

COUNTY OF CHAUTAUQUA
NEW YORK

*Basic Financial Statements, Required
Supplementary Information, Supplementary Information
and Federal Awards Information
for the Year Ended December 31, 2022 and
Independent Auditors' Reports*

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Chautauqua, New York (the "County") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Chautauqua County Industrial Development Agency ("CCIDA"), which is shown as a discretely presented component unit. We also did not audit the financial statements of the Chautauqua Tobacco Asset Securitization Corporation ("CTASC"), which represents 0.6% and 0.7%, respectively, of the assets and revenues of governmental activities. We also did not audit the financial statements of the Chautauqua County Land Bank Corporation ("CCLBC"), which represents 1.1% and 3.4%, respectively, of the assets and operating revenues of the business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the CCIDA, CTASC, and CCLBC, is based solely on the reports of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

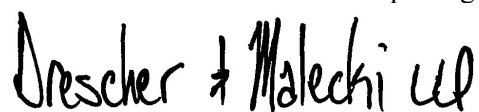
Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated August 17, 2023 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.



August 17, 2023

COUNTY OF CHAUTAUQUA, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2022

As management of the County of Chautauqua (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements and notes to the financial statements, which follow this narrative. For comparative purposes, certain data from the prior year has been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the County's primary government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$165,609,325 (*net position*). This consists of \$170,276,922 net investment in capital assets, \$13,613,565 restricted for specific purposes, and unrestricted net position of \$(18,281,162).
- The County's total primary government net position increased by \$30,639,283 during the year ended December 31, 2022. Governmental activities increased the County's net position by \$31,610,261, while net position of the business-type activities decreased by \$970,978.
- As of the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$76,292,951, an increase of \$22,858,739 in comparison with the prior year's combined ending fund balance of \$53,434,212. Approximately 57.1 percent, \$43,579,536 of the combined fund balances is unassigned.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$43,744,474, or 17.0 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the County's discretion and constitutes approximately 70.2 percent of the General Fund's total fund balance of \$62,288,722 at December 31, 2022.
- The County's primary government serial bonds and EFC notes payable increased by \$12,095,180 as a result of a serial bond and EFC notes payable issuances of \$10,632,302 and \$7,218,007, respectively, offset by principal payments of \$5,466,719, and a refunding issuance of \$7,380,000, which refunding previously issued 2012 serial bonds in the amount of \$7,765,000.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The County maintains five individual governmental funds. Additionally, the County reports the activities of its blended component unit, the Chautauqua County Tobacco Asset Securitization Corporation

(“CTASC”) within the Debt Service Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, County Road Fund, Road Machinery Fund, Debt Service Fund, and Capital Projects Fund, which are considered to be major funds.

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

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

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

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

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

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

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-63 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County’s net pension liability, progress in funding its obligation to provide post-employment benefits to its employees, and the County’s budgetary comparison schedules for the General Fund, County Road Fund, and Road Machinery Fund. Required Supplementary Information and related notes to the required supplementary information can be found on pages 65-71 of this report.

The combining statements referred to earlier in connection with the Internal Service Funds are presented immediately following the required supplementary information on pages 72-74.

Federal Awards Information can be found on pages 75-89 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the County's primary government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$127,576,054, at the close of the most recent fiscal year, as compared to \$95,965,793 at the close of the fiscal year ended December 31, 2021.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2022	2021 (as adjusted)	2022	2021	2022	2021 (as adjusted)
Assets:						
Current assets	\$ 170,754,909	\$ 144,862,154	\$ 35,851,591	\$ 36,444,627	\$ 206,606,500	\$ 181,306,781
Noncurrent assets	<u>228,558,008</u>	<u>198,132,955</u>	<u>80,883,977</u>	<u>75,418,024</u>	<u>309,441,985</u>	<u>273,550,979</u>
Total assets	<u>399,312,917</u>	<u>342,995,109</u>	<u>116,735,568</u>	<u>111,862,651</u>	<u>516,048,485</u>	<u>454,857,760</u>
Deferred outflows of resources	<u>50,870,454</u>	<u>67,095,814</u>	<u>3,142,104</u>	<u>4,165,854</u>	<u>54,012,558</u>	<u>71,261,668</u>
Liabilities:						
Current liabilities	62,213,780	53,748,681	1,898,533	5,467,741	64,112,313	59,216,422
Noncurrent liabilities	<u>133,926,184</u>	<u>130,281,242</u>	<u>68,426,774</u>	<u>58,830,078</u>	<u>202,352,958</u>	<u>189,111,320</u>
Total liabilities	<u>196,139,964</u>	<u>184,029,923</u>	<u>70,325,307</u>	<u>64,297,819</u>	<u>266,465,271</u>	<u>248,327,742</u>
Deferred inflows of resources	<u>126,467,353</u>	<u>130,095,207</u>	<u>11,519,094</u>	<u>12,726,437</u>	<u>137,986,447</u>	<u>142,821,644</u>
Net position:						
Net investment in capital assets	130,700,450	129,231,905	39,576,472	40,987,894	170,276,922	170,219,799
Restricted	13,613,565	16,254,934	-	395,864	13,613,565	16,650,798
Unrestricted	<u>(16,737,961)</u>	<u>(49,521,046)</u>	<u>(1,543,201)</u>	<u>(2,379,509)</u>	<u>(18,281,162)</u>	<u>(51,900,555)</u>
Total net position	<u>\$ 127,576,054</u>	<u>\$ 95,965,793</u>	<u>\$ 38,033,271</u>	<u>\$ 39,004,249</u>	<u>\$ 165,609,325</u>	<u>\$ 134,970,042</u>

The largest portion of the County's primary government net position, \$170,276,922, reflects its investment in capital assets, (e.g., land, infrastructure, buildings and building improvements, machinery and equipment, vehicles, landfill and water treatment facilities), net of accumulated depreciation, and less any debt used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's primary government net position, \$13,613,565, represents resources that are subject to external restrictions on how they may be used imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining portion of the County's net position, \$(18,281,162), is considered to be unrestricted. This deficit does not mean that the County does not have resources available to meet its obligations in the ensuing year. Rather, it reflects liabilities not related to the County's capital assets and are not expected to be repaid from current resources. These long-term liabilities including compensated absences and other postemployment benefits ("OPEB") obligation, are funded annually within the funds.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2022 and December 31, 2021.

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

	Governmental activities		Business-type activities		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues	\$ 123,645,413	\$ 94,733,902	\$ 16,167,306	\$ 17,377,565	\$ 139,812,719	\$ 112,111,467
General revenues	166,147,223	170,898,145	(856,235)	(354,109)	165,290,988	170,544,036
Total revenues	<u>289,792,636</u>	<u>265,632,047</u>	<u>15,311,071</u>	<u>17,023,456</u>	<u>305,103,707</u>	<u>282,655,503</u>
Total expenses	<u>257,903,775</u>	<u>243,611,894</u>	<u>16,560,649</u>	<u>15,223,403</u>	<u>274,464,424</u>	<u>258,835,297</u>
Transfers	<u>(278,600)</u>	<u>250,822</u>	<u>278,600</u>	<u>(250,822)</u>	<u>-</u>	<u>-</u>
Change in net position	31,610,261	22,270,975	(970,978)	1,549,231	30,639,283	23,820,206
Net position—beginning	<u>95,965,793</u>	<u>73,694,818</u>	<u>39,004,249</u>	<u>37,455,018</u>	<u>134,970,042</u>	<u>111,149,836</u>
Net position—ending	<u>\$ 127,576,054</u>	<u>\$ 95,965,793</u>	<u>\$ 38,033,271</u>	<u>\$ 39,004,249</u>	<u>\$ 165,609,325</u>	<u>\$ 134,970,042</u>

Governmental activities—Governmental activities increased the County’s primary government net position by \$31,610,261. A summary of revenues for governmental activities for the years ended December 31, 2022 and 2021 is presented below.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year ended December 31,		Increase/(Decrease)	
	2022	2021	Dollars	Percent
Charges for services	\$ 25,375,171	\$ 25,898,496	\$ (523,325)	(2.0)
Operating grants and contributions	83,377,383	56,762,926	26,614,457	46.9
Capital grants and contributions	14,892,859	12,072,480	2,820,379	23.4
Real property taxes	67,165,430	66,297,722	867,708	1.3
Real property tax items	4,617,181	3,129,923	1,487,258	47.5
Non property tax items	93,709,301	90,869,203	2,840,098	3.1
Use of money and property	(3,433,427)	21,896	(3,455,323)	(15,780.6)
Sale of property and compensation for loss	1,783,343	793,832	989,511	124.6
Miscellaneous	<u>2,305,395</u>	<u>9,785,569</u>	<u>(7,480,174)</u>	<u>(76.4)</u>
Total revenues	<u>\$ 289,792,636</u>	<u>\$ 265,632,047</u>	<u>\$ 24,160,589</u>	<u>9.1</u>

For the year ended December 31, 2022, the most significant source of revenues for governmental activities is non property tax items, which account for \$93,709,301, or 32.3 percent of total revenues. The other significant sources of revenue include operating grants and contributions, which comprise \$83,377,383, or 28.8 percent of total revenues and real property taxes, which comprise \$67,165,430, or 23.2 percent of total revenues. Comparatively, for the year ended December 31, 2021, the most significant source of revenues for governmental activities is non property tax items, which account for \$90,869,203, or 34.2 percent of

total revenues. The other significant sources of revenue include real property taxes, which comprise \$66,297,722, or 25.0 percent of total revenues and operating grants and contributions, which comprise \$56,762,926, or 21.4 percent of total revenues.

During the year ended December 31, 2022, total revenues increased by 9.1 percent, mainly due to increased operating grants and contributions as a result of various increased state and federal grants for indigent legal services and tribal compact monies.

A summary of program expenses of governmental activities for the years ended December 31, 2022 and December 31, 2021 is presented below.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2022	2021	Dollars	Percent (%)
General government support	\$ 61,068,552	\$ 61,031,167	\$ 37,385	0.1
Education	12,282,014	11,677,941	604,073	5.2
Public safety	33,039,799	33,312,410	(272,611)	(0.8)
Health	24,348,806	22,192,999	2,155,807	9.7
Transportation	38,355,166	31,265,149	7,090,017	22.7
Economic assistance and opportunity	83,421,609	79,216,888	4,204,721	5.3
Culture and recreation	523,546	513,703	9,843	1.9
Home and community services	1,721,677	1,423,869	297,808	20.9
Interest and fiscal charges	3,142,606	2,977,768	164,838	5.5
Total program expenses	<u>\$ 257,903,775</u>	<u>\$ 243,611,894</u>	<u>\$ 14,291,881</u>	5.9

At December 31, 2022, the County’s most significant expense category for governmental activities is economic assistance and opportunity (primarily composed of social service costs) of \$83,421,609, or 32.3 percent of program expenses. The other significant expenses include general government support of \$61,068,552, or 23.7 percent of total expenses, transportation of \$38,355,166, or 14.9 percent of total expenses and public safety of \$33,039,799, or 12.8 percent of total expenses. For the year ended December 31, 2021, the County’s most significant expense category for governmental activities is economic assistance and opportunity (primarily composed of social service costs) of \$79,216,888, or 32.5 percent of program expenses. The other significant expenses include general government support of \$61,031,167, or 25.1 percent of total expenses, public safety of \$33,312,410, or 13.7 percent of total expenses and transportation of \$31,265,149, or 12.8 percent of total expenses.

During the year ended December 31, 2022, total expenses increased by 5.9 percent. This is primarily the result of increased transportation expenses as a result of increased maintenance and fuel costs and economic assistance and opportunity as a result of increased grant-funded program costs.

Business type activities—Business-type activities decreased the County’s net position by \$970,978. For the year ended December 31, 2022, operating revenues increased 3.7 percent, while operating expenses increased 5.0 percent from the year ended December 31, 2021.

A summary of operating revenues and operating expenses for the County’s business-type activities for the years ended December 31, 2022 and 2021 is presented on the following page.

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

	Year Ended December 31,		Increase/(Decrease)	
	2022	2021	Dollars	Percent (%)
Operating revenues:				
Charges for services	\$ 15,371,370	\$ 14,818,163	\$ 553,207	3.7
Property sales	-	5,050	(5,050)	(100.0)
Total operating revenues	<u>\$ 15,371,370</u>	<u>\$ 14,823,213</u>	<u>\$ 548,157</u>	3.7
Operating expenses:				
Personal services	\$ 3,954,513	\$ 3,770,566	\$ 183,947	4.9
Contractual services	5,823,202	4,705,168	1,118,034	23.8
Fringe benefits	1,526,773	1,704,600	(177,827)	(10.4)
Depreciation	4,332,072	4,420,271	(88,199)	(2.0)
Landfill closure expense	346,430	291,624	54,806	18.8
Bad debt expense	-	4,412	(4,412)	(100.0)
Cost of real estate sold	-	326,812	(326,812)	(100.0)
Total operating expenses	<u>\$ 15,982,990</u>	<u>\$ 15,223,453</u>	<u>\$ 759,537</u>	5.0

As detailed above, the County’s business-type activities’ operating revenues for the year ended December 31, 2022 increased 3.7 percent, primarily as a result of increased fees collected by the Land Bank.

Additionally, the most significant operating expense items for the year ended December 31, 2022 were contractual services expense of \$5,715,497, or 35.8 percent of operating expenses, depreciation expense of \$4,332,072, or 27.1 percent of operating expenses, and personal services expenses of \$3,954,513, or 24.7 percent of operating expenses. Similarly, for the year ended December 31, 2021, the most significant expense items contractual service expense of \$4,705,168, or 30.9 percent of operating expenses, depreciation and depletion expense of \$4,420,271, or 29.0 percent of operating expenses, and personal services expenses of \$3,770,566, or 24.8 percent of operating expenses.

Financial Analysis of Governmental Funds

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

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

At December 31, 2022, the County’s governmental funds reported combined ending fund balances of \$76,292,951, an increase of \$22,858,739 in comparison with the prior year. Approximately 57.1% of this amount, \$43,579,536, constitutes *unassigned fund balance*, which is available for spending at the County’s discretion. The remainder of fund balance is either *nonspendable, restricted or assigned* to indicate that it is: (1) not in spendable form, \$6,593,688, (2) restricted for particular purposes, \$13,613,565, (3) assigned for particular purposes, \$12,506,162.

