is $146,892, with payment terms of five years at 4.48%.

The future minimum obligations under capital leases at August 31, 2018 are as follows:

Year Ending August 31,	Principal	Interest	Total
2019	$ 177,427	$ 103,605	$ 281,032
2020	178,750	97,334	276,084
2021	191,647	91,429	283,076
2022	205,434	84,893	290,327
2023	179,240	36,752	215,992
Thereafter	482,499	89,820	572,319
Total	$ 1,414,997	$ 503,833	$ 1,918,830

Other Postemployment Benefits—As explained in Note 6, the College provides health insurance coverage for retirees. The College's annual postemployment benefit ("OPEB") cost is calculated based in the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*. The estimated long-term OPEB liability is estimated to be $53,544,474 at December 31, 2018.

Jefferson County Industrial Development Agency**—**Grant repayment of 40% of the Industrial Access project due to the New York State Department of Transportation. Payments are to start one year from project completion; however, as of September 30, 2018, the project has not been completed.

Secured notes payable due to the Local Development Corporation of the City of Watertown, interest is due quarterly at 4.0%.

New York State Department of Transportation	$ 180,160
Total notes payable	180,160
Less: current portion	-
Long-term portion	$ 180,160

The Agency's long-term debt activity for the year ended September 30, 2018:

	Balance 10/1/2017	Addition	Decreases	Balance 9/30/2018	Due Within One Year
Notes payable	$ 180,160	$ -	$ -	$ 180,160	$ -
Other long-term payables	25,050	-	1,560	23,490	1,719
Total	$ 205,210	-	$ 1,560	$ 203,650	$ 1,719

14. NET POSITION AND FUND BALANCE

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

- ***Net investment in capital assets—***This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Governmental Activities		
Capital assets, net of accumulated depreciation		$ 145,250,150
Related debt:		
Serial bonds issued	$ (15,530,000)	
Bond anticipation notes issued	(13,000,000)	
Unamortized bond premium	(359,912)	
Capital lease	(5,242,433)	
Less:		
Serial bonds issued on behalf of Jefferson Community College	8,635,000	
Bond anticipation notes issued on behalf of Jefferson Community College	2,000,000	
Unamortized bond premium on serial bonds issued on behalf of Jefferson Community College	75,903	
Unspent serial bond proceeds	2,211,578	
Unspent BAN proceeds	9,636,758	
Unspent capital lease proceeds	4,355,771	(7,217,335)
Net investment in capital assets		$ 138,032,815

Business-type Activities	
Capital assets, net of accumulated depreciation	$ 2,869,887
Related debt:	
Less: Interfund loan	(900,000)
Net investment in capital assets	$ 1,969,887

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

  A Capital Reserve Fund/Solid Waste Management net asset restriction is reported in the County's Proprietary Fund and was established by the County Board within the Solid Waste Management Enterprise Fund to finance future costs of equipment replacement and capital improvements, including facility reconstruction. By resolution, monies for "the reserve" were taken from those funds equal to the depreciation which had been accumulated. The fund is managed in accordance with section 6-c of the Municipal Law.

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

Fund Balance—GASB defines the different types of fund balances that a governmental entity must use for financial reporting purposes as the fund balance categories listed below:

- ***Nonspendable—***Amount of assets that cannot be spent in the current period because of their form or because they must be maintained intact. As of December 31, 2018, the County had $3,475,505 of prepaid expenses, $57,784 of inventory and $900,000 representing a long term receivable that were classified as nonspendable funds.

- ***Restricted—***Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. As of December 31, 2018, the County had the restricted funds listed below.

	General Fund	Capital Projects Fund	Nonmajor Funds: Road Machinery Fund	Nonmajor Funds: Debt Service Fund	Total
Restricted for:					
Workers' compensation	$ 209,503	$ -	$ -	$ -	$ 209,503
Unemployment insurance	70,163	-	-	-	70,163
Insurance	1,910,490	-	-	-	1,910,490
Law enforcement and					
prosecution	149,883	-	-	-	149,883
Wireless 911 surcharges	210,884	-	-	-	210,884
Highway equipment	-	-	68	-	68
Capital projects	-	6,567,349	-	-	6,567,349
Debt service	113,230	-	-	253,709	366,939
Total restricted fund balance	$ 2,664,153	$ 6,567,349	$ 68	$ 253,709	$ 9,485,279

- ***Committed—***Amounts that are subject to a purpose constraint imposed by a formal action of the County’s highest level of decision-making authority, or by their designated body or official. As of December 31, 2018, the Jefferson County had no committed fund balance.

- ***Assigned—***Amounts that are subject to a purpose constraint that represents an intended use established by the County’s Board of Legislators, or by their 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, 2018, the balances presented on the following page were considered to be assigned.