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 \$43,744,474, while the total fund balance was \$62,288,722. The General Fund fund balance increased \$19,014,584 from the prior year primarily as the result of greater than anticipated state and federal aid for indigent legal services and tribal compact monies as well as increased sales and property tax collections. As a measure of the General Fund’s liquidity, it may be useful to compare both *unassigned fund balance* and total fund balance to total expenditures and transfers out. *Unassigned fund balance* represents 17.0 percent of General Fund expenditures and transfers out, while total fund balance represents 70.2 percent of that same amount.

The fund balance in the County Road Fund and Road Machinery Fund fund balance decreased \$838,383 and \$14,109, respectively, primarily as a result of investment performance. The Debt Service Fund fund balance increased \$51,570 as a result tobacco settlement revenue exceeding principal and interest payments and unrealized losses on investments. The Capital Projects Fund fund balance increased \$4,645,077 as a result of serial bond issuances and transfers in exceeding capital outlay expenditures.

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

Overall net position of the proprietary funds decreased. This was primarily a result of unrealized losses on investments. The Water Districts and Electric Plant net position increased \$773,721 and \$70,227, respectively, primarily from additional state aid and strong operating performance. The Sewer Districts, Landfill, and Land Bank Corporation net position decreased by \$1,182,067, \$520,415, and \$122,444, respectively, during the year. The decrease in the Sewer Districts and Land Bank Corporation is primarily the result of operating expenses exceeding operating revenue. The decrease in the Landfill is primarily the result of unrealized investment losses.

General Fund Budgetary Highlights

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

A summary of General Fund results of operations for the year ended December 31, 2022 is presented in Table 6 below:

Table 6—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues and other financing sources	\$ 254,403,502	\$ 278,284,644	\$ 276,283,315	\$ (2,001,329)
Expenditures and other financing uses	<u>255,933,666</u>	<u>280,312,626</u>	<u>257,268,731</u>	<u>23,043,895</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,530,164)</u>	<u>\$ (2,027,982)</u>	<u>\$ 19,014,584</u>	<u>\$ 21,042,566</u>

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

Final budget compared to actual result—The General Fund had a variance from the final budgetary appropriations and estimated revenue of \$21,042,566. The variance is primarily due to the County receiving significantly more revenue for non property tax items and real property taxes than anticipated and by spending significantly less on health and economic assistance and opportunity expenditures than originally anticipated.

Capital Asset and Debt Administration

Capital assets—The County’s investment in capital assets for its governmental activities and business-type activities as of December 31, 2022 amounted to \$288,333,395 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings and building improvements, machinery and equipment, vehicles, right-to-use leased buildings, landfill assets and water treatment facilities. All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the County’s capital asset policy.

Capital assets, net of depreciation, for the governmental activities and business-type activities at the years ended December 31, 2022 and 2021 are presented in Table 7 below:

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

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2022	2021 (as adjusted)	2022	2021	2022	2021 (as adjusted)
Land	\$ 834,592	\$ 834,592	\$ 541,612	\$ 541,612	\$ 1,376,204	\$ 1,376,204
Construction in progress	8,281,781	1,286,532	16,651,906	8,448,173	24,933,687	9,734,705
Infrastructure	136,514,989	133,529,521	18,098,998	18,328,890	154,613,987	151,858,411
Buildings and building improvements	37,739,145	40,539,308	5,775,076	6,104,012	43,514,221	46,643,320
Machinery and equipment	15,177,433	12,291,155	10,165,015	11,411,206	25,342,448	23,702,361
Vehicles	5,784,178	5,270,799	(523,701)	654,695	5,260,477	5,925,494
Right-to-use leased buildings	4,197,193	4,381,048	-	-	4,197,193	4,381,048
Landfill assets	-	-	17,347,696	17,610,985	17,347,696	17,610,985
Water treatment facilities	-	-	11,747,482	11,949,462	11,747,482	11,949,462
Total assets	<u>\$ 208,529,311</u>	<u>\$ 198,132,955</u>	<u>\$ 79,804,084</u>	<u>\$ 75,049,035</u>	<u>\$ 288,333,395</u>	<u>\$ 273,181,990</u>

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

Long-term liabilities—At December 31, 2022 the County’s governmental activities had total long-term liabilities outstanding of \$133,926,184, as compared to \$130,281,202 (as adjusted) in the prior year. This includes serial bonds and bonds with accreted interest issued by Chautauqua Tobacco Asset Corporation (the “CTASC”). The County’s business-type activities had total long-term debt outstanding of \$68,426,774, as compared to \$62,209,681 (as adjusted) in the prior year.

A summary of the County’s long-term liabilities at December 31, 2022 and 2021 is presented in Table 8 below:

Table 8—Summary of Long-Term Liabilities

	Governmental Activities		Business-type Activities		Primary Government	
	December 31,		December 31,		December 31,	
	2022	2021 (as adjusted)	2022	2021	2022	2021 (as adjusted)
Serial bonds and EFC notes payable	\$ 35,205,562	\$ 29,484,100	\$33,711,117	\$27,337,399	\$ 68,916,679	\$ 56,821,499
Premium on serial bonds	1,177,266	237,959	703,330	704,862	1,880,596	942,821
Bonds payable, net	36,382,828	29,722,059	34,414,447	28,042,261	70,797,275	57,764,320
CTASC bonds and accreted interest, net	38,528,695	38,432,140	-	-	38,528,695	38,432,140
Notes payable	-	-	6,206,853	6,465,649	6,206,853	6,465,649
Leases	4,498,259	4,666,310	-	-	4,498,259	4,666,310
Compensated absences	8,026,568	8,032,903	195,328	189,785	8,221,896	8,222,688
Landfill closure and post-closure	-	-	24,846,050	24,499,621	24,846,050	24,499,621
Workers' compensation	18,236,284	18,272,731	410,807	467,269	18,647,091	18,740,000
Health insurance	1,475,890	-	93,110	-	1,569,000	-
OPEB obligation	25,569,226	29,240,093	2,260,179	2,531,700	27,829,405	31,771,793
Long-term due to other governments	-	120,000	-	-	-	120,000
Net pension	-	242,836	-	13,396	-	256,232
Long-term retirement payable	1,208,434	1,552,170	-	-	1,208,434	1,552,170
Total	<u>\$ 133,926,184</u>	<u>\$ 130,281,242</u>	<u>\$ 68,426,774</u>	<u>\$ 62,209,681</u>	<u>\$ 202,352,958</u>	<u>\$ 192,490,923</u>

Additional information on the County’s long-term debt can be found in Note 10 of this report.

Economic Factors

The unemployment rate, not seasonally adjusted, for the County during December 2022 was 3.9 percent, as compared to New York State’s unemployment rate of 4.1 percent.

The County considered current year operational expenses and estimated increases based on economic factors when establishing the 2023 budget. The County’s 2023 budget includes the appropriation of \$4,176,918 of fund balance in the General Fund. Additional information on the County’s budgeted appropriations of fund balance can be found in Note 11 to the financial statements.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Net Position
December 31, 2022

	Primary Government			Component Unit
	Governmental	Business-type	Total	Industrial Development Agency
	Activities	Activities		
ASSETS				
Cash and cash equivalents	\$ 8,430,238	\$ 317,857	\$ 8,748,095	\$ 7,518,402
Restricted cash, cash equivalents and investments	50,153,389	59,841	50,213,230	-
Investments	18,044,786	35,537,709	53,582,495	-
Receivables, net of allowance:				
Taxes receivable	17,465,662	-	17,465,662	-
Accounts receivable	4,654,597	3,877,824	8,532,421	-
Other receivables	7,239,529	-	7,239,529	17,990,344
Mortgage receivable	-	-	-	1,806,130
Internal balances	5,195,124	(5,195,124)	-	-
Intergovernmental receivables	56,112,418	603,192	56,715,610	-
Inventories	870,462	64,688	935,150	-
Prepaid items	2,588,704	96,870	2,685,574	-
Security deposit paid	-	-	-	15,957
Real property held for resale	-	488,734	488,734	1,021,816
Net pension asset	20,028,697	1,079,893	21,108,590	-
Capital assets not being depreciated	9,116,373	17,193,518	26,309,891	-
Capital assets, net of accumulated depreciation/amortization	199,412,938	62,610,566	262,023,504	2,595,283
Total assets	<u>399,312,917</u>	<u>116,735,568</u>	<u>516,048,485</u>	<u>30,947,932</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	41,100,018	2,216,005	43,316,023	-
Deferred outflows—relating to OPEB	9,248,180	532,411	9,780,591	-
Deferred charge on refunding	522,256	393,688	915,944	-
Total deferred outflows of resources	<u>50,870,454</u>	<u>3,142,104</u>	<u>54,012,558</u>	<u>-</u>
LIABILITIES				
Accounts payable	14,759,983	1,417,732	16,177,715	34,369
Accrued liabilities	3,144,360	324,610	3,468,970	394,441
Intergovernmental payables	20,368,940	-	20,368,940	-
Performance bond deposits	-	96,350	96,350	-
Unearned revenue	23,940,497	59,841	24,000,338	3,543,053
Noncurrent liabilities:				
Due within one year	9,679,440	3,321,387	13,000,827	2,322,357
Due in more than one year	124,246,744	65,105,387	189,352,131	2,452,498
Total liabilities	<u>196,139,964</u>	<u>70,325,307</u>	<u>266,465,271</u>	<u>8,746,718</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources—pensions	71,454,039	3,852,610	75,306,649	-
Deferred inflows of resources—OPEB	52,461,104	4,198,484	56,659,588	-
Deferred capital grant contribution	-	3,468,000	3,468,000	-
Deferred gain on refunding	2,552,210	-	2,552,210	-
Total deferred inflows of resources	<u>126,467,353</u>	<u>11,519,094</u>	<u>137,986,447</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	130,700,450	39,576,472	170,276,922	648,374
Restricted for:				
Insurance	2,006,758	-	2,006,758	-
Capital projects	5,401,124	-	5,401,124	-
Occupancy tax	733,854	-	733,854	-
E911/W911	798,003	-	798,003	-
Fire services	511,665	-	511,665	-
Lakes and waterways	916,017	-	916,017	-
Opioid settlement	902,116	-	902,116	-
Debt service	2,344,028	-	2,344,028	-
Industrial Development Agency purposes	-	-	-	18,555,515
Unrestricted	(16,737,961)	(1,543,201)	(18,281,162)	2,997,325
Total net position	<u>\$ 127,576,054</u>	<u>\$ 38,033,271</u>	<u>\$ 165,609,325</u>	<u>\$ 22,201,214</u>

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Activities
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Industrial Development Agency
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government support	\$ 61,068,552	\$ 7,672,415	\$ 13,115,589	\$ -	\$ (40,280,548)	\$ -	\$ (40,280,548)	\$ -
Education	12,282,014	-	5,206,742	-	(7,075,272)	-	(7,075,272)	-
Public safety	33,039,799	4,795,681	2,772,603	-	(25,471,515)	-	(25,471,515)	-
Health	24,348,806	7,250,698	14,345,235	-	(2,752,873)	-	(2,752,873)	-
Transportation	38,355,166	2,535,239	4,689,188	14,887,409	(16,243,330)	-	(16,243,330)	-
Economic assistance and opportunity	83,421,609	3,119,213	41,852,285	4,950	(38,445,161)	-	(38,445,161)	-
Culture and recreation	523,546	-	284,622	-	(238,924)	-	(238,924)	-
Home and community services	1,721,677	1,925	1,111,119	500	(608,133)	-	(608,133)	-
Interest and fiscal charges	3,142,606	-	-	-	(3,142,606)	-	(3,142,606)	-
Total governmental activities	<u>257,903,775</u>	<u>25,375,171</u>	<u>83,377,383</u>	<u>14,892,859</u>	<u>(134,258,362)</u>	<u>-</u>	<u>(134,258,362)</u>	<u>-</u>
Business-type activities:								
Sewer	5,377,737	4,250,777	-	60,000	-	(1,066,960)	(1,066,960)	-
Water	1,502,671	1,461,243	-	725,996	-	684,568	684,568	-
Landfill	8,118,588	8,116,133	9,940	-	-	7,485	7,485	-
Electric Plant	924,239	1,019,682	-	-	-	95,443	95,443	-
Chautauqua County Land Bank Corporation	637,414	523,535	-	-	-	(113,879)	(113,879)	-
Total business-type activities	<u>16,560,649</u>	<u>15,371,370</u>	<u>9,940</u>	<u>785,996</u>	<u>-</u>	<u>(393,343)</u>	<u>(393,343)</u>	<u>-</u>
Total primary government	<u>\$ 274,464,424</u>	<u>\$ 40,746,541</u>	<u>\$ 83,387,323</u>	<u>\$ 15,678,855</u>	<u>(134,258,362)</u>	<u>(393,343)</u>	<u>(134,651,705)</u>	<u>-</u>
Component unit:								
Chautauqua County Industrial Development Agency	<u>\$ 3,797,587</u>	<u>\$ 809,881</u>	<u>\$ 3,973,752</u>	<u>\$ -</u>				<u>986,046</u>
Total component unit	<u>\$ 3,797,587</u>	<u>\$ 809,881</u>	<u>\$ 3,973,752</u>	<u>\$ -</u>				<u>986,046</u>
General revenues:								
					67,165,430	-	67,165,430	-
					4,617,181	-	4,617,181	-
					93,709,301	-	93,709,301	-
					(3,433,427)	(1,223,808)	(4,657,235)	846,704
					1,783,343	18,535	1,801,878	-
					2,305,395	349,038	2,654,433	505,214
					(278,600)	278,600	-	-
					<u>165,868,623</u>	<u>(577,635)</u>	<u>165,290,988</u>	<u>1,351,918</u>
					31,610,261	(970,978)	30,639,283	2,337,964
					<u>95,965,793</u>	<u>39,004,249</u>	<u>134,970,042</u>	<u>19,863,250</u>
					<u>\$ 127,576,054</u>	<u>\$ 38,033,271</u>	<u>\$ 165,609,325</u>	<u>\$ 22,201,214</u>

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

COUNTY OF CHAUTAUQUA, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2022

	<u>General</u>	<u>Special Revenue</u>			<u>Capital Projects</u>	<u>Total Governmental Funds</u>
		<u>County Road</u>	<u>Road Machinery</u>	<u>Debt Service</u>		
ASSETS						
Cash and cash equivalents	\$ 8,430,238	\$ -	\$ -	\$ -	\$ -	\$ 8,430,238
Investments	-	-	-	2,497,174	4,735,661	7,232,835
Restricted cash, cash equivalents and investments	50,145,164	-	-	8,225	-	50,153,389
Receivables (net of allowances)						
Taxes receivable	17,465,662	-	-	-	-	17,465,662
Accounts receivable	4,454,824	111,245	88,383	-	145	4,654,597
Other receivables	3,353,158	-	-	-	81,371	3,434,529
Intergovernmental receivables	41,206,741	8,959,402	-	-	1,507,069	51,673,212
Due from other funds	7,184,808	-	-	-	-	7,184,808
Inventories	95,592	180,837	594,033	-	-	870,462
Prepaid items	2,128,444	141,344	18,909	-	-	2,288,697
Total assets	<u>\$ 134,464,631</u>	<u>\$ 9,392,828</u>	<u>\$ 701,325</u>	<u>\$ 2,505,399</u>	<u>\$ 6,324,246</u>	<u>\$ 153,388,429</u>
LIABILITIES						
Accounts payable	\$ 11,466,666	\$ 712,090	\$ 201,155	\$ -	\$ 1,679,125	\$ 14,059,036
Accrued liabilities	2,230,777	297,438	40,077	-	-	2,568,292
Intergovernmental payables	20,368,940	-	-	-	-	20,368,940
Due to other funds	3,007,802	1,977,595	12,089	-	-	4,997,486
Unearned revenue	23,940,497	-	-	-	-	23,940,497
Total liabilities	<u>61,014,682</u>	<u>2,987,123</u>	<u>253,321</u>	<u>-</u>	<u>1,679,125</u>	<u>65,934,251</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	9,001,358	-	-	-	-	9,001,358
Unavailable revenue - opioid settlement	2,159,869	-	-	-	-	2,159,869
Total deferred inflows of resources	<u>11,161,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,161,227</u>
FUND BALANCES						
Nonspendable	5,577,194	322,181	612,942	-	81,371	6,593,688
Restricted	6,544,416	-	-	2,505,399	4,563,750	13,613,565
Assigned	6,422,638	6,083,524	-	-	-	12,506,162
Unassigned	43,744,474	-	(164,938)	-	-	43,579,536
Total fund balances	<u>62,288,722</u>	<u>6,405,705</u>	<u>448,004</u>	<u>2,505,399</u>	<u>4,645,121</u>	<u>76,292,951</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 134,464,631</u>	<u>\$ 9,392,828</u>	<u>\$ 701,325</u>	<u>\$ 2,505,399</u>	<u>\$ 6,324,246</u>	<u>\$ 153,388,429</u>

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

COUNTY OF CHAUTAUQUA, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2022

Amounts reported for governmental activities in the statement of net position (page 14) are different because:		
Fund balances—total governmental funds (page 16)		\$ 76,292,951
Net pension assets are not current financial resources and, therefore, are not reported in the fund statements.		20,028,697
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these assets is \$414,278,911 and the accumulated depreciation/amortization is \$205,749,600.		208,529,311
Uncollected property taxes of \$9,001,358 and opioid settlement revenue of \$2,159,869 are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		11,161,227
Long-term receivable from Jamestown Community College is not reported as a fund receivable, but rather is recognized when the resources are available. The asset is reported in the statement of net position.		3,805,000
Deferred charges associated with refunding of bonds are not reported in the governmental funds. The charge is reported as a deferred outflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt.		522,256
Deferred outflows and inflows of resources related to pensions and other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to employer contributions	\$ 5,680,573	
Deferred outflows of resources related to experience, changes of assumptions and investment earnings	35,419,445	
Deferred inflows related to pension plans	(71,454,039)	
Deferred outflows related to OPEB	9,248,180	
Deferred inflows related to OPEB	<u>(52,461,104)</u>	(73,566,945)
Internal service funds are used by the County to charge the costs of health insurance and workers' compensation to the individual funds. The assets and liabilities of the internal services funds are included in the governmental funds statement of net position.		(1,863,298)
Deferred gains on refunding are not financial resources and, therefore, are not reported as liabilities in the governmental funds.		(2,552,210)
Net accrued interest for bond anticipation notes and serial bonds is not reported in the funds.		(566,925)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	\$ (35,205,562)	
Unamortized bond premiums	(1,177,266)	
CTASC bonds and accreted interest, net	(38,528,695)	
Leases	(4,498,259)	
Compensated absences	(8,026,568)	
Other postemployment benefits	(25,569,226)	
Long-term retirement payable	<u>(1,208,434)</u>	<u>(114,214,010)</u>
Net position of governmental activities		<u>\$ 127,576,054</u>

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
Year Ended December 31, 2022

	<u>Special Revenue</u>					Total Governmental Funds
	General	County Road	Road Machinery	Debt Service	Capital Projects	
REVENUES						
Real property taxes	\$ 73,385,128	\$ -	\$ -	\$ -	\$ -	\$ 73,385,128
Real property tax items	4,617,181	-	-	-	-	4,617,181
Non-property tax items	92,942,877	766,424	-	-	-	93,709,301
Departmental income	15,497,739	20	-	-	-	15,497,759
Intergovernmental charges	5,052,743	8,244	582,641	-	459,316	6,102,944
Licenses and permits	69,628	535,358	-	-	-	604,986
Fines and forfeitures	253,951	-	-	-	-	253,951
Use of money and property	(2,356,265)	(755,246)	(103,367)	(218,549)	-	(3,433,427)
Sale of property and compensation for loss	416,397	-	17,957	-	446,873	881,227
Miscellaneous	3,270,645	328,233	4,229	-	-	3,603,107
Interfund revenue	198,254	-	632,526	-	-	830,780
Tobacco settlement revenue	-	-	-	2,414,751	-	2,414,751
State aid	38,697,619	7,934,445	-	-	680,605	47,312,669
Federal aid	42,837,782	1,842,035	27	-	6,277,729	50,957,573
Total revenues	<u>274,883,679</u>	<u>10,659,513</u>	<u>1,134,013</u>	<u>2,196,202</u>	<u>7,864,523</u>	<u>296,737,930</u>
EXPENDITURES						
Current:						
General government support	61,999,854	-	-	327,951	-	62,327,805
Education	12,888,695	-	-	-	-	12,888,695
Public safety	34,415,796	-	-	-	-	34,415,796
Health	25,782,461	-	-	-	-	25,782,461
Transportation	4,878,825	25,390,923	4,951,323	-	-	35,221,071
Economic assistance and opportunity	86,847,662	-	-	-	-	86,847,662
Culture and recreation	537,805	-	-	-	-	537,805
Home and community services	1,790,592	-	-	-	-	1,790,592
Employee benefits	-	-	-	-	-	-
Debt service:						
Principal	3,700,021	-	91,535	8,390,000	-	12,181,556
Interest and fiscal charges	928,481	-	15,730	1,432,150	-	2,376,361
Capital outlay	-	-	-	-	17,289,935	17,289,935
Total expenditures	<u>233,770,192</u>	<u>25,390,923</u>	<u>5,058,588</u>	<u>10,150,101</u>	<u>17,289,935</u>	<u>291,659,739</u>
Excess (deficiency) of revenues over expenditures	<u>41,113,487</u>	<u>(14,731,410)</u>	<u>(3,924,575)</u>	<u>(7,953,899)</u>	<u>(9,425,412)</u>	<u>5,078,191</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	214,909	13,893,027	3,910,466	-	5,201,537	23,219,939
Transfers out	(23,498,539)	-	-	-	-	(23,498,539)
Serial bonds issued	-	-	-	-	8,868,952	8,868,952
Refunding bond issued	-	-	-	7,380,000	-	7,380,000
Premium on refunding bond issuance	443,712	-	-	625,469	-	1,069,181
Issuance of leases	741,015	-	-	-	-	741,015
Total other financing sources (uses)	<u>(22,098,903)</u>	<u>13,893,027</u>	<u>3,910,466</u>	<u>8,005,469</u>	<u>14,070,489</u>	<u>17,780,548</u>
Net change in fund balances	19,014,584	(838,383)	(14,109)	51,570	4,645,077	22,858,739
Fund balances—beginning	43,274,138	7,244,088	462,113	2,453,829	44	53,434,212
Fund balances—ending	<u>\$ 62,288,722</u>	<u>\$ 6,405,705</u>	<u>\$ 448,004</u>	<u>\$ 2,505,399</u>	<u>\$ 4,645,121</u>	<u>\$ 76,292,951</u>

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

COUNTY OF CHAUTAUQUA, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—
Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2022

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

Net change in fund balances—total governmental funds (page 18) \$ 22,858,739

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays, net of disposals, exceeded depreciation/amortization expense in the current period.

Capital asset additions and transfers	\$ 27,674,328	
Loss on disposal of assets	(49,444)	
Depreciation/amortization expense	<u>(17,228,528)</u>	10,396,356

Amortization of deferred charge on refunding. (79,134)

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

Change in unavailable revenue	\$ (6,615,294)	
Change in long-term receivable	<u>(330,000)</u>	(6,945,294)

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

Direct pension contributions	\$ 7,772,441	
Cost of benefits earned net of employee contributions	<u>(248,827)</u>	7,523,614

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

Change in OPEB assumptions	\$ (1,445,153)	
Differences between expected and actual experience	<u>1,497,632</u>	52,479

Internal services funds are used by management to charge the costs of health insurance and workers' compensation. The net income of the internal service funds of \$539,619 is reported within governmental activities. 632,528

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. (547,184)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Serial bonds issued	\$ (8,868,952)	
Refunding bond issued	(7,380,000)	
Premium on refunding bond issuance	(1,069,181)	
Amortization of bond premium	129,874	
Principal payments on serial bonds	10,527,490	
Principal payment on CTASC bonds	625,000	
Amortization of bond discount on CTASC bonds	(21,970)	
Accreted interest on CTASC bonds	(710,161)	
Amortization of deferred gain on CTASC bonds	177,068	
Issuance of leases	(741,015)	
Principal payments on leases	909,066	
Change in compensated absences	6,335	
Change in other postemployment benefits obligation	3,670,867	
Change in long-term due to other governments	120,000	
Change in long-term retirement payable	<u>343,736</u>	<u>(2,281,843)</u>

Change in net position of governmental activities \$ 31,610,261

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Net Position—Proprietary Funds
December 31, 2022

	Business-type Activities					Governmental Activities—	
	Enterprise Funds						Internal Service Funds
	Sewer Districts	Water Districts	Landfill	Electric Plant	Land Bank Corporation		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 150	\$ -	\$ 1,150	\$ -	\$ 316,557	\$ 317,857	\$ -
Restricted cash and cash equivalents	-	-	-	-	59,841	59,841	-
Investments	4,381,382	559,942	29,057,714	1,038,671	500,000	35,537,709	10,811,951
Receivables (net of allowances)	1,608,171	1,530,413	734,411	4,829	-	3,877,824	-
Intergovernmental receivables	587,194	15,889	109	-	-	603,192	4,439,206
Due from other funds	-	-	-	-	-	-	3,007,802
Prepaid items	34,682	816	61,372	-	-	96,870	300,007
Inventories	-	-	64,688	-	-	64,688	-
Real property held for resale	-	-	-	-	488,734	488,734	-
Total current assets	<u>6,611,579</u>	<u>2,107,060</u>	<u>29,919,444</u>	<u>1,043,500</u>	<u>1,365,132</u>	<u>41,046,715</u>	<u>18,558,966</u>
Noncurrent assets:							
Net pension asset	386,640	9,093	684,160	-	-	1,079,893	-
Capital assets, not being depreciated	11,163,628	3,666,373	2,363,517	-	-	17,193,518	-
Capital assets, net of accumulated depreciation	<u>23,077,594</u>	<u>11,686,170</u>	<u>19,694,833</u>	<u>8,151,969</u>	<u>-</u>	<u>62,610,566</u>	<u>-</u>
Total noncurrent assets	<u>34,627,862</u>	<u>15,361,636</u>	<u>22,742,510</u>	<u>8,151,969</u>	<u>-</u>	<u>80,883,977</u>	<u>-</u>
Total assets	<u>41,239,441</u>	<u>17,468,696</u>	<u>52,661,954</u>	<u>9,195,469</u>	<u>1,365,132</u>	<u>121,930,692</u>	<u>18,558,966</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows—related to pensions	793,407	18,662	1,403,936	-	-	2,216,005	-
Deferred outflows—related to OPEB	230,588	4,741	297,082	-	-	532,411	-
Deferred charge on refunding	-	-	-	393,688	-	393,688	-
Total deferred outflows of resources	<u>1,023,995</u>	<u>23,403</u>	<u>1,701,018</u>	<u>393,688</u>	<u>-</u>	<u>3,142,104</u>	<u>-</u>
LIABILITIES							
Current liabilities:							
Accounts payable	949,030	177,755	290,307	-	640	1,417,732	700,947
Accrued liabilities	86,465	21,275	124,165	92,705	-	324,610	9,143
Due to other funds	-	5,195,124	-	-	-	5,195,124	-
Performance bond deposits	-	-	-	-	96,350	96,350	-
Unearned revenue	-	-	-	-	59,841	59,841	-
Total current liabilities	<u>1,035,495</u>	<u>5,394,154</u>	<u>414,472</u>	<u>92,705</u>	<u>156,831</u>	<u>7,093,657</u>	<u>710,090</u>
Noncurrent liabilities:							
Due within one year:							
Compensated absences	60,493	-	134,835	-	-	195,328	-
Serial bonds and notes payable, net	250,691	201,190	1,771,019	903,159	-	3,126,059	-
Due in more than one year:							
Serial bonds and notes payable, net	13,940,537	6,258,410	11,383,182	5,913,112	-	37,495,241	-
Landfill closure and post-closure	-	-	24,846,050	-	-	24,846,050	-
Workers' compensation liability	76,791	1,361	332,655	-	-	410,807	18,236,284
Health insurance liability	35,047	575	57,488	-	-	93,110	1,475,890
Net OPEB obligation	730,579	15,614	1,513,986	-	-	2,260,179	-
Total noncurrent liabilities	<u>15,094,138</u>	<u>6,477,150</u>	<u>40,039,215</u>	<u>6,816,271</u>	<u>-</u>	<u>68,426,774</u>	<u>19,712,174</u>
Total liabilities	<u>16,129,633</u>	<u>11,871,304</u>	<u>40,453,687</u>	<u>6,908,976</u>	<u>156,831</u>	<u>75,520,431</u>	<u>20,422,264</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows of resources—pensions	1,379,370	32,442	2,440,798	-	-	3,852,610	-
Deferred inflows of resources—OPEB	1,215,917	22,830	2,959,737	-	-	4,198,484	-
Deferred capital grant contribution	-	3,468,000	-	-	-	3,468,000	-
Total deferred inflows of resources	<u>2,595,287</u>	<u>3,523,272</u>	<u>5,400,535</u>	<u>-</u>	<u>-</u>	<u>11,519,094</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	20,049,994	8,892,943	8,904,149	1,729,386	-	39,576,472	-
Unrestricted	<u>3,488,522</u>	<u>(6,795,420)</u>	<u>(395,399)</u>	<u>950,795</u>	<u>1,208,301</u>	<u>(1,543,201)</u>	<u>(1,863,298)</u>
Total net position	<u>\$ 23,538,516</u>	<u>\$ 2,097,523</u>	<u>\$ 8,508,750</u>	<u>\$ 2,680,181</u>	<u>\$ 1,208,301</u>	<u>\$ 38,033,271</u>	<u>\$ (1,863,298)</u>