	General Fund	Capital Projects Fund	Nonmajor Funds County Road Fund	Road Machinery Fund	Special Grant Fund	Total
Assigned for:						
Temporary assistance for needy families reserve	$ 643,653	$ -	$ -	$ -	$ -	$ 643,653
Assigned to workers' compensation	3,000,000	-	-	-	-	3,000,000
Assigned to compensated absences	2,200,176	-	-	-	-	2,200,176
Assigned to risk retention	3,000,000	-	-	-	-	3,000,000
Encumbrances	484,522	2,107,617	4,085	232,565	10,911	2,839,700
Appropriated for subsequent year's expenditures	6,620,626	-	-	-	-	6,620,626
Assigned to capital projects	-	807,812	-	-	-	807,812
Assigned to county road	-	-	4,773,125	-	-	4,773,125
Assigned to road machinery	-	-	-	2,178,024	43,826	2,221,850
Total assigned fund balance	$ 15,948,977	$ 2,915,429	$ 4,777,210	$ 2,410,589	$ 54,737	$ 26,106,942

***Unassigned*—**Represents the residual classification of the government's General Fund, and could report a surplus or deficit. As of December 31, 2018, the unassigned fund balance of the General Fund represented a surplus totaling $17,165,111.

***Order of Fund Balance Spending Policy*—**The County's policy is to expend fund balances in the following order: nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

***Minimum Fund Balance*—**It is the intention of the Board of Legislators to maintain adequate reserves in the General Fund unassigned fund balance equal to two months of General Fund operating expenditures (approximately 16.67% of operating expenditures), net of local sales tax distribution. If the General Fund's fund balance should fall 10% above or below (between 6.67% and 26.67% of operating expenditures) the level set by the policy, the County Administrator shall recommend increasing or decreasing the use of fund balance appropriated in the following year's budget, such that in his estimation over the course of no more than three years, the fund balance will be again within the level set by the fund balance policy. At December 31, 2018, the County's available General Fund balance was 17.0% of General Fund annual operating expenditures, which is within the 10% of the level set by the policy.

15. INTERFUND LOAN

The long-term interfund loan balance within the General Fund and the Solid Waste Management Fund consists of a $1,300,000 loan made during the year ended December 31, 2010. A pre-determined interest rate is not included within the terms of the agreement. The County will charge the Solid Waste Management Facility an interest rate, on its outstanding debt to the General Fund, equal to the average interest it receives in its interest bearing accounts. During the years ended December 31, 2016, 2015 and 2014, the Solid Waste Fund was unable to make a payment and borrowed additional funds from the General Fund. On December 13, 2016, the County amended its original agreement decreasing the annual payment from $100,000 to $50,000 for a period of 20 years effective during the year ending December 31, 2017. The current balance on the interfund loan as of December 31, 2018 was $900,000.

16. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the subsequent year. Interfund transfers are routine annual events for both the budget and accounting process and are necessary to present funds in their proper fund classification.

Interfund receivables, payables, and transfers of the County as of, and for the year ended December 31, 2018 are presented below:

	Interfund			
	Receivables	Payables	Transfers In	Transfers Out
Governmental Funds:				
General Fund	$ 918,687	$ -	$ -	$ 15,309,864
Capital Projects Fund	856,866	-	2,520,479	-
Other nonmajor funds	-	857,553	14,654,385	1,865,000
Business-type Funds:				
Solid Waste Management Fund	-	900,000	-	-
Total	$ 1,775,553	$ 1,757,553	$ 17,174,864	$ 17,174,864

17. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding 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 significant if they are in excess of $100,000. As of December 31, 2018, the significant encumbrances of the County are shown below:

Fund	Purpose	Amount Encumbered
General Fund	Automobiles-Sheriff	$ 139,349
Road Machinery Fund	Heavy Equipment	153,728
Capital Projects Fund	Public Safety Equipment	656,737
Capital Projects Fund	Snow Removal Equipment	1,100,692

18. TAX ABATEMENTS

The County provides tax abatements under several different programs: low income housing, economic assistance to startup or incubator businesses, residential real estate ventures and other commercial and manufacturing projects new to Jefferson County. Part of these abatements are done through the offices of the Jefferson County Industrial Development Agency (the "Agency"). The Agency is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the Enabling Act) and Chapter 77 of the 1974 Laws of New York, as amended, constituting Section 902 of said General Municipal Law.

Abatements are generally for the purpose of reducing the real estate tax burden during the construction period of building residential units as well as a reduction during the early years while occupancy is low. Abatements are usually fifty percent of the actual tax and progresses on a sliding scale over a period of fifteen years until 100% is reached. In commercial and manufacturing, the abatements of real estate taxes range from five to twenty years while the business is being developed. Under agreements made through JCIDA, the following amounts were abated and collected as payments in lieu of taxes in 2018:

	Taxes Abated	Payments in Lieu of Taxes
Residential housing projects	$ 1,853,053	$ 366,751
Commercial endeavors	557,587	162,422
Manufacturing	1,780,097	206,764

19. CONTINGENCIES

***Sales tax audits*—**The State of New York periodically audits its distribution of sales tax revenues to counties throughout the State. Subsequent revisions to the revenues recorded as of December 31, 2018, if any, would be reflected in the operations statement in the year they are calculated.

Grant and aid programs—The County receives significant financial assistance from numerous federal and state agencies. The receipt of such funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the County. The amount of disallowance, if any, cannot be determined at this time, although the County expects any such amounts to be immaterial.

***Other*—**The County is also involved in litigation arising 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.

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 28, 2019, which is the date the financial statements are available for issuance, and have determined, except as disclosed above, there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * * *

Required Supplementary Information

COUNTY OF JEFFERSON, NEW YORK

Schedule of the Local Government's Proportionate Share of the Net Pension Liability (Asset)—Teachers' Retirement System Last Four Fiscal Years*

	Year Ended August 31, 2018	2017	2016	2015
Jefferson County Community College ("JCC"):				
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
JCC's proportion of the net pension liability (asset)	0.030171%	0.029436%	0.031981%	0.030745%
JCC's proportionate share of the net pension liability (asset)	$ (545,565)	$ (223,744)	$ 342,530	$ (3,193,443)
JCC's covered payroll	$ 5,077,016	$ 4,851,815	$ 4,850,948	$ 4,576,270
JCC's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	10.75%	4.61%	7.06%	(69.78%)
Plan fiduciary net position as a percentage of the total pension liability	101.5%	100.7%	99.0%	110.5%

*Information prior to the year ended August 31, 2015 is not available.

COUNTY OF JEFFERSON, NEW YORK
Schedule of the Local Government's Contributions—
Teachers' Retirement System
Last Four Fiscal Years*

	Year Ended August 31,			
	2018	2017	2016	2015
Jefferson County Community College ("JCC"):				
Contractually required contribution	$ 481,618	$ 546,698	$ 654,380	$ 809,595
Contributions in relation to the contractually required contribution	(481,618)	(546,698)	(654,380)	(809,595)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
JCC's covered payroll	$ 5,077,016	$ 4,851,815	$ 4,850,948	$ 4,576,270
Contributions as a percentage of covered payroll	9.5%	11.3%	13.5%	17.7%

*Information prior to the year ended August 31. 2015 is not available.

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

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Jefferson County ("County"):					
Measurement date	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
County's proportion of the net pension liability (asset)	0.1579564%	0.1617458%	0.1691347%	0.1662258%	0.1662258%
County's proportionate share of the net pension liability (asset)	$ 5,097,956	$ 15,159,037	$ 27,146,582	$ 5,615,514	$ 7,511,510
County's covered payroll	$ 38,934,627	$ 37,678,163	$ 37,973,128	$ 38,827,552	$ 38,313,792
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	13.09%	40.23%	71.49%	14.46%	19.61%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.9%	97.2%

	Year Ended August 31,				
	2018	2017	2016	2015	2014
Jefferson County Community College ("JCC"):					
Measurement date	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
JCC's proportion of the net pension liability	0.0183342%	0.0185125%	0.0198426%	0.0195013%	n/a
JCC's proportionate share of the net pension liability	$ 591,727	$ 1,739,478	$ 3,184,794	$ 658,804	n/a
JCC's covered payroll	$ 4,615,902	$ 4,486,774	$ 4,412,165	$ 4,409,421	n/a
JCC's proportionate share of the net pension liability as a percentage of its covered payroll	12.82%	38.77%	72.18%	14.94%	n/a
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.9%	n/a

*Information prior to the year ended December 31, 2014 is not available for the County. Information prior to the year ended August 31, 2015 is not available for the College.

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

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Jefferson County ("County"):					
Contractually required contribution	$ 5,790,207	$ 5,673,400	$ 6,492,714	$ 6,983,586	$ 8,020,528
Contributions in relation to the contractually required contribution	(5,790,207)	(5,673,400)	(6,492,714)	(6,983,586)	(8,020,528)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 38,935,221	$ 38,721,355	$ 38,142,608	$ 37,898,143	$ 38,984,787
Contributions as a percentage of covered payroll	14.9%	14.7%	17.0%	18.4%	20.6%

	Year Ended August 31,				
	2018	2017	2016	2015	2014
Jefferson County Community College ("JCC"):					
Contractually required contribution	$ 645,916	$ 651,958	$ 768,765	$ 868,711	n/a
Contributions in relation to the contractually required contribution	(645,916)	(651,958)	(768,765)	(868,711)	n/a
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	n/a
JCC's covered payroll	$ 4,615,902	$ 4,486,774	$ 4,412,165	$ 4,409,421	n/a
Contributions as a percentage of covered payroll	14.0%	14.5%	17.4%	19.7%	n/a

*Information prior to the year ended December 31, 2014 is not available for the County. Information prior to the year ended August 31, 2015 is not available for the College.