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2022

	Business-type Activities						Governmental
	Enterprise Funds						Activities—
	Sewer Districts	Water Districts	Landfill	Electric Plant	Land Bank Corporation	Total	Internal Service Funds
OPERATING REVENUES							
Charges for services	\$ 4,250,777	\$ 1,461,243	\$ 8,116,133	\$ 1,019,682	\$ 523,535	\$ 15,371,370	\$ 25,169,299
Total operating revenues	<u>4,250,777</u>	<u>1,461,243</u>	<u>8,116,133</u>	<u>1,019,682</u>	<u>523,535</u>	<u>15,371,370</u>	<u>25,169,299</u>
OPERATING EXPENSES							
Personal services	1,276,491	39,277	2,465,778	-	172,967	3,954,513	-
Contractual services	2,023,640	1,139,453	2,156,978	53,041	450,090	5,823,202	26,577,742
Fringe benefits	624,286	12,284	875,846	-	14,357	1,526,773	-
Depreciation	1,399,020	263,289	2,008,820	660,943	-	4,332,072	-
Landfill closure expense	-	-	346,430	-	-	346,430	-
Total operating expenses	<u>5,323,437</u>	<u>1,454,303</u>	<u>7,853,852</u>	<u>713,984</u>	<u>637,414</u>	<u>15,982,990</u>	<u>26,577,742</u>
Operating (loss) income	<u>(1,072,660)</u>	<u>6,940</u>	<u>262,281</u>	<u>305,698</u>	<u>(113,879)</u>	<u>(611,620)</u>	<u>(1,408,443)</u>
NONOPERATING REVENUES (EXPENSES)							
Transfers in	-	5,175	488,334	-	-	493,509	-
Transfers out	-	-	(214,909)	-	-	(214,909)	-
State sources	60,000	725,996	9,940	-	-	795,936	-
Interest income	(215,215)	(48,022)	(928,906)	(31,850)	185	(1,223,808)	(590,098)
Interest expense	(54,300)	(48,368)	(264,736)	(210,255)	-	(577,659)	-
Gain (loss) on disposal of assets	87,568	-	(69,033)	-	-	18,535	-
Other miscellaneous revenue	12,540	132,000	196,614	6,634	1,250	349,038	2,631,069
Total nonoperating revenues (expenses)	<u>(109,407)</u>	<u>766,781</u>	<u>(782,696)</u>	<u>(235,471)</u>	<u>1,435</u>	<u>(359,358)</u>	<u>2,040,971</u>
Change in net position	(1,182,067)	773,721	(520,415)	70,227	(112,444)	(970,978)	632,528
Net position—beginning	<u>24,720,583</u>	<u>1,323,802</u>	<u>9,029,165</u>	<u>2,609,954</u>	<u>1,320,745</u>	<u>39,004,249</u>	<u>(2,495,826)</u>
Net position—ending	<u>\$ 23,538,516</u>	<u>\$ 2,097,523</u>	<u>\$ 8,508,750</u>	<u>\$ 2,680,181</u>	<u>\$ 1,208,301</u>	<u>\$ 38,033,271</u>	<u>\$ (1,863,298)</u>

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2022

	Business-type Activities					Total	Governmental
	Enterprise Funds						Activities—
	Sewer Districts	Water Districts	Landfill	Electric Plant	Land Bank Corporation		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from services provided	\$ 5,371,009	\$ 2,223,052	\$ 8,279,058	\$ 1,021,262	\$ 558,428	\$ 17,452,809	\$ 25,736,384
Payments to suppliers and service providers	(2,484,453)	(1,443,207)	(2,197,173)	(70,780)	(582,335)	(6,777,948)	(24,718,548)
Payments to employees for salaries and benefits	(2,035,556)	(187,498)	(3,925,334)	-	(202,324)	(6,350,712)	-
Net cash (used for) provided by operating activities	<u>851,000</u>	<u>592,347</u>	<u>2,156,551</u>	<u>950,482</u>	<u>(226,231)</u>	<u>4,324,149</u>	<u>1,017,836</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payments from (to) other funds	-	(204,089)	11,273,425	-	-	11,069,336	(3,007,802)
Other income	160,108	713,002	137,521	6,634	9,090	1,026,355	2,631,069
Net cash provided by noncapital financing activities	<u>160,108</u>	<u>508,913</u>	<u>11,410,946</u>	<u>6,634</u>	<u>9,090</u>	<u>12,095,691</u>	<u>(376,733)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Interest expense	(54,300)	(48,368)	(264,736)	(210,255)	-	(577,659)	-
Acquisition and reclassifications of capital assets	(7,160,881)	(1,538,198)	(388,043)	-	-	(9,087,122)	-
Serial bond issued	1,763,350	-	-	-	-	1,763,350	-
Notes payable issued	6,536,511	681,496	-	-	-	7,218,007	-
Principal payments on serial bonds	(96,590)	-	(1,707,510)	(803,539)	-	(2,607,639)	-
Principal payments on notes payable	(62,607)	(196,190)	-	-	-	(258,797)	-
Net cash provided by (used for) capital and related financial activities	<u>925,483</u>	<u>(1,101,260)</u>	<u>(2,360,289)</u>	<u>(1,013,794)</u>	<u>-</u>	<u>(3,549,860)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment loss (gain)	(1,936,591)	-	(11,207,208)	56,678	185	(13,086,936)	(641,103)
Net cash (used for) provided by investing activities	<u>(1,936,591)</u>	<u>-</u>	<u>(11,207,208)</u>	<u>56,678</u>	<u>185</u>	<u>(13,086,936)</u>	<u>(641,103)</u>
Net (decrease) in cash and cash equivalents	-	-	-	-	(216,956)	(216,956)	-
Cash and cash equivalents—beginning	150	-	1,150	-	593,354	594,654	-
Cash and cash equivalents—ending	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 1,150</u>	<u>\$ -</u>	<u>\$ 376,398</u>	<u>\$ 377,698</u>	<u>\$ -</u>

(continued)

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Cash Flows—Proprietary Funds
Year Ended December 31, 2022

(concluded)

	Business-type Activities						Governmental Activities— Internal Service Funds
	Enterprise Funds						
	Sewer Districts	Water Districts	Landfill	Electric Plant	Land Bank Corporation	Total	
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES							
Operating (loss) income	\$(1,072,660)	\$ 6,940	\$ 262,281	\$ 305,698	\$ (113,879)	\$ (611,620)	\$ (1,408,443)
Adjustments to reconcile operating (loss) income to net cash (used for) provided by operating activities:							
Depreciation and depletion	1,399,020	263,289	2,355,250	660,943	-	4,678,502	-
Decrease in receivables	72,748	3,694	162,925	1,580	-	240,947	-
Decrease in intergovernmental receivables	1,047,484	758,115	-	-	-	1,805,599	567,085
Decrease (increase) in prepaid assets	8,457	228	25,716	-	-	34,401	(112,000)
(Increase) in inventories	-	-	(6,587)	-	-	(6,587)	-
(Increase) in property held for resale	-	-	-	-	(119,745)	(119,745)	-
Decrease in deferred outflows of resources	245,277	6,269	719,123	53,081	-	1,023,750	-
(Decrease) increase in accounts payable	(595,233)	(303,849)	(29,178)	-	(15,000)	(943,260)	541,975
Increase (decrease) in accrued liabilities	42,404	(133)	(2,887)	(12,983)	-	26,401	1,429,219
(Decrease) in performance bond deposits	-	-	-	-	(12,500)	(12,500)	-
Increase in unearned revenue	-	-	-	-	34,893	34,893	-
Increase (decrease) in bond premium	83,564	-	(27,259)	(57,837)	-	(1,532)	-
(Decrease) in accrued workers' compensation	(14,406)	(762)	(41,294)	-	-	(56,462)	-
Increase (decrease) in compensated absences liability	5,556	-	(13)	-	-	5,543	-
(Decrease) in other postemployment benefits	(76,825)	(1,269)	(193,427)	-	-	(271,521)	-
(Decrease) in net pension liability (asset)	(391,042)	(9,200)	(693,047)	-	-	(1,093,289)	-
Increase in health insurance liability	35,047	575	57,488	-	-	93,110	-
Increase (decrease) in deferred inflows of resources	61,609	(131,550)	(432,540)	-	-	(502,481)	-
Total adjustments	<u>1,923,660</u>	<u>585,407</u>	<u>1,894,270</u>	<u>644,784</u>	<u>(112,352)</u>	<u>4,935,769</u>	<u>2,426,279</u>
Net cash (used for) provided by operating activities	<u>\$ 851,000</u>	<u>\$ 592,347</u>	<u>\$ 2,156,551</u>	<u>\$ 950,482</u>	<u>\$ (226,231)</u>	<u>\$ 4,324,149</u>	<u>\$ 1,017,836</u>

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Fiduciary Net Position—Custodial Fund
December 31, 2022

	<u>Custodial Fund</u>
ASSETS	
Restricted cash	\$ 3,151,818
Accounts receivable	26,280
Intergovernmental receivables	<u>23,193</u>
Total assets	<u>\$ 3,201,291</u>
LIABILITIES	
Other liabilities	189,172
Due to other governments	<u>1,403,572</u>
Total liabilities	<u>1,592,744</u>
NET POSITION	
Restricted for other purposes	<u>1,608,547</u>
Total liabilities	<u>\$ 1,608,547</u>

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

COUNTY OF CHAUTAUQUA, NEW YORK
Statement of Changes in Fiduciary Net Position—Custodial Fund
December 31, 2022

	Custodial Fund
ADDITIONS	
Funds collected on behalf of others	\$ 39,567,221
Interest and earnings	7,571
Total additions	39,574,792
 DEDUCTIONS	
Funds distributed on behalf of others	39,452,744
Total deductions	39,452,744
Change in fiduciary net position	122,048
Net position—beginning	1,486,499
Net position—ending	\$ 1,608,547

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

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COUNTY OF CHAUTAUQUA, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

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

Reporting Entity

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

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

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

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

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

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

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

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

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

Roberts Road Development Corporation—The Roberts Road Development Corporation (the “Corporation”) was created pursuant to Section 1411 of the Not-For-Profit Corporation Law on March 19, 2009 to assist in the development of the former Roblin Steel, Edgewood, and Alumax properties located along Roberts Road in Chautauqua County. The Corporation is excluded from the financial reporting entity due to a lack of activity for the year ended December 31, 2022. Had the Corporation had activity, it would be a discretely presented component unit because the County can appoint the voting and non-voting members to the Board of Directors.

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

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

Basis of Presentation—Government-wide Financial Statements

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

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

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

Basis of Presentation—Fund Financial Statements

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

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise funds:

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

Real Property Held for Resale—The Land Bank Corporation reports property held for resale at cost, which totaled \$488,734 at December 31, 2022.

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

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

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

Unearned Revenue—Certain cash receipts have not met the revenue recognition criteria for government-wide or fund financial purposes. At December 31, 2022, the County reported \$23,940,497 of unearned revenue in the General Fund and \$59,841 in business-type activities. These funds receive overpayments and grant money in advance but have not performed the related services, and therefore recognizes a liability.

Noncurrent Net Pension Assets—The County reported an asset for its proportionate share of the net pension asset for the Employees’ Retirement System. Refer to Note 6 for additional information.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2022, the County has three items that qualified for reporting in this category. The first item is related to pensions reported in the government-wide financial statements, as well as within individual proprietary funds. This represents the effect of the net change in the County’s proportion of the collective net pension liability/(asset), the difference during the measurement period between the County’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension system made subsequent to the measurement date. The second item is related to OPEB and is reported in the government-wide financial statements and represents the effects of the change in the County’s proportion of the collective OPEB liability and difference during measurement period between certain employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The third item is related to a deferred charge on refunding, which the County reports within its governmental activities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2022, the County had six items that qualified for reporting in this category. The first arises under the modified accrual basis of accounting. Accordingly, the item *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is related to opioid settlement revenue that is recognized as receivable under the modified accrual basis of accounting but is not considered available and, therefore, is deferred. The third item represents the effect of the net change in the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide financial statements. The fourth item represents the effects of the change in the County's proportion of the collective OPEB liability and difference during the measurement period between certain employers' contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability and is reported on the government-wide financial statements. The fifth item is a deferred inflow of resources recorded in the government-wide financial statements for items which represent a deferred gain on CTASC refunding bonds that is being amortized over the life of the refunded debt. The final item is related to grant revenue that is unavailable for recognition and will be recognized over the life of the related debt on the government-wide financial statements.

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

Fund Balance Flow Assumptions—Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

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

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

Revenues and Expense/Expenditures

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

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

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

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

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

Uncollected property taxes assumed by the County as a result of the settlement proceedings are reported as receivables in the General Fund to maintain central control and provide for tax settlement and enforcement proceedings. The portion of the receivable that represents taxes re-levied for school (\$6,648,941) and the portion that represents taxes re-levied for the cities and villages (\$617,389) are recognized as liabilities that are included in intergovernmental payables. Also, \$9,001,357 of the receivable that is not considered available under the modified accrual basis of accounting, i.e. will not be collected within sixty days, is recorded as a deferred inflow of resources, net of a \$900,000 allowance.

Tax rates are calculated using assessments prepared by individual town and city assessors as adjusted by the New York State Board of Equalization and Assessment for the purpose of comparability. The total taxable assessment value of real property in the tax levy of 2022 is approximately \$8.723 billion. The effective tax rate on this value is approximately \$8.11 per thousand.