COUNTY OF JEFFERSON, NEW YORK
Schedule of Changes in the College's Total OPEB Liability and Related Ratios
Year Ended December 31, 2018*

Jefferson County Community College:

Total OPEB Liability	
Service cost	$ 1,474,246
Interest	1,781,419
Changes of assumptions	(2,319,023)
Change of benefit terms	2,531,456
Benefit payments	(1,075,293)
Net changes in total OPEB liability	2,392,805
Total OPEB liability—beginning	51,151,669
Total OPEB liability—ending (a)	$ 53,544,474
Plan fiduciary net position	
Contributions—employer	1,075,293
Benefit payments	(1,075,293)
Net change in plan fiduciary net position	-
Plan fiduciary net position—beginning	-
Plan fiduciary net position—ending (b)	$ -
JCC's net OPEB liability—ending (a) - (b)	$ 53,544,474
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%
Covered-employee payroll	$ 13,220,846
JCC's net OPEB liability as a percentage of covered-employee payroll	405.00%

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

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

	Year Ended December 31, 2018	Year Ended December 31, 2017
Total OPEB Liability		
Service cost	$ 12,282,463	$ 12,139,584
Interest	15,103,895	14,442,856
Differences between expected and actual experience	(21,450,259)	(4,627,806)
Changes of assumptions	(28,715,530)	19,919,173
Change of benefit terms	-	743,910
Benefit payments	(10,114,176)	(9,309,351)
Net changes in total OPEB liability	(32,893,607)	33,308,366
Total OPEB liability—beginning	416,997,121	383,688,755
Total OPEB liability—ending (a)	$ 384,103,514	$ 416,997,121
Plan fiduciary net position		
Contributions—employer	10,114,176	9,309,351
Benefit payments	(10,114,176)	(9,309,531)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position—beginning	-	-
Plan fiduciary net position—ending (b)	$ -	$ -
County's net OPEB liability—ending (a) - (b)	$ 384,103,514	$ 416,997,121
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered-employee payroll	$ 36,450,843	$ 35,561,798
County's net OPEB liability as a percentage of covered-employee payroll	1053.76%	1172.60%

*Information prior to the year ended December 31, 2017 is not available.

County of Jefferson, New York
Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund
Year Ended December 31, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Real property taxes	$ 56,842,526	$ 56,842,526	$ 56,555,914	$ (286,612)
Real property tax items	2,700,000	2,839,714	2,884,892	45,178
Non-property tax items	74,234,484	76,906,566	79,603,971	2,697,405
Departmental income	12,666,418	12,744,335	11,080,546	(1,663,789)
Intergovernmental charges	3,642,501	3,875,148	1,849,415	(2,025,733)
Use of money and property	1,638,308	1,638,308	865,560	(772,748)
Licenses and permits	50,000	50,000	23,934	(26,066)
Fines and forfeitures	181,120	181,120	189,074	7,954
Sale of property and compensation for loss	1,338,000	1,338,000	1,353,475	15,475
Miscellaneous	3,158,757	3,222,965	5,861,392	2,638,427
State aid	20,640,075	22,197,028	21,370,679	(826,349)
Federal aid	21,419,149	24,290,458	19,521,851	(4,768,607)
Total revenues	198,511,338	206,126,168	201,160,703	(4,965,465)
EXPENDITURES				
Current:				
General government support	57,501,170	60,008,723	57,905,434	2,103,289
Education	11,372,984	11,372,984	10,760,703	612,281
Public safety	22,563,710	23,024,597	22,032,313	992,284
Health	13,700,991	15,276,068	13,489,643	1,786,425
Transportation	2,471,902	2,462,609	2,091,238	371,371
Economic assistance and opportunity	68,866,917	66,258,064	63,452,756	2,805,308
Culture and recreation	280,228	386,271	376,687	9,584
Home and community services	972,354	1,041,038	846,401	194,637
Employee benefits	12,383,553	12,370,038	7,835,790	4,534,248
Debt service	258,500	275,000	275,000	-
Total expenditures	190,372,309	192,475,392	179,065,965	13,409,427
Excess of revenues over expenditures	8,139,029	13,650,776	22,094,738	8,443,962
OTHER FINANCING USES				
Transfers out	(14,966,985)	(15,309,864)	(15,309,864)	-
Total other financing sources uses	(14,966,985)	(15,309,864)	(15,309,864)	-
Net change in fund balances*	(6,827,956)	(1,659,088)	6,784,874	8,443,962
Fund balances—beginning	33,283,959	33,283,959	33,283,959	-
Fund balances—ending	$ 26,456,003	$ 31,624,871	$ 40,068,833	$ 8,443,962

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

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

1. OPEB Liability

Changes of Assumptions—Changes in assumptions reflect the effects of changes in the long-term discount rate, and the healthcare trend rate. The discount rate changed from 3.56% at December 31, 2017 to 4.11% at December 31, 2018. The health care trend rate decreased from 9.00% at December 31, 2017 to 8.50% at December 31, 2018.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, County Road Fund, Road Machinery Fund, and Debt Service Fund. The Capital Projects Fund is appropriated on a project-length basis. The Special Grant Fund does not have an appropriated budget since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. However, amendments of the budget must be approved by the governing board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriation and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Supplementary Information

COUNTY OF JEFFERSON, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2018

	County Road Fund	Road Machinery Fund	Special Grant Fund	Debt Service Fund	Total Nonmajor Funds
ASSETS					
Cash and cash equivalents	$ 4,512,709	$ 2,520,202	$ -	$ -	$ 7,032,911
Restricted cash and cash equivalents	-	68	-	240,246	240,314
Intergovernmental receivables	636,335	13,203	328,251	870,329	1,848,118
Prepaid items	96,609	14,548	31,540	-	142,697
Total assets	$ 5,245,653	$ 2,548,021	$ 359,791	$ 1,110,575	$ 9,264,040
LIABILITIES					
Accounts payable	$ 371,834	$ 122,816	$ 201,894	$ -	$ 696,544
Due to other funds	-	-	18,687	856,866	875,553
Unearned revenue	-	-	52,933	-	52,933
Total liabilities	371,834	122,816	273,514	856,866	1,625,030
FUND BALANCES					
Nonspendable	96,609	14,548	31,540	-	142,697
Restricted	-	68	-	253,709	253,777
Assigned	4,777,210	2,410,589	54,737	-	7,242,536
Total fund balances	4,873,819	2,425,205	86,277	253,709	7,639,010
Total liabilities and fund balances	$ 5,245,653	$ 2,548,021	$ 359,791	$ 1,110,575	$ 9,264,040

COUNTY OF JEFFERSON, NEW YORK

Combining Statement of Revenues, Expenditures and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended December 31, 2018

	County Road Fund	Road Machinery Fund	Special Grant Fund	Debt Service Fund	Total Nonmajor Funds
REVENUES					
Departmental income	$ -	$ -	$ 894,505	$ -	$ 894,505
Intergovernmental charges	37,116	76,501	-	-	113,617
Use of money and property	30,763	26,403	126,985	605	184,756
Licenses and permits	4,860	-	-	-	4,860
Sale of property and compensation for loss	1,521	35,250	-	-	36,771
Miscellaneous	320	-	13,989	60,806	75,115
Interfund revenues	2,001	259,629	-	-	261,630
State aid	4,851,636	150,000	107,243	2,979,629	8,088,508
Federal aid	44,466	-	2,626,852	-	2,671,318
Total revenues	4,972,683	547,783	3,769,574	3,041,040	12,331,080
EXPENDITURES					
Current:					
Public safety	578,287	-	-	-	578,287
Transportation	11,808,148	2,245,756	-	-	14,053,904
Economic assistance and opportunity	-	-	2,582,823	-	2,582,823
Home and community services	-	-	1,145,806	-	1,145,806
Employee benefits	39,203	1,880	-	-	41,083
Debt service:					
Principal	-	-	-	2,813,220	2,813,220
Interest and fiscal charges	-	-	-	746,593	746,593
Total expenditures	12,425,638	2,247,636	3,728,629	3,559,813	21,961,716
Excess (deficiency) of revenues over expenditures	(7,452,955)	(1,699,853)	40,945	(518,773)	(9,630,636)
OTHER FINANCING SOURCES (USES)					
Transfers in	9,624,019	2,133,552	-	2,896,814	14,654,385
Transfers out	(1,865,000)	-	-	-	(1,865,000)
Total other financing sources (uses)	7,759,019	2,133,552	-	2,896,814	12,789,385
Net change in fund balances	306,064	433,699	40,945	2,378,041	3,158,749
Fund balances—beginning	4,567,755	1,991,506	45,332	(2,124,332)	4,480,261
Fund balances—ending	$ 4,873,819	$2,425,205	$ 86,277	$ 253,709	$ 7,639,010