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

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

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

Pensions—The County is mandated by New York State law to participate in the New York State Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other Postemployment Benefits—In addition to providing pension benefits, the County provides health insurance coverage and/or payments health and survivor benefits for retired employees and their survivors. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. See additional information in Note 7.

Other

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

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

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

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

Legal Compliance—Budgets

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

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

Adoption of New Accounting Pronouncements—During the year ended December 31, 2022, the County implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. As a result of the implementation of GASB Statement No. 87, the County made adjustments to capital assets and lease liabilities; however, the County did not restate as of January 1, 2022 because there was not a material impact on the County’s net position.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*, effective for the year ending December 31, 2023, and the remaining portion of No. 99, *Omnibus 2022*, No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 94, 96, 99, 100 and 101 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Deficit Fund Balance and Net Position—At December 31, 2022, the County had a deficit net position of \$2,185,428 in the Workers’ Compensation Fund within the Internal Service Funds. This deficit is the result of year-end case reserves and reserves for incurred but not reported claims that are related to the County’s general operations, which are primarily long-term in nature. This deficit is anticipated to be remedied through future charges to the operating funds and the enterprise funds. The Workers’ Compensation Fund charges the general operations of the County for actual claims paid on a pay-as-you-go basis.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

Cash and cash equivalents (including restricted cash and cash equivalents) at December 31, 2022, are presented as follows:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total Balance
Petty cash (uncollateralized)	\$ 9,150	\$ 1,300	\$ -	\$ 10,450
Cash and cash equivalents	47,762,526	376,398	3,151,818	51,290,742
Total	<u>\$ 47,771,676</u>	<u>\$ 377,698</u>	<u>\$ 3,151,818</u>	<u>\$ 51,301,192</u>

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2022 as follows:

	December 31, 2022	
	Bank Balance	Carrying Amount
FDIC Insured	\$ 1,274,167	\$ 1,327,779
Uninsured:		
Collateral held by bank's agent in the County's name	<u>50,799,455</u>	<u>49,962,963</u>
Total	<u>\$ 52,073,622</u>	<u>\$ 51,290,742</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. As noted above, by New York State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2022, the County’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the County’s name.

Restricted Cash, Cash Equivalents and Investments—Total governmental funds restricted cash, cash equivalents and investments of \$50,153,389, of which \$8,225 represents amounts restricted for CTASC, \$23,940,497 represents unearned revenue, \$6,544,416 supports General Fund restricted fund balance, and \$19,660,251 represents funds related to various grants. Additionally, total proprietary funds restricted cash, cash equivalents, and investments of \$59,841, which is to support unearned revenue. Finally, \$3,151,818 is restricted in the Custodial Fund for amounts held on behalf of others. These deposits were fully covered by FDIC insurance or collateral held by escrow agents in the name of the County.

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

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

Investments reported within governmental activities at December 31, 2022 are as follows:

	Fair Value measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
CDs and time deposits	\$ 977,148	\$ -	\$ -
U.S. Government agency bonds	13,083,122	-	-
Municipal bonds	3,984,516	-	-
Total	<u>\$ 18,044,786</u>	<u>\$ -</u>	<u>\$ -</u>

Investments reported within business-type activities at December 31, 2022 are as follows:

	Fair Value measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
CDs and time deposits	\$ 2,702,075	\$ -	\$ -
U.S. Government agency bonds	23,856,228	-	-
Municipal bonds	8,979,406	-	-
Total	<u>\$ 35,537,709</u>	<u>\$ -</u>	<u>\$ -</u>

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

Custodial Credit Risk—Investments—Credit risk is defined as the risk that an issuer or other counterpart to an investment in debt securities will not fulfill its obligation. The County's investment policy minimizes credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the County does business, and diversifying the investment portfolio so that potential losses on individual securities are minimized. GNMA bonds and U.S. Treasury notes are backed by the full faith and credit of the U.S. government and are considered to be of the highest credit quality.

Chautauqua County Industrial Development Agency Cash and Cash Equivalents—Deposits for the Agency totaled \$7,518,402 and were fully collateralized or insured at December 31, 2022.

3. RECEIVABLES

Major revenues accrued by the County at December 31, 2022 consisted of the following:

Taxes Receivable—Represents amounts due to the County for property taxes, property tax items and non-property tax items of \$17,465,662. These amounts are reported net of an allowance for uncollectible taxes of \$900,000.

Accounts Receivable—Represent amounts due from various sources. The County's accounts receivable at December 31, 2022 are shown on the following page.

Governmental funds:	
General Fund	\$ 4,454,824
County Road Fund	111,245
Road Machinery Fund	88,383
Capital Project Fund	<u>145</u>
Total governmental funds	<u>\$ 4,654,597</u>
Enterprise funds:	
Sewer Districts Fund	\$ 1,608,171
Water Districts Fund	1,530,413
Landfill Fund	734,411
Electric Plant Fund	<u>4,829</u>
Total enterprise funds	<u>\$ 3,877,824</u>
Custodial Fund	<u>\$ 26,280</u>

Other Receivables—Represent loans due from various entities including the Chautauqua County Industrial Development Agency, North Chautauqua Lake Sewer District and Portland, Pomfret, Dunkirk Sewer District. Such loan balances are included in nonspendable fund balance because they represent net current financial resources that cannot be spent. The total amount of other receivables at December 31, 2022 is as presented below:

General Fund	\$ 3,353,158
Capital Projects Fund	<u>81,371</u>
Total governmental funds	<u>\$ 3,434,529</u>

Intergovernmental Receivables—State and federal receivables primarily represent claims for reimbursement for expenditures in administering various mental health and social service programs. They are net of related advances from New York State. State and federal receivables also include reimbursable amounts for construction expenditures made through the Capital Projects Fund. Other government receivables primarily represent amounts due from local governments within the County relating to their respective share of workers' compensation liabilities. The total amounts receivable from other governments at December 31, 2022 are as follows:

Governmental funds:	
General Fund	\$ 41,206,741
County Road Fund	8,959,402
Capital Project Fund	<u>1,507,069</u>
Total governmental funds	<u>\$ 51,673,212</u>
Enterprise funds:	
Sewer Districts Fund	\$ 587,194
Water Districts Fund	15,889
Landfill Fund	<u>109</u>
Total governmental funds	<u>\$ 603,192</u>
Internal service funds:	
Workers' Compensation Fund	<u>\$ 4,439,206</u>
Total governmental funds	<u>\$ 4,439,206</u>

Chautauqua County Industrial Development Agency

Other Receivables—Other receivables represent various notes receivable, in the total amount of \$17,990,344 outstanding at December 31, 2022.

Mortgage Receivable— Represents various mortgages receivable outstanding. At December 31, 2022, the Agency’s mortgage receivable balance was \$1,806,130.

4. CAPITAL ASSETS

Governmental Activities—Capital asset activity for the primary government’s governmental activities for the year ended December 31, 2022 was as follows:

	Balance 1/1/2022 <u>(as adjusted)</u>	Increases	Decreases	Balance 12/31/2022
Capital assets not being depreciated/amortized				
Land	\$ 834,592	\$ -	\$ -	\$ 834,592
Construction in progress	<u>1,286,532</u>	<u>17,289,939</u>	<u>10,294,690</u>	<u>8,281,781</u>
Total capital assets, not being depreciated/amortized	<u>2,121,124</u>	<u>17,289,939</u>	<u>10,294,690</u>	<u>9,116,373</u>
Capital assets being depreciated/amortized:				
Infrastructure	230,062,106	12,356,205	-	242,418,311
Buildings and building improvements	90,185,545	391,488	360,857	90,216,176
Machinery and equipment	38,248,620	5,103,320	487,955	42,863,985
Vehicles	20,926,143	2,087,051	1,556,985	21,456,209
Right-to-use leased buildings	<u>7,466,842</u>	<u>741,015</u>	<u>-</u>	<u>8,207,857</u>
Total capital assets, being depreciated/amortized	<u>386,889,256</u>	<u>20,679,079</u>	<u>2,405,797</u>	<u>405,162,538</u>
Less accumulated depreciation/amortization:				
Infrastructure	96,532,585	9,370,737	-	105,903,322
Buildings and building improvements	49,646,237	3,170,601	339,807	52,477,031
Machinery and equipment	25,957,465	2,217,042	487,955	27,686,552
Vehicles	15,655,344	1,545,278	1,528,591	15,672,031
Right-to-use leased buildings	<u>3,085,794</u>	<u>924,870</u>	<u>-</u>	<u>4,010,664</u>
Total accumulated depreciation/amortization	<u>190,877,425</u>	<u>17,228,528</u>	<u>2,356,353</u>	<u>205,749,600</u>
Total capital assets, being depreciated/amortized	<u>196,011,831</u>	<u>3,450,551</u>	<u>49,444</u>	<u>199,412,938</u>
Governmental activities capital assets, net	<u>\$ 198,132,955</u>	<u>\$ 20,740,490</u>	<u>\$ 10,344,134</u>	<u>\$ 208,529,311</u>

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

Governmental activities:	
General government support	\$ 2,673,554
Public safety	1,906,078
Health	146,951
Transportation	11,635,981
Economic assistance and opportunity	725,626
Culture and recreation	25,463
Home and community services	<u>114,875</u>
Total depreciation expense—governmental activities	<u>\$ 17,228,528</u>

Business-type Activities—Capital asset activity for the primary government's business-type activities for the fiscal year ending December 31, 2022 is presented below:

	Balance 1/1/2022	Increases	Decreases	Balance 12/31/2022
Capital assets not being depreciated/amortized				
Land	\$ 541,612	\$ -	\$ -	\$ 541,612
Construction in progress	<u>8,448,173</u>	<u>8,992,792</u>	<u>789,059</u>	<u>16,651,906</u>
Total capital assets, not being depreciated/amortized	<u>8,989,785</u>	<u>8,992,792</u>	<u>789,059</u>	<u>17,193,518</u>
Capital assets being depreciated/amortized:				
Infrastructure	50,503,566	612,817	-	51,116,383
Buildings and building improvements	17,584,613	-	-	17,584,613
Machinery and equipment	32,486,801	307,107	594,832	32,199,076
Vehicles	3,462,824	163,562	216,048	3,410,338
Landfill	58,903,650	-	-	58,903,650
Water treatment facility	<u>14,229,563</u>	<u>-</u>	<u>-</u>	<u>14,229,563</u>
Total capital assets, being depreciated/amortized	<u>177,171,017</u>	<u>1,083,486</u>	<u>810,880</u>	<u>177,443,623</u>
Less accumulated depreciation/amortization:				
Infrastructure	32,174,676	842,709	-	33,017,385
Buildings and building improvements	11,480,601	328,936	-	11,809,537
Machinery and equipment	21,075,595	1,380,640	422,174	22,034,061
Vehicles	2,808,129	1,314,518	188,608	3,934,039
Landfill	41,292,665	263,289	-	41,555,954
Water treatment facility	<u>2,280,101</u>	<u>201,980</u>	<u>-</u>	<u>2,482,081</u>
Total accumulated depreciation/amortization	<u>111,111,767</u>	<u>4,332,072</u>	<u>610,782</u>	<u>114,833,057</u>
Total capital assets, being depreciated/amortized	<u>66,059,250</u>	<u>(3,248,586)</u>	<u>200,098</u>	<u>62,610,566</u>
Governmental activities capital assets, net	<u>\$ 75,049,035</u>	<u>\$ 5,744,206</u>	<u>\$ 989,157</u>	<u>\$ 79,804,084</u>

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

Business-type activities:	
Sewer	\$ 1,399,020
Water	263,289
Landfill	2,008,820
Electric Plant	<u>660,943</u>
Total depreciation expense—business-type activities	<u>\$ 4,332,072</u>

Chautauqua County Industrial Development Agency

Capital asset activity for the Agency for the fiscal year ended December 31, 2022 was as follows:

	Balance 1/1/2022	Increases	Decreases	Balance 12/31/2022
Capital assets being depreciated/amortized:				
Jamestown Airport Hanger	\$ 252,565	\$ -	\$ -	\$ 252,565
Furniture and equipment	128,691	-	-	128,691
Talcott Street property	1,765,612	50,503	-	1,816,115
West end improvements	53,848	-	-	53,848
Other improvements	452,655	-	-	452,655
Right-to-use leased assets	<u>861,925</u>	<u>-</u>	<u>-</u>	<u>861,925</u>
Total capital assets, being depreciated/amortized	<u>3,515,296</u>	<u>50,503</u>	<u>-</u>	<u>3,565,799</u>
Less accumulated depreciation/amortization	<u>795,133</u>	<u>175,383</u>	<u>-</u>	<u>970,516</u>
Total capital assets, being depreciated/amortized	<u>\$ 2,720,163</u>	<u>\$ (124,880)</u>	<u>\$ -</u>	<u>\$ 2,595,283</u>

Depreciation for the year ended December 31, 2022 totaled \$175,383.

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2022 were as follows:

	General Fund	County Road Fund	Road Machinery Fund	Total Governmental Funds
Salary and employee benefits	\$ 2,075,698	\$ 297,438	\$ 40,077	\$ 2,413,213
Other	<u>155,079</u>	<u>-</u>	<u>-</u>	<u>155,079</u>
Total accrued liabilities	<u>\$ 2,230,777</u>	<u>\$ 297,438</u>	<u>\$ 40,077</u>	<u>\$ 2,568,292</u>

6. PENSION OBLIGATIONS

Plan Descriptions and Benefits Provided

New York State and Local Employees' Retirement System ("ERS")—The County participates in the ERS (the "System"), which is a cost-sharing, multiple-employer, public employee retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the

System is held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (“NYSRSSL”). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State’s financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

Pension Liabilities/(Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2022, the County reported the following assets for its proportionate share of the net pension assets for ERS. The net pension asset was measured as of March 31, 2022. The total pension liabilities used to calculate the net pension asset was determined by an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to the measurement date. The County’s proportion of the net pension asset was based on a projection of the County’s long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS Systems in reports provided to the County.

	ERS	
	Governmental Activites	Business-type Activites
Measurement date	March 31, 2022	March 31, 2022
Net pension (asset)	\$ (20,028,697)	\$ (1,079,893)
County's portion of the Plan's total net pension (asset)	0.2450117%	0.0132104%

For the year ended December 31, 2022, the County recognized pension income of \$98,394 and \$5,306 for ERS for governmental activities and business-type activities, respectively. At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources presented on the following page.