Federal Awards Information

COUNTY OF JEFFERSON, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantor/Pass Through Grantor/Program Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number	Passed Through to Sub-recipients	Total Federal Expenditures (1c)
U.S. Department of Agriculture:				
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	$ -	$ 2,254,736
Total SNAP Cluster			-	2,254,736
Total U.S. Department of Agriculture			-	2,254,736
U.S. Department of Housing and Urban Development:				
Direct Grant:				
Home Investment Partnerships Program				
Home Investment Partnerships Program	14.239	M-14-DC-36-0512	23,145	23,145
Home Investment Partnerships Program	14.239	M-15-DC-36-0512	100,080	100,080
Home Investment Partnerships Program	14.239	M-16-DC-36-0512	168,030	168,030
Home Investment Partnerships Program	14.239	M-18-DC-36-0512	45,000	45,000
Total Home Investment Partnership Program			336,255	336,255
Continuum of Care Program				
Continuum of Care Program	14.267	NY0712L2C221607	-	47,535
Continuum of Care Program	14.267	NY0713L2C221607	-	361,798
Continuum of Care Program	14.267	NY0712L2C221708	-	37,136
Continuum of Care Program	14.267	NY0713L2C221708	-	241,099
Total Continuum of Care Program			-	687,568
Passed through NYS Homes & Community Renewal:				
Community Development Block Grants	14.228	581HR301-16	-	802,850
Passed through NYS Office of Temporary and Disability Assistance:				
Emergency Solutions Grant Program	14.231	C021789	278,586	278,586
Total U.S. Department of Housing and Urban Development			614,841	2,105,259
U.S Department of Justice:				
Direct Grant:				
Equitable Sharing Program	16.922	N/A	-	10,527
Passed through City of Watertown:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	-	4,394
Total U.S. Department of Justice			-	14,921
U.S. Department of Labor:				
Passed through NYS Office for the Aging:				
Senior Community Service Employment Program	17.235	Title V	-	12,740
Passed through NYS Department of Labor:				
Trade Adjustment Assistance	17.245	N/A	-	40,441
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277	T015528	-	39,593
WIOA cluster:				
WIOA Adult Program	17.258	N/A	99,873	383,192
WIOA Youth Activities	17.259	N/A	38,512	422,784
WIOA Dislocated Worker Formula Grants	17.278	N/A	16,810	316,521
Total WIOA cluster			155,195	1,122,497
Total U.S. Department of Labor			155,195	1,215,271

(continued)

COUNTY OF JEFFERSON, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantor/Pass Through Grantor/Program Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number	Passed Through to Sub-recipients	Total Federal Expenditures (1c)
U.S. Department of Transportation:				
Direct Grant:				
Airport Improvement Program:				
Airport Improvement Program	20.106	3-36-0120-46-16; 7906.18	-	6,592
Airport Improvement Program	20.106	3-36-0120-49-17; 7906.21	-	2,017,863
Airport Improvement Program	20.106	3-36-0120-50-18; 7906.22	-	82,905
Airport Improvement Program	20.106	3-36-0120-51-18; 7906.23	-	21,761
Airport Improvement Program	20.106	3-36-0120-52-18; 7906.24	-	264,874
Airport Improvement Program	20.106	3-36-0120-53-18; 7906.25	-	6,992
Total Airport Improvement Program:			-	2,400,987
Passed through NYS Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	D034852; PIN 7753.56	-	25,241
Highway Planning and Construction	20.205	D035845; PIN 7753.56	-	794,842
Highway Planning and Construction	20.205	D034827; PIN 7753.44	-	7,661
Highway Planning and Construction	20.205	D034853; PIN 7753.59	-	49,040
Highway Planning and Construction	20.205	D035516; PIN 7753.65	-	16,289
Highway Planning and Construction	20.205	D034771; PIN 7753.43	-	1,418,995
Highway Planning and Construction	20.205	D034698; PIN 7753.19	-	18,003
Total Highway Planning and Construction Cluster			-	2,330,071
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	D035476 PO16.17.881	-	44,466
Highway Safety Cluster:				
Passed through NYS Governor's Traffic Safety:				
State and Community Highway Safety	20.600	PTS-2018-JC SO-00150-(023)	-	9,294
State and Community Highway Safety	20.600	HS1-2018-JC PH-00004-(023)	-	10,345
National Priority Safety Programs	20.616	HS1-2019-JC PH-00036-(023)	-	1,620
National Priority Safety Programs	20.616	CPS-2018-JC SO-00034-(023)	-	1,280
Passed through NYS Stop DWI Foundation, Inc.:				
National Priority Safety Programs	20.616	HS1-2019-DWI Fnd-00181-(088)	-	3,009
National Priority Safety Programs	20.616	HS1-2018-DWI Fnd-00173-(088)	-	8,617
Passed through NYS Division of Criminal Justice Services:				
National Priority Safety Programs	20.616	HS1-2019-NYS DCJ-00172-099	-	2,754
National Priority Safety Programs	20.616	HS1-2018-NYS DCJ-00115-099	-	8,167
Total Highway Safety cluster			-	45,086
Total U.S. Department of Transportation			-	4,820,610
U.S. Department of the Treasury:				
Direct				
Equitable Sharing	21.016	N/A	-	670
Total U.S. Department of the Treasury			-	670
U.S. Environmental Protection Agency:				
Passed through the NYS Department of Health:				
State Indoor Radon Grants	66.032	T30733GG	-	4,301
Total U.S. Environmental Protection Agency			-	4,301