	ERS			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
	Activities	Activities	Activities	Activities
Differences between expected and actual experiences	\$ 1,516,801	\$ 81,782	\$ 1,967,377	\$ 106,076
Changes of assumptions	33,425,647	1,802,222	564,022	30,410
Net difference between projected and actual earnings on pension plan investments	-	-	65,585,589	3,536,199
Changes in proportion and differences between the County's contributions and proportionate share of contributions	767,610	41,388	3,337,051	179,925
County contributions subsequent to the measurement date	<u>5,389,960</u>	<u>290,613</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 41,100,018</u>	<u>\$ 2,216,005</u>	<u>\$ 71,454,039</u>	<u>\$ 3,852,610</u>

The County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS	
	Governmental Activities	Business-type Activities
2023	\$ (6,027,628)	\$ (324,994)
2024	(8,178,505)	(440,963)
2025	(17,608,176)	(949,386)
2026	(3,929,672)	(211,875)

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

	ERS
Measurement date	March 31, 2022
Actuarial valuation date	April 1, 2021
Interest rate	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2015- March 31, 2020
Inflation rate	2.70%
Cost-of-living adjustments	1.40%

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

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

Measurement date	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
	March 31, 2022	
Asset class:		
Domestic equities	32.0 %	3.3 %
International equities	15.0	5.9
Private equity	10.0	6.5
Real estate	9.0	5.0
Absolute return strategies	3.0	4.1
Credit	4.0	3.8
Real assets	3.0	5.6
Fixed income	23.0	0.0
Cash	1.0	(1.0)
Total	<u>100.0 %</u>	

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Governmental Activities:			
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 51,553,645	\$ (20,028,697)	\$ (79,903,872)
Business-type Activities:			
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 2,779,635	\$ (1,079,893)	\$ (4,308,203)

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

	(Dollars in Thousands)
	ERS
Valuation date	April 1, 2021
Employers' total pension liability	\$ 223,874,888
Plan fiduciary net position	232,049,473
Employers' net pension liability	<u>\$ (8,174,585)</u>
System fiduciary net position as a percentage of total pension liability	103.7%

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

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

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

Employees Covered by Benefit Terms—At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	139
Active employees	<u>817</u>
Total	<u><u>956</u></u>

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

Total OPEB Liability

The County’s total OPEB liability for governmental activities and business-type activities of \$25,569,226 and \$2,260,179, respectively, was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

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

In the December 31, 2022 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 1.84% effective January 1, 2022 to 4.05% effective December 31, 2022. The salary scale remained unchanged at 2.00%. The mortality improvement scale was updated from Scale MP-2021 mortality improvement scale on a generational basis to Scale MP-2022 mortality improvement scale on a generational basis. The annual rate of increase in healthcare costs was revised to better reflect future expectations, including updating long-term rates based on the SOA Long Term Healthcare Cost Trends Model v2023_1f (the Getzen model).

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2021 to December 31, 2021.

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

	<u>Total OPEB Liability</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Balances at December 31, 2021	\$ 29,240,093	\$ 2,531,700
Changes for the year:		
Service cost	1,877,566	125,570
Interest	557,961	48,007
Changes of assumptions	(4,519,030)	(348,753)
Benefit payments	<u>(1,587,364)</u>	<u>(96,345)</u>
Net changes	<u>(3,670,867)</u>	<u>(271,521)</u>
Balances at December 31, 2022	<u>\$ 25,569,226</u>	<u>\$ 2,260,179</u>

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

	1% Decrease (3.04%)	Current Discount Rate (4.04%)	1% Increase (5.04%)
Governmental Activities:			
Total OPEB Liability	\$ 27,971,636	\$ 25,569,226	\$ 23,398,596
Business-type Activities:			
Total OPEB Liability	\$ 2,472,539	\$ 2,260,179	\$ 2,068,307

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

	1% Decrease (6.75/3.04%)	Healthcare Cost Trend Rates (7.75/4.04%)	1% Increase (8.75/5.04%)
Governmental Activities:			
Total OPEB Liability	\$ 22,572,527	\$ 25,569,226	\$ 29,248,410
Business-type Activities:			
Total OPEB Liability	\$ 1,995,287	\$ 2,260,179	\$ 2,585,399

Funding Policy—Authorization for the County to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the County Legislature. The County recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. County governmental activities and business-type activities contributed \$1,587,364 and \$96,345 for the fiscal year ended December 31, 2022, respectively. The County’s contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 13. Any amendments to the employer’s contributions are subject to the collective bargaining agreements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The County reports deferred outflows inflows of resources due to differences during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability are required to be determined. The table below presents the County’s deferred inflows of resources at December 31, 2022:

	Deferred Outflows of Resources	
	Governmental Activities	Business-type Activities
Changes of assumptions	\$ 9,248,180	\$ 532,411
Total	<u>\$ 9,248,180</u>	<u>\$ 532,411</u>

	Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities
Differences between expected and actual experience	\$ 26,543,877	\$ 1,991,309
Changes of assumptions	25,917,227	2,207,175
Total	<u>\$ 52,461,104</u>	<u>\$ 4,198,484</u>

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

<u>Year ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2023	\$ (4,571,509)	\$ (413,961)
2024	(4,571,509)	(413,961)
2025	(4,571,509)	(385,327)
2026	(4,571,509)	(414,641)
2027	(4,486,059)	(453,409)
Thereafter	(20,440,829)	(1,584,774)

8. RISK MANAGEMENT

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

The County assumes the liability for most risk including, but not limited to, dental and vision claims for employees, workers' compensation, property damage, and personal injury liability. The County has purchased insurance for bodily injury, property damage, employee liability, public official liability, automobile, network security, business and business personal property with deductibles ranging from \$25,000 to \$100,000 per occurrence. Upper limits are extended via an excess umbrella policy to \$30,000,000. The County has purchased a Workers' Compensation Excess Policy to cover claims in excess of \$1,500,000. During the current year the County obtained an actuarial study of its workers' compensation claims. The liability totaling \$18,647,091 in the Workers' Compensation Fund and Enterprise Funds reflects the results of this study. The Workers' Compensation Fund has recorded a receivable from other governments totaling \$4,346,297 representing those other governments' respective share of the aforementioned liability. The liability has been allocated between the Enterprise Funds and the Workers' Compensation Fund. The County has had no claims in excess of its coverage in the last three fiscal years.

Changes in the reported workers' compensation liability since January 1, 2021 are summarized as follows:

Year Ended December 31,	Liability, Beginning of Year	Claims and Adjustments	Claim Payments	Liability, End of Year
2022	\$ 18,740,000	\$ 3,108,726	\$ 3,201,635	\$ 18,647,091
2021	19,360,000	3,105,232	3,725,232	18,740,000

9. LEASE OBLIGATIONS

Lease Payable—The County is lessee for noncancellable leases of buildings. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The County recognizes lease liabilities with an initial, individual value of \$100,000 or more.

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

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

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

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

Right-to-use assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

During the year ended December 31, 2022, the County began recognizing lease agreements as the lessee for the acquisition and use of various buildings. As a result of the implementation of GASB Statement No. 87, Leases, the County now reports these as lease liabilities. As of December 31, 2022, the value of these lease liabilities was \$4,498,259 in governmental activities. The County is required to make monthly principal and interest payments ranging from \$1,087 to \$59,137. The leases have estimated interest rates ranging from 2.0% to 3.5%. The value of the right-to-use lease assets as of the end of the current fiscal year was \$8,207,857 and had accumulated amortization of \$4,010,664 for governmental activities.

The future principal and interest payments for governmental activities as of December 31, 2022, were as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2023	\$ 970,635	\$ 131,007	\$ 1,101,642
2024	868,162	100,581	968,743
2025	863,459	71,456	934,915
2026	819,495	43,570	863,065
2027	653,700	16,625	670,325
2028-2032	201,051	21,906	222,957
2033-2036	121,757	4,516	126,273
Total	<u>\$ 4,498,259</u>	<u>\$ 389,661</u>	<u>\$ 4,887,920</u>

10. LONG-TERM LIABILITIES

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

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

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

A summary of the changes in the County's long-term liabilities for the year ended December 31, 2022 is presented below:

	Balance 1/1/2022 (as adjusted)	Additions	Reductions	Balance 12/31/2022	Due Within One Year
Governmental activities:					
Serial bonds	\$ 29,484,100	\$ 16,248,952	\$ 10,527,490	\$ 35,205,562	\$ 3,205,192
Premium on serial bonds	<u>237,959</u>	<u>1,069,181</u>	<u>129,874</u>	<u>1,177,266</u>	<u>136,036</u>
Bonds payable, net	29,722,059	17,318,133	10,657,364	36,382,828	3,341,228
CTASC bonds and accreted interest, net	38,432,140	721,555	625,000	38,528,695	2,150,000
Leases	4,666,310	741,015	909,066	4,498,259	970,635
Compensated absences*	8,032,903	-	6,335	8,026,568	2,870,922
Workers' compensation	18,272,731	3,040,334	3,076,781	18,236,284	-
Health insurance	-	1,475,890	-	1,475,890	-
OPEB obligation	29,240,093	2,435,527	6,106,394	25,569,226	-
Long-term due to other governments	120,000	-	120,000	-	-
Net pension liability*	242,836	-	242,836	-	-
Long-term retirement payable	<u>1,552,170</u>	<u>-</u>	<u>343,736</u>	<u>1,208,434</u>	<u>346,655</u>
Total governmental activities	<u>\$ 130,281,242</u>	<u>\$ 25,732,454</u>	<u>\$ 22,087,512</u>	<u>\$ 133,926,184</u>	<u>\$ 9,679,440</u>

	Balance 1/1/2022 (as adjusted)	Additions	Reductions	Balance 12/31/2022	Due Within One Year
Business-type activities:					
Serial bonds and EFC notes payable	\$ 27,337,399	\$ 8,981,357	\$ 2,607,639	\$ 33,711,117	\$ 2,769,022
Premium on serial bonds	<u>704,862</u>	<u>88,220</u>	<u>89,752</u>	<u>703,330</u>	<u>90,977</u>
Bonds payable, net	28,042,261	9,069,577	2,697,391	34,414,447	2,859,999
Notes payable	6,465,649	-	258,796	6,206,853	266,060
Compensated absences*	189,785	5,543	-	195,328	195,328
Landfill closure and post-closure	24,499,621	346,429	-	24,846,050	-
Workers' compensation	467,269	68,392	124,854	410,807	-
Health insurance	-	93,110	-	93,110	-
OPEB obligation	2,531,700	173,577	445,098	2,260,179	-
Net pension liability*	<u>13,396</u>	<u>-</u>	<u>13,396</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>\$ 62,209,681</u>	<u>\$ 9,756,628</u>	<u>\$ 3,539,535</u>	<u>\$ 68,426,774</u>	<u>\$ 3,321,387</u>

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

Serial Bonds—The County borrows money in order to acquire land or equipment or construction of buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are backed by the full faith and credit of the local government.

In the current year, the County's governmental and business-type activities issued \$8,868,952 and \$1,763,350, respectively, in public improvement Serial Bonds for building improvements, equipment, roof replacement, software, and sewer system improvements. The bonds were issued at a premium of \$443,712 and \$88,220 for governmental and business-type activities, respectively, carry an interest rate of 3.0 percent, and mature on March 15, 2037.

On March 4, 2022, the County's governmental activities issued \$7,380,000 in Public Improvement Refunding Serial Bonds (the "bonds"). The bonds were issued at a premium of \$625,469 and include issuance costs of \$107,820. The bonds mature on June 1, 2029 and carry an interest rate ranging from 2.0 to 4.0 percent. As a result, the original bonds are considered refunded and the liability for those bonds, \$7,765,000, has been removed from the financial statements. The refunding resulted in a net present value benefit savings of \$130,507.

During the year ended December 31, 2022, the County issued \$7,218,007 of EFC notes payable for a sewer extension project and water facility improvements. The notes carry no interest. At December 31, 2022, the County's sewer extension project has \$4,654,748 in additional notes payable available for the project and the County's water facility improvements has \$1,311,565 in additional notes payable available for the project.

A summary of additions and payments of serial bonds for the year ended December 31, 2022 is shown on the following page.

Purpose	Issue/ Maturity Date	Interest Rate	Balance 1/1/2022	Additions	Reductions	Balance 12/31/2022
Governmental activities						
Jail construction refunded	2012/2029	2.00-4.00%	\$ 6,515,000	\$ -	\$ 6,515,000	\$ -
Jail & courts construction refunded	2012/2026	2.00-4.00%	2,410,000	-	2,410,000	-
Helicopters refunding	2016/2025	0.00-4.00%	1,070,000	-	255,000	815,000
JCC Science building refunding	2016/2030	0.00-4.00%	1,645,000	-	160,000	1,485,000
JCC dormitory refunding	2014/2039	2.50-3.75%	7,490,000	-	300,000	7,190,000
Public improvements	2016/2040	3.50-4.00%	2,675,000	-	105,000	2,570,000
Public improvements	2019/2029	2.00%	3,544,100	-	412,490	3,131,610
Refunding	2019/2029	2.00%	4,135,000	-	330,000	3,805,000
Refunding	2022/2029	2.00-4.00%	-	7,380,000	40,000	7,340,000
Public improvements	2022/2037	3.00%	-	8,868,952	-	8,868,952
Total governmental activities			<u>\$29,484,100</u>	<u>\$16,248,952</u>	<u>\$10,527,490</u>	<u>\$35,205,562</u>
Business-type activities						
Energy fund power plant	2016/2030	2.13-4.00%	\$ 3,785,000	\$ -	\$ 370,000	\$ 3,415,000
Energy fund power plant	2016/2030	2.13-4.00%	2,315,000	-	195,000	2,120,000
Clean energy renewable energy bond	2010/2025	4.25-5.25%	580,000	-	140,000	440,000
Public improvements	2019/2029	2.00%	14,670,900	-	1,707,510	12,963,390
Public improvements	2022/2037	3.00%	-	1,763,350	-	1,763,350
Qualified energy performance bonds	2012/2026	5.66%	510,855	-	98,539	412,316
EFC Notes 2018	2018/2050	0.00%	2,800,903	-	96,590	2,704,313
EFC Notes 2021	n/a	0.00%	2,674,741	6,536,511	-	9,211,252
EFC Notes 2022	n/a	0.00%	-	681,496	-	681,496
Total business-type activities			<u>\$27,337,399</u>	<u>\$ 8,981,357</u>	<u>\$ 2,607,639</u>	<u>\$33,711,117</u>

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

Year	Governmental Activities	Busniess-type Activities	Total
2023	\$ 3,205,192	\$ 2,769,022	\$ 5,974,214
2024	3,380,025	2,848,496	6,228,521
2025	3,486,785	2,923,792	6,410,577
2026	3,298,510	2,843,949	6,142,459
2027	2,860,270	2,806,320	5,666,590
2028-2032	10,862,780	7,230,170	18,092,950
2033-2037	6,477,000	1,140,950	7,617,950
2038-2042	1,635,000	482,950	2,117,950
2043-2047	-	482,950	482,950
2048-2050	-	289,770	289,770
Thereafter	-	9,892,748	9,892,748
Total	<u>\$ 35,205,562</u>	<u>\$ 33,711,117</u>	<u>\$ 68,916,679</u>

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

The County issues debt for Jamestown Community College (“JCC”) purposes. Regular debt service related to bonds issued for JCC are funded by JCC and are reported in the General Fund as departmental revenue. Regular payments funded in the current year amounted to \$330,000 in principal and \$83,213 in interest.