(continued)

COUNTY OF JEFFERSON, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantor/Pass Through Grantor/Program Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number	Passed Through to Sub-recipients	Total Federal Expenditures (1c)
U.S. Department of Education:				
Passed through Jefferson Community College:				
Career and Technical Education—Basic Grants to States (Perkins IV)	84.048	N/A	-	12,229
Passed through NYS Department of Health:				
Special Education - Grants for Infants and Families	84.181	C31638GG	-	53,559
Total U.S. Department of Education			-	65,788
U.S. Election Assistance Commission:				
Passed through NYS Board of Elections:				
Help America Vote Act Requirement Payments	90.401	C003225	-	17,999
Total U.S. Election Assistance Commission			-	17,999
U.S. Department of Health and Human Services:				
Passed through NYS Office for the Aging:				
Aging Cluster:				
Special Programs for Aging, Title III, Part B—Grants for Supportive Services and Senior Centers	93.044	Title III-B	-	91,175
Special Programs for Aging, Title III, Part C—Nutrition Services	93.045	Title III-C	-	180,535
Nutrition Services Incentive Program	93.053	NSIP	-	96,587
Total Aging Cluster			-	368,297
Special Programs for Aging Title III , Part D_Disease Prevention and Health Promotion Services	93.043	Title III-D	-	4,749
Special Programs for Aging, Title IV & Title II Discretionary Projects	93.048	Systems Integration	-	13,439
Natonal Family Caregiver Support Title III, Part E	93.052	Title III-E	-	41,838
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	HIICAP	-	20,970
Passed through the Health Research Institute:				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	1615-11	-	47,244
Cooperative Agreements	93.074	1615-12	-	52,296
Passed through NYS Office of Temporary and Disability Assistance:				
Child Support Enforcement	93.563	N/A	-	694,980
Low Income Home Energy Assistance	93.568	N/A	-	5,249,986
Passed through the Office of Children and Family Services:				
Kinship Guardianship Assistance	93.090	N/A	-	38
Promoting Safe and Stable Families	93.556	N/A	-	27,854
CCDF Cluster:				
Child Care and Development Block Grant	93.575	CCRR15	132,092	1,727,726
Total CCDF Cluster			132,092	1,727,726
Stephanie Tubbs Jones Child Welfare Service Program	93.645	N/A	-	65,377
Foster Care—Title IV-E	93.658	N/A	-	2,184,868
Adoption Assistance	93.659	N/A	-	1,442,797
Social Services Block Grant	93.667	N/A	-	3,628,568
Chafee Foster Care Independence Program	93.674	N/A	-	4,496

(continued)

COUNTY OF JEFFERSON, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

(concluded)

Federal Grantor/Pass Through Grantor/Program Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number	Passed Through to Sub-recipients	Total Federal Expenditures (1c)
Passed through NYS Department of Health:				
Maternal and Child Health Services Block Grant to the States:				
Maternal and Child Health Services Block Grant to the States	93.994	C32665GG	-	20,958
Maternal and Child Health Services Block Grant to the States	93.994	C30897GG	-	13,263
Total Maternal and Child Health Services Block Grant to the States			-	34,221
Medicaid Cluster:				
Passed through NYS Department of Health:				
Medical Assistance Program	93.778	N/A	-	1,388,071
Passed through NYS Office of Mental Health:				
Medical Assistance Program	93.778	Medicaid Admin	-	253,933
Total Medicaid Cluster			-	1,642,004
Passed through NYS Office of Alcoholism and Substance Abuse Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	996,637	996,637
TANF Cluster:				
Passed through NYS Office of Temporary and Disability Assistance:				
Temporary Assistance to Needy Families	93.558	N/A	-	6,133,239
Temporary Assistance to Needy Families	93.558	SYEP	-	274,439
Total TANF Cluster			996,637	6,407,678
Total U.S. Department of Health and Human Services			1,128,729	24,656,063
U.S. Social Security Administration:				
Passed through Reasearch Foundation for Mental Hygiene, Inc:				
Social Security-Work Incentives Planning and Assistance Program	96.008	Ticket-to-Work	-	14,428
Total U.S. Social Security Administration:			-	14,428
U.S. Department of Homeland Security:				
Passed through NYS Division of Homeland Security and Emergency Services:				
Homeland Security Grant Program:				
Homeland Security Grant Program	97.067	C173459	-	52,126
Homeland Security Grant Program	97.067	C173469	-	10,602
Homeland Security Grant Program	97.067	T180082	-	2,528
Homeland Security Grant Program	97.067	T971162	-	2,175
Homeland Security Grant Program	97.067	T971172	-	32,491
Homeland Security Grant Program	97.067	C189059	-	7,720
Homeland Security Grant Program	97.067	C189069	-	37,800
Homeland Security Grant Program	97.067	C971150	-	2,303
Homeland Security Grant Program	97.067	C971160	-	30,916
Homeland Security Grant Program	97.067	C971170	-	72,313
Total Homeland Security Grant Program			-	250,974
Direct Grant:				
Law Enforcement Officer Reimbursement Agreement Program:				
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0216HSLR705	-	42,970
Total Enforcement Officer Reimbursement Agreement Program:			-	42,970
Total U.S. Department of Homeland Security			-	293,944
Total Expenditures of Federal Awards (1d)			$ 1,898,765	$ 35,463,990