Chautauqua County Tobacco Asset Securitization Corporation (“CTASC”)—Changes in CTASC’s long-term debt for the year ended December 31, 2022 is shown below:

	Balance 1/1/2022	Additions	Reductions	Balance 12/31/2022	Due Within One Year
CTASC bonds:					
Series 2014	\$ 29,275,000	\$ -	\$ 625,000	\$ 28,650,000	\$ 2,150,000
Series 2005 and accreted interest, net	9,488,512	710,161	-	10,198,673	-
Less bond discount	(341,948)	-	(21,970)	(319,978)	-
Total CTASC bonds and accreted interest, net	<u>\$ 38,421,564</u>	<u>\$ 710,161</u>	<u>\$ 603,030</u>	<u>\$ 38,528,695</u>	<u>\$ 2,150,000</u>

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

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

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

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

Under the Indenture, the Indenture Trustee has established and holds a Debt Service Reserve Account which is funded from Series 2014 Bond proceeds. Except after an Event of Default, CTASC is required to maintain a balance in the Debt Service Reserve Account to the extent of available funds equal to the maximum annual debt service on the Series 2014 Bonds in the current year or any future year. The amount in this account at December 31, 2018 was \$2,497,174.

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

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

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

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

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

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

Year Ending December 31,	Principal	Interest	Total
2023	\$ 2,150,000	\$ 1,362,775	\$ 3,512,775
2024	1,235,000	1,276,150	2,511,150
2025	1,305,000	1,214,650	2,519,650
2026	1,380,000	1,147,525	2,527,525
2027	1,455,000	1,076,650	2,531,650
2027-2032	8,580,000	4,215,688	12,795,688
2033-2037	12,545,000	1,762,875	14,307,875
Total	<u>\$ 28,650,000</u>	<u>\$ 12,056,313</u>	<u>\$ 40,706,313</u>

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

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

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

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

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

The following table summarizes the future payment schedule on the notes payable as of December 31, 2022:

Year	Principal	Interest	Total
2023	\$ 266,060	\$ 64,003	\$ 330,063
2024	258,931	61,036	319,967
2025	251,973	57,891	309,864
2026	254,025	55,071	309,096
2027	256,159	52,055	308,214
2028-2032	1,178,286	215,873	1,394,159
2033-2037	1,070,950	163,390	1,234,340
2038-2042	1,125,950	104,832	1,230,782
2043-2047	1,105,950	32,012	1,137,962
2048-2050	438,569	-	438,569
Total	<u>\$ 6,206,853</u>	<u>\$ 806,163</u>	<u>\$ 7,013,016</u>

Leases—The County enters into long-term leases for various buildings. The outstanding balance at December 31, 2022 for governmental activities was \$4,498,259. The liability is anticipated to be liquidated by the General Fund. Refer to Note 9 for additional information.

Compensated Absences—As explained in Note 1, compensated absences are recorded in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees which are included in wages and benefits. The payment of compensated absences is dependent on many factors and, therefore, cannot be reasonably estimated as to future timing of payment. The annual budgets of operating funds provide for such as amounts become payable. The value recorded at December 31, 2022 for governmental and business-type activities is \$8,026,568 and \$195,328, respectively.

Workers’ Compensation—As discussed in Note 8, the County reports the workers’ compensation liability within the Internal Service Fund and in business-type activities. The total of the liability in the Internal Service Fund, net of the offsetting amount due from other governments, is \$8,026,568, while the total liability in the business-type activities is \$410,807.

Health Insurance—The County reports the health insurance liability within the Internal Service Fund and in business-type activities. The total of the liability in the Internal Service Fund is \$1,475,890 and the total liability in the business-type activities is \$93,110.

Landfill Closure and Post-Closure Care Cost—The County maintains certain landfill sites. Estimated long-term costs associated with the future closure, post-closure and future maintenance and testing total \$24,846,050. Further discussion of the obligation can be found in Note 17.

OPEB Obligation—As discussed in Note 7, the County’s net OPEB obligation at December 31, 2022 is \$25,569,226 and \$2,260,179 for governmental activities and business-type activities, respectively.

Long-term Retirement Payable—The County reports a liability for past service costs owed to the Employees’ Retirement System as a result of a contract settlement. The County has elected to amortize this payment over 10 years. At December 31, 2022, the County reported a liability of \$1,208,434.

Chautauqua County Industrial Development Agency

The IDA has the following outstanding long-term debt:

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

A bond payable to the County. Proceeds were used for the construction of the Stoneman Industrial Park SPEC Building. Payable \$99,591 semi-annually beginning February 20, 2002, including interest at 3% to 5% accruing as of August 20, 2001, compounded semi-annually. The bond matures in 2032 and has an outstanding balance of \$755,387.

A bond payable to the County with an annual interest rate of 5%. Proceeds were used for the construction of an aircraft storage hangar. The bond is payable in March 2022 or upon disposition of the property and has an outstanding balance of \$81,371.

A bond payable to the County with an interest rate of 2.274%. Proceeds were used for the construction of a building. The IDA made interest only payments from March 22, 2012 through June 25, 2013. Monthly principal and interest payments totaling \$9,428 began July 25, 2013. The bond matures July 25, 2033 and has an outstanding balance of \$1,055,922.

The following table summarizes the future payment schedule on the bonds payable as of December 31, 2022:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 2,237,096	\$ 44,840	\$ 2,281,936
2024	159,792	40,774	200,566
2025	163,967	36,599	200,566
2026	168,253	32,313	200,566
2027	172,654	27,912	200,566
2028-2032	934,674	69,331	1,004,005
2033	56,244	374	56,618
Total	<u>\$ 3,892,680</u>	<u>\$ 252,143</u>	<u>\$ 4,144,823</u>

During 2016, the Agency moved its office location to 201 West Third Street in Jamestown, New York. A lease agreement was entered into which has an initial term of 10 years, with a 5 year renewal option, and commenced on August 1, 2016. Monthly rental payments of \$7,495 per month plus quarterly payments for common area maintenance fees and property taxes are due in the first year of this agreement, with subsequent lease periods increasing by 2%. The option to extend was included in the measurement as it is likely that the agreement is extended.

As of December 31, 2022, the weighted average remaining lease term is 6.6 years and weighted average discount rate is 2%.

The maturities of lease liabilities as of December 31, 2022 were as follows:

2023	\$ 102,131
2024	104,174
2025	106,257
2026	108,382
2027	110,550
2028 and thereafter	<u>433,138</u>
Total undiscounted cash flows	964,632
Less: interest	<u>(82,457)</u>
Present value of lease liability	<u>\$ 882,175</u>

11. NET POSITION AND FUND BALANCE

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

- **Net Investment in Capital Assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation/amortization and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the County’s governmental and business-type activities net investment in capital assets is presented below:

Governmental activities:	
Capital assets, net of accumulated depreciation/amortization	\$208,529,311
Related debt:	
Serial bonds issued	(35,205,562)
Unamortized bond premium	(1,177,266)
CTASC net bonds issued	(38,528,695)
Debt issued on behalf of JCC	5,290,000
Leases	(4,498,259)
Deferred gain on CTASC refunding	(2,552,210)
Deferred charge on refunding	522,256
Accounts payable in Capital Projects Fund	<u>(1,679,125)</u>
Net investment in capital assets—governmental activities	<u>\$ 130,700,450</u>

Business-type activities:	
Capital assets, net of accumulated depreciation	\$ 79,804,084
Related debt:	
Serial bonds and EFC notes payable	(33,711,117)
Unamortized bond premium	(703,330)
Notes payable issued	(6,206,853)
Deferred charge on refunding debt	<u>393,688</u>
Net investment in capital assets—business-type activities	<u>\$ 39,576,472</u>

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

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the County at December 31, 2022 includes:

- **Prepaid Items**—Represents amounts of \$2,128,444, \$141,344, and \$18,909 in the General Fund, County Road Fund, and Road Machinery Fund, respectively, prepaid to vendors and employees that are applicable to future accounting periods.
- **Inventories**—Represents amounts of \$95,592, \$180,837, and \$594,033, in the General Fund, County Road Fund, and Road Machinery Fund, respectively, composed of inventory and is nonspendable because inventory is not an available spendable resource.
- **Loans Receivable**—Represents amounts of \$3,353,158 and \$81,371 in the General Fund and Capital Projects Fund, respectively, composed of loans receivable through the year ended December 31, 2033 and are nonspendable because they are not an available resource of the next fiscal year.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grants, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. As of December 31, 2022, the County had the following restricted amounts within its governmental funds:

	General Fund	Debt Service	Capital Projects	Total
Insurance	\$ 2,006,758	\$ -	\$ -	\$ 2,006,758
Capital projects	676,003	161,371	4,563,750	5,401,124
Occupancy tax	733,854	-	-	733,854
E911 and W911	798,003	-	-	798,003
Fire services	511,665	-	-	511,665
Lakes and waterways	916,017	-	-	916,017
Opioid settlement	902,116	-	-	902,116
Debt service	<u>-</u>	<u>2,344,028</u>	<u>-</u>	<u>2,344,028</u>
Total restricted fund balance	<u>\$ 6,544,416</u>	<u>\$ 2,505,399</u>	<u>\$ 4,563,750</u>	<u>\$ 13,613,565</u>

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

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the County’s highest level of decision-making authority, or by its designated body or official. As of December 31, 2022 the County had no committed fund balance.

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

As of December 31, 2022, the following balances were considered to be assigned:

	General Fund	County Road Fund	Total
Subsequent year's appropriations	\$ 5,021,127	\$ -	\$ 5,021,127
Encumbrances	1,401,511	11,373	1,412,884
Specific use	-	6,072,151	6,072,151
Total assigned fund balance	<u>\$ 6,422,638</u>	<u>\$ 6,083,524</u>	<u>\$ 12,506,162</u>

- **Assigned to Subsequent Year’s Appropriations**—Represents available fund balance being appropriated to meet expenditure requirements in the 2023 fiscal year.
- **Assigned to Encumbrances**—Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures of monies are recorded, is employed as part of the County’s budgetary control mechanism for all funds. Unencumbered appropriations lapse at fiscal year-end.

- **Assigned to Specific Use**—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignment’s purpose relates to each fund’s operations and represents amounts within funds that are not restricted or committed.

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

12. INTERFUND BALANCES AND ACTIVITY

Interfund loans are short-term in nature and exist because of temporary advances made on behalf of other funds. Interfund transfers are routine annual events for both the budget and the accounting process and are necessary to present funds in their proper fund classification. Interfund loans and transfers of the County for the year ended December 31, 2022 are shown below:

Fund	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
Governmental funds:				
General Fund	\$ 7,184,808	\$ 3,007,802	\$ 214,909	\$ 23,498,539
County Road Fund	-	1,977,595	13,893,027	-
Road Machinery Fund	-	12,089	3,910,466	-
Capital Projects Fund	-	-	5,201,537	-
Total governmental funds	<u>\$ 7,184,808</u>	<u>\$ 4,997,486</u>	<u>\$ 23,219,939</u>	<u>\$ 23,498,539</u>
Proprietary funds:				
Water Districts Fund	\$ -	\$ 5,195,124	\$ 5,175	\$ -
Landfill Fund	-	-	488,334	214,909
Internal Service Funds	3,007,802	-	-	-
Total proprietary funds	<u>\$ 3,007,802</u>	<u>\$ 5,195,124</u>	<u>\$ 493,509</u>	<u>\$ 214,909</u>
Total	<u>\$ 10,192,610</u>	<u>\$ 10,192,610</u>	<u>\$ 23,713,448</u>	<u>\$ 23,713,448</u>

13. LABOR CONTRACTS

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

14. COMMITMENTS

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

The County considers encumbrances to be significant for amounts that are encumbered in excess of \$250,000. Significant encumbrances as of December 31, 2022, are as listed below:

Fund	Purpose	Amount Encumbered
General	Motor vehicles	\$ 276,713
General	Communication equipment	421,315

15. TAX ABATEMENTS

The County is subject to tax abatements granted by the Chautauqua County Industrial Development Agency (“CCIDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the CCIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the County, the abatements have resulted in reductions of property taxes, which the County administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by CCIDA, the County collected \$394,121 during 2022 in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$2,574,484 in property taxes.

16. CONTINGENCIES

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

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

17. LANDFILL CLOSURE AND POST-CLOSURE CARE COST

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

Remaining cell closure liability, projected at \$8,204,783 as of December 31, 2022, and post closure care liability, projected at \$16,641,267 as of December 31, 2022 (totaling \$24,846,050), represent the cumulative amount reported to date based on the use of 72.00% of the estimated permitted space less areas where the final cover has been placed.