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

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the County of Jefferson, New York (the "County") under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a select 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 of expenditures of federal awards:

(a) Includes all federal award programs of the County of Jefferson, New York. The federal expenditures of the Jefferson County Community College and Jefferson County Industrial Development Agency have not been included.

(b) Source: Catalog of Federal Domestic Assistance.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. MATCHING COSTS

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

4. DEPARTMENT OF SOCIAL SERVICES – ADMINISTRATIVE COSTS

Differences between the amounts reflected in the Schedule of Expenditures of Federal Awards and the Department of Social Services' federal financial reports (RF-2 clams) are due to allocation of administrative costs to the individual federal programs.

5. AMOUNTS PROVIDED TO SUBRECIPIENTS

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

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Certified Public Accountants

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

Honorable County Board of Legislators and County Administrator
County of Jefferson, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Jefferson, New York (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2019. Our report includes a reference to other auditors who audited the financial statements of the Jefferson County Community College and Jefferson County Industrial Development Agency, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Drescher & Malecki LLP

June 28, 2019

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Certified Public Accountants

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

Honorable County Board of Legislators and County Administrator
County of Jefferson, New York

Report on Compliance for Each Major Federal Program

We have audited the County of Jefferson, New York's (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The County's basic financial statements include the operations of the Jefferson Community College and the Jefferson County Industrial Development Agency, which received $15,814,748 and $0 in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2018. Our compliance audit, described below, did not include the operations of the Jefferson Community College and the Jefferson County Industrial Development Agency, because other auditors were engaged to perform such audits in accordance with the Uniform Guidance.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Drescher & Malecki LLP

June 28, 2019

Part I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued: (*which report includes a reference to other auditors)		Unmodified*
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	✓ No
Significant deficiency(ies) identified?	______ Yes	✓ None reported
Noncompliance material to the financial statements noted?	______ Yes	✓ No

Federal Awards:

Internal control over major federal programs:		
Material weakness(es) identified?	______ Yes	✓ No
Significant deficiency(ies) identified?	______ Yes	✓ None reported
Type of report the auditor 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

CFDA Number(s)	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.044, 93.045, 93.053	Aging Cluster
93.558	Temporary Assistance to Needy Families
93.563	Child Support Enforcement
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs?		$ 1,063,920
Auditee qualified as low-risk auditee?	✓ Yes	______ No

Part II. Financial statement findings section

No findings were reported.

Part III. Federal award findings and questioned costs section

No findings were reported.

COUNTY OF JEFFERSON, NEW YORK
Summary Schedule of Prior Year Audit Findings and Corrective Action Plan
Year Ended December 31, 2018
(Follow Up on December 31, 2017 Findings)

Finding 2017-001—Solid Waste Management Fund

Criteria: Since the Solid Waste Management Fund is reported as an Enterprise Fund within the County it should independently operate.

Condition and Context: During the year ended December 31, 2010 an interfund loan was made between the General Fund and the Solid Waste Management Fund under the agreement that the Solid Waste Management Fund annually repay $100,000 of principal in addition to interest. On December 13, 2016, the County amended the original agreement decreasing the annual payment from $100,000 to $50,000 for a period of 20 years beginning with the year ending December 31, 2017. Although the Solid Waste Management Fund was unable to make a loan payment during the years ended December 31, 2015 and 2016, the cash flows during the year ended December 31, 2017 permitted the Solid Waste Management Fund to repay all short term cash advances and make a $50,000 payment on the noncurrent interfund loan.

Cause: The use of cash for operations and capital asset purchases exceeding cash received from operations and grants can hinder the Solid Waste Management Fund's ability to make consistent loan payments.

Effect or Potential Effect: The inability for the Solid Waste Management Fund to make schedule payments to the General Fund.

Recommendation: The County should continue to monitor operations of the Solid Waste Managment Fund to ensure that the General Fund consistently receives repayment on the noncurrent interfund loan.

Managements Corrective Action Plan: During the 2017 fiscal year, the negative cash position was eliminated and payment was resumed on the interfund loan. The Recycling and Waste Management Department will continue to look closely for new avenues of revenue and monitor expenses in order to continue to make annual scheduled payments to the General Fund.

Current Status: The County has monitored the Solid Waste Management Fund and scheduled payments have been made to the General Fund during the years ended December 31, 2018 and 2017.