Total remaining closure cost is projected at \$11,906,900 and total post-closure care cost is projected at \$17,550,000, totaling \$29,456,900. The County will recognize the remaining projected closure cost of \$3,702,117 and the remaining projected post-closure care cost of \$908,733 (totaling \$4,610,850) as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2022. The County currently projects a landfill life of 12 years and 4 months for permitted areas, which includes permitted air space over the existing landfills; however, ongoing research regarding the construction of additional cells could significantly extend landfill life. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The landfill is reported as an enterprise fund and the \$24,846,050 liability is reported in that fund.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 17, 2023, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Year Ended December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	98.41%	99.95%	86.39%	96.27%	98.2%	94.7%	90.7%	97.9%	97.2%
Governmental Activities:									
County's proportion of the net pension liability/(asset)	0.2450117%	0.2438698%	0.2340595%	0.2330360%	0.2319392%	0.2224483%	0.2302752%	0.2404218%	0.2404218%
County's proportionate share of the net pension liability/(asset)	<u>\$ (20,028,697)</u>	<u>\$ 242,836</u>	<u>\$ 61,982,992</u>	<u>\$ 16,510,703</u>	<u>\$ 7,485,709</u>	<u>\$ 20,901,744</u>	<u>\$ 36,959,440</u>	<u>\$ 8,122,268</u>	<u>\$ 10,864,634</u>
County's covered payroll	\$ 56,922,904	\$ 59,278,000	\$ 54,993,339	\$ 53,606,179	\$ 53,166,641	\$ 51,678,654	\$ 50,929,759	\$ 53,329,523	\$ 54,635,873
County's proportionate share of the net pension liability(asset) as a percentage of its covered payroll	-35.2%	0.4%	112.7%	30.8%	14.1%	40.4%	72.6%	15.2%	19.9%
Business-type Activities:									
County's proportion of the net pension liability/(asset)	0.0132104%	0.0134583%	0.0130472%	0.0131725%	0.0117778%	0.0126571%	0.0136579%	0.0147489%	0.0147489%
County's proportionate share of the net pension liability/(asset)	<u>\$ (1,079,893)</u>	<u>\$ 13,396</u>	<u>\$ 3,452,287</u>	<u>\$ 933,918</u>	<u>\$ 380,122</u>	<u>\$ 1,189,287</u>	<u>\$ 2,192,508</u>	<u>\$ 498,024</u>	<u>\$ 666,174</u>
County's covered payroll	\$ 3,071,725	\$ 2,698,275	\$ 3,063,254	\$ 3,032,201	\$ 2,698,275	\$ 2,938,397	\$ 3,021,257	\$ 3,271,542	\$ 3,351,681
County's proportionate share of the net pension liability(asset) as a percentage of its covered payroll	(35.2)%	0.5%	112.7%	30.8%	14.1%	40.5%	72.6%	15.2%	19.9%

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

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

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

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

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

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

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

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

COUNTY OF CHAUTAUQUA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 65,768,012	\$ 65,768,012	\$ 73,385,128	\$ 7,617,116
Real property tax items	4,039,109	4,039,109	4,617,181	578,072
Non property tax items	84,327,153	84,571,118	92,942,877	8,371,759
Departmental income	19,735,272	19,815,468	15,497,739	(4,317,729)
Intergovernmental charges	4,554,224	5,188,482	5,052,743	(135,739)
Licenses and permits	1,141,527	1,055,960	69,628	(986,332)
Fines and forfeitures	40,000	64,148	253,951	189,803
Use of money and property	231,400	231,400	(2,356,265)	(2,587,665)
Sale of property and compensation for loss	124,100	284,349	416,397	132,048
Miscellaneous	2,081,612	2,373,748	3,270,645	896,897
Interfund revenues	198,254	198,254	198,254	-
State aid	35,345,474	36,948,770	38,697,619	1,748,849
Federal aid	<u>36,602,456</u>	<u>56,789,902</u>	<u>42,837,782</u>	<u>(13,952,120)</u>
Total revenues	<u>254,188,593</u>	<u>277,328,720</u>	<u>274,883,679</u>	<u>(2,445,041)</u>
EXPENDITURES				
Current:				
General government support	63,202,539	63,114,766	61,999,854	1,114,912
Education	11,788,627	12,890,486	12,888,695	1,791
Public safety	32,738,819	34,647,363	34,415,796	231,567
Health	31,950,782	34,113,260	25,782,461	8,330,799
Transportation	4,669,452	4,883,938	4,878,825	5,113
Economic assistance and opportunity	87,422,297	94,713,339	86,847,662	7,865,677
Culture and recreation	485,371	538,973	537,805	1,168
Home and community services	1,507,621	2,301,076	1,790,592	510,484
Debt service:				
Principal	2,750,955	3,700,021	3,700,021	-
Interest	<u>859,434</u>	<u>928,481</u>	<u>928,481</u>	<u>-</u>
Total expenditures	<u>237,375,897</u>	<u>251,831,703</u>	<u>233,770,192</u>	<u>18,061,511</u>
Excess of revenues over expenditures	<u>16,812,696</u>	<u>25,497,017</u>	<u>41,113,487</u>	<u>15,616,470</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	214,909	214,909	214,909	-
Transfers out	(18,557,769)	(28,480,923)	(23,498,539)	4,982,384
Premium on refunding bond issuance	-	-	443,712	443,712
Issuance of leases	<u>-</u>	<u>741,015</u>	<u>741,015</u>	<u>-</u>
Total other financing sources (uses)	<u>(18,342,860)</u>	<u>(27,524,999)</u>	<u>(22,098,903)</u>	<u>5,426,096</u>
Net change in fund balances (deficits)*	(1,530,164)	(2,027,982)	19,014,584	21,042,566
Fund balances—beginning	<u>43,274,138</u>	<u>43,274,138</u>	<u>43,274,138</u>	<u>-</u>
Fund balances—ending	<u>\$ 41,743,974</u>	<u>\$ 41,246,156</u>	<u>\$ 62,288,722</u>	<u>\$ 21,042,566</u>

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

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

COUNTY OF CHAUTAUQUA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—County Road Fund
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Non-property tax items	\$ 750,000	\$ 750,000	\$ 766,424	\$ 16,424
Departmental income	-	-	20	20
Intergovernmental charges	-	-	8,244	8,244
Licenses and permits	75,000	542,714	535,358	(7,356)
Use of money and property	210,451	210,451	(755,246)	(965,697)
Miscellaneous	258,060	258,060	328,233	70,173
State aid	5,842,497	8,331,936	7,934,445	(397,491)
Federal aid	-	3,959,535	1,842,035	(2,117,500)
Total revenues	<u>7,136,008</u>	<u>14,052,696</u>	<u>10,659,513</u>	<u>(3,393,183)</u>
EXPENDITURES				
Current:				
Transportation	<u>20,959,835</u>	<u>33,598,626</u>	<u>25,390,923</u>	<u>8,207,703</u>
Total expenditures	<u>20,959,835</u>	<u>33,598,626</u>	<u>25,390,923</u>	<u>8,207,703</u>
(Deficiency) of revenues over expenditures	<u>(13,823,827)</u>	<u>(19,545,930)</u>	<u>(14,731,410)</u>	<u>4,814,520</u>
OTHER FINANCING SOURCES				
Transfers in	<u>13,823,827</u>	<u>13,898,706</u>	<u>13,893,027</u>	<u>(5,679)</u>
Total other financing sources	<u>13,823,827</u>	<u>13,898,706</u>	<u>13,893,027</u>	<u>(5,679)</u>
Net change in fund balances*	-	(5,647,224)	(838,383)	4,808,841
Fund balances—beginning	<u>7,244,088</u>	<u>7,244,088</u>	<u>7,244,088</u>	<u>-</u>
Fund balances—ending	<u>\$ 7,244,088</u>	<u>\$ 1,596,864</u>	<u>\$ 6,405,705</u>	<u>\$ 4,808,841</u>

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

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

COUNTY OF CHAUTAUQUA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Road Machinery Fund
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental charges	\$ 374,418	\$ 485,465	\$ 582,641	\$ 97,176
Use of money and property	41,767	41,767	(103,367)	(145,134)
Sale of property and compensation for loss	1,000	1,000	17,957	16,957
Miscellaneous	-	-	4,229	4,229
Interfund revenues	452,437	636,538	632,526	(4,012)
Federal aid	-	-	27	27
Total revenues	<u>869,622</u>	<u>1,164,770</u>	<u>1,134,013</u>	<u>(30,757)</u>
EXPENDITURES				
Current:				
Transportation	4,111,824	4,937,151	4,951,323	(14,172)
Debt service:				
Principal	91,535	91,535	91,535	-
Interest	15,729	15,730	15,730	-
Total expenditures	<u>4,219,088</u>	<u>5,044,416</u>	<u>5,058,588</u>	<u>(14,172)</u>
(Deficiency) of revenues over expenditures	<u>(3,349,466)</u>	<u>(3,879,646)</u>	<u>(3,924,575)</u>	<u>(44,929)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>3,349,466</u>	<u>3,910,466</u>	<u>3,910,466</u>	-
Total other financing sources	<u>3,349,466</u>	<u>3,910,466</u>	<u>3,910,466</u>	-
Net change in fund balances (deficits)*	-	30,820	(14,109)	(44,929)
Fund balances—beginning	<u>462,113</u>	<u>462,113</u>	<u>462,113</u>	-
Fund balances—ending	<u>\$ 462,113</u>	<u>\$ 492,933</u>	<u>\$ 448,004</u>	<u>\$ (44,929)</u>

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

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

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COUNTY OF CHAUTAUQUA, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2022

1. OPEB LIABILITY

Changes in Assumptions—Changes in assumptions reflect the effects of changes in the long-term discount rate, the mortality rate, and the healthcare trend rate. The discount changes from 1.84% effective January 1, 2022 to 4.05% effective December 31, 2022, mortality improvement scale was updated from Scale MP-2021 mortality improvement scale on a generational basis to Scale MP-2022 mortality improvement scale on a generational basis. The annual rate of increase in healthcare costs was revised to better reflect future expectations, including updating long-term rates based on the SOA Long Term Healthcare Cost Trends Model v2023_1f (the Getzen model).

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

2. BUDGETARY INFORMATION

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

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the County Legislature. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the functional classification.

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

Actual results of operations presented in accordance with GAAP and the County's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed, or assigned fund balance. Significant encumbrances are disclosed in the notes to the financial statements. The General Fund original budget for the year ended December 31, 2022 include encumbrances from the prior year of \$677,330.

Excess of Expenditures Over Appropriations—For the year ended December 31, 2022, the County had budgetary expenditures in excess of the final budget amount within transportation of \$14,172. This was the result of greater than anticipated gasoline and diesel costs.

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SUPPLEMENTARY INFORMATION

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COUNTY OF CHAUTAUQUA, NEW YORK
Combining Statement of Net Position—Internal Service Funds
December 31, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total Internal</u> <u>Service Funds</u>
ASSETS			
Current assets:			
Investments	\$ 8,618,774	\$ 2,193,177	\$ 10,811,951
Intergovernmental receivables	4,439,206	-	4,439,206
Due from other funds	3,007,802	-	3,007,802
Prepaid items	-	300,007	300,007
Total assets	<u>16,065,782</u>	<u>2,493,184</u>	<u>18,558,966</u>
LIABILITIES			
Current liabilities:			
Accounts payable	14,926	686,021	700,947
Accrued liabilities	-	9,143	9,143
Total current liabilities	<u>14,926</u>	<u>695,164</u>	<u>710,090</u>
Noncurrent liabilities:			
Workers' compensation liability	18,236,284	-	18,236,284
Health insurance liability	-	1,475,890	1,475,890
Total noncurrent liabilities	<u>18,236,284</u>	<u>1,475,890</u>	<u>19,712,174</u>
Total liabilities	<u>18,251,210</u>	<u>2,171,054</u>	<u>20,422,264</u>
NET POSITION			
Unrestricted	<u>(2,185,428)</u>	<u>322,130</u>	<u>(1,863,298)</u>
Total net position	<u>\$ (2,185,428)</u>	<u>\$ 322,130</u>	<u>\$ (1,863,298)</u>

COUNTY OF CHAUTAUQUA, NEW YORK
Combining Statement of Revenues, Expenses, and
Changes in Net Position—Internal Service Funds
Year Ended December 31, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total Internal</u> <u>Service Funds</u>
OPERATING REVENUES			
Charges for services	\$ 4,068,123	\$ 21,101,176	\$ 25,169,299
Total operating revenues	<u>4,068,123</u>	<u>21,101,176</u>	<u>25,169,299</u>
OPERATING EXPENSES			
Insurance claims and expenses	<u>3,311,980</u>	<u>23,265,762</u>	<u>26,577,742</u>
Total operating expenses	<u>3,311,980</u>	<u>23,265,762</u>	<u>26,577,742</u>
Operating income (loss)	756,143	(2,164,586)	(1,408,443)
NONOPERATING REVENUES (EXPENSES)			
Interest income (loss)	(590,098)	-	(590,098)
Other miscellaneous revenue	<u>449,407</u>	<u>2,181,662</u>	<u>2,631,069</u>
Total nonoperating revenues (expenses)	<u>(140,691)</u>	<u>2,181,662</u>	<u>2,040,971</u>
Change in net position	615,452	17,076	632,528
Net position—beginning	<u>(2,800,880)</u>	<u>305,054</u>	<u>(2,495,826)</u>
Net position—ending	<u>\$ (2,185,428)</u>	<u>\$ 322,130</u>	<u>\$ (1,863,298)</u>

COUNTY OF CHAUTAUQUA, NEW YORK
Combining Statement of Cash Flows—Internal Service Funds
Year Ended December 31, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total Internal</u> <u>Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from services provided	\$ 4,635,208	\$ 21,101,176	\$ 25,736,384
Payments to suppliers and service providers	<u>(3,411,332)</u>	<u>(21,307,216)</u>	<u>(24,718,548)</u>
Net cash provided by (used for) operating activities	<u>1,223,876</u>	<u>(206,040)</u>	<u>1,017,836</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances from other funds	(3,007,802)	-	(3,007,802)
Other income	<u>449,407</u>	<u>2,181,662</u>	<u>2,631,069</u>
Net cash provided by noncapital financing activities	<u>(2,558,395)</u>	<u>2,181,662</u>	<u>(376,733)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment gain (loss)	<u>1,334,519</u>	<u>(1,975,622)</u>	<u>(641,103)</u>
Net cash provided by (used for) investing activities	<u>1,334,519</u>	<u>(1,975,622)</u>	<u>(641,103)</u>
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents—beginning	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 756,143	\$ (2,164,586)	\$ (1,408,443)
Adjustments to reconcile operating income (loss) to net cash (used for) operating activities:			
Decrease in intergovernmental receivables	567,085	-	567,085
(Increase) in prepaid items	-	(112,000)	(112,000)
(Decrease) increase in accounts payable	(62,905)	604,880	541,975
(Decrease) increase in other accrued expenses	<u>(36,447)</u>	<u>1,465,666</u>	<u>1,429,219</u>
Total adjustments	<u>467,733</u>	<u>1,958,546</u>	<u>2,426,279</u>
Net cash provided by (used for) operating activities	<u>\$ 1,223,876</u>	<u>\$ (206,040)</u>	<u>\$ 1,017,836</u>