

**COUNTY OF CATTARAUGUS,
NEW YORK**

*Basic Financial Statements, Required
Supplementary Information, Supplementary
Information, Other Information and Federal Awards
Information for the Year Ended December 31, 2020
and Independent Auditors' Reports*

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Cattaraugus, New York (the "County"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cattaraugus County Land Bank Corporation (the "Land Bank") and Cattaraugus County Economic Sustainability and Growth Corporation (the "Sustainability and Growth Corporation"), which represent 0.57% and 1.45% of the assets, respectively, and 2.08% and 0.02% of the operating revenues, respectively, of the business-type activities. We also did not audit the financial statements of the County of Cattaraugus Industrial Development Agency (the "CCIDA"), which is shown as a discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Land Bank, the Sustainability and Growth Corporation, and the CCIDA, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Land Bank and the Sustainability and Growth Corporation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2020, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*, and restated net position of governmental activities and business-type activities due to changes of accounting policies as of December 31, 2019. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

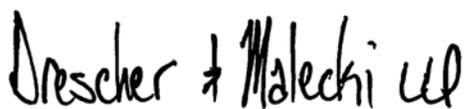
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Supplementary Information and Other Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 24, 2021 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 the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the County's internal control over financial reporting and compliance.



June 24, 2021

COUNTY OF CATTARAUGUS, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2020

As management of the County of Cattaraugus (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2020. 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 items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The liabilities and deferred inflows of resources of the County's primary government exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$131,654,053 (*net position*). This consists of \$135,327,561 net investment in capital assets and \$10,219,164 restricted for specific purposes, offset by an unrestricted net position of \$(277,200,778).
- The County's primary government net position decreased by \$9,312,714. Governmental activities decreased the County's net position by \$6,729,985, while business-type activities decreased the County's net position by \$2,582,729.
- At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$64,497,401, an increase of \$4,067,305 in comparison with the prior year's fund balance of \$60,430,096. Approximately 71.1 percent, \$45,865,538 of the combined fund balances is unassigned.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$45,865,538, or approximately 26.2 percent of General Fund expenditures and transfers out. This total amount is *available for spending* at the County's discretion and constitutes approximately 83.4 percent of the General Fund's total fund balance of \$54,969,667.
- The County's primary government net bonded indebtedness decreased by \$1,899,252 as a result of principal payments of \$5,355,651 and bond premium amortization of \$116,680, offset by a serial bond issuance of \$3,511,494, with a premium of \$53,888.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds—The County maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Pines Olean and Pines Machias nursing homes, Onoville Marina, the Land Bank, and the Sustainability and Growth Corporation. When the County charges customers for the services it provides, whether to outside customers or to other units of the County, these services are generally reported in Proprietary Funds.

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

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

Fiduciary 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 the fund is *not* available to support the County's own programs. The County maintains one fiduciary fund, the Custodial Fund.

The fiduciary funds financial statements can be found on page 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 26-62 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, the changes in the County's total other postemployment benefits ("OPEB") obligation and the County's budgetary comparison schedule for the General Fund. Required supplementary information and the related notes can be found on pages 63-67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as supplementary information immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 68-71.

Other Information is included in these financial statements, specifically, the Schedules of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual for the County's nonmajor funds. The Other Information can be found on pages 72-76 of this report.

The Federal Awards Information section presents the County's Schedule of Expenditures of Federal Awards. This section can be found on pages 77-88 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, liabilities and deferred inflows of resources exceeded assets and deferred outflows resulting in a net position of \$(131,654,053) at the close of the most recent fiscal year, as compared to \$(122,341,339) at the close of the fiscal year ended December 31, 2019, as restated.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2020	2019 (as restated)	2020	2019 (as restated)	2020	2019
Assets:						
Current assets	\$ 100,897,721	\$ 89,790,348	\$ 32,709,507	\$ 32,675,884	\$ 133,607,228	\$ 122,466,232
Noncurrent assets	-	-	463,782	591,551	463,782	591,551
Capital assets	<u>168,290,134</u>	<u>162,927,912</u>	<u>11,618,187</u>	<u>11,896,655</u>	<u>179,908,321</u>	<u>174,824,567</u>
Total assets	<u>269,187,855</u>	<u>252,718,260</u>	<u>44,791,476</u>	<u>45,164,090</u>	<u>313,979,331</u>	<u>297,882,350</u>
Deferred outflows of resources	<u>90,631,409</u>	<u>12,988,523</u>	<u>17,297,719</u>	<u>2,619,961</u>	<u>107,929,128</u>	<u>15,608,484</u>
Liabilities:						
Current liabilities	29,901,731	24,110,647	2,040,763	1,589,500	31,942,494	25,700,147
Noncurrent liabilities	<u>385,401,113</u>	<u>304,466,436</u>	<u>75,701,730</u>	<u>61,871,307</u>	<u>461,102,843</u>	<u>366,337,743</u>
Total liabilities	<u>415,302,844</u>	<u>328,577,083</u>	<u>77,742,493</u>	<u>63,460,807</u>	<u>493,045,337</u>	<u>392,037,890</u>
Deferred inflows of resources	<u>51,548,699</u>	<u>37,431,994</u>	<u>8,968,476</u>	<u>6,362,289</u>	<u>60,517,175</u>	<u>43,794,283</u>
Net Position:						
Net investment in capital assets	130,495,801	130,725,656	4,831,760	4,643,479	135,327,561	135,369,135
Restricted	10,219,164	6,343,617	-	-	10,219,164	6,343,617
Unrestricted	<u>(247,747,244)</u>	<u>(237,371,567)</u>	<u>(29,453,534)</u>	<u>(26,682,524)</u>	<u>(277,200,778)</u>	<u>(264,054,091)</u>
Total net position	<u>\$ (107,032,279)</u>	<u>\$ (100,302,294)</u>	<u>\$ (24,621,774)</u>	<u>\$ (22,039,045)</u>	<u>\$ (131,654,053)</u>	<u>\$ (122,341,339)</u>

The largest portion of the County's net position at December 31, 2020, \$135,369,135, reflects its investment in capital assets (e.g. land, buildings and improvements, infrastructure and machinery and equipment), less any debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$10,219,164, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining portion of the County's net position, \$(277,200,778), 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, other postemployment benefits ("OPEB") obligation, and net pension liability, are funded annually within the funds.

Table 2, as presented below, shows the changes in net position for the year ended December 31, 2020 and December 31, 2019.

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

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>Year ended December 31,</u>		<u>Year ended December 31,</u>		<u>Year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program revenues	\$ 65,123,060	\$ 68,162,102	\$ 29,843,364	\$ 31,674,002	\$ 94,966,424	\$ 99,836,104
General revenues	<u>107,616,095</u>	<u>108,156,858</u>	<u>46</u>	<u>23,697</u>	<u>107,616,141</u>	<u>108,180,555</u>
Total revenues	<u>172,739,155</u>	<u>176,318,960</u>	<u>29,843,410</u>	<u>31,697,699</u>	<u>202,582,565</u>	<u>208,016,659</u>
Total expenses	<u>179,469,140</u>	<u>171,373,003</u>	<u>32,426,139</u>	<u>29,468,027</u>	<u>211,895,279</u>	<u>200,841,030</u>
Change in net position	(6,729,985)	4,945,957	(2,582,729)	2,229,672	(9,312,714)	7,175,629
Net position—beginning	(100,302,294)	(107,736,972)	(22,039,045)	(21,779,996)	(122,341,339)	(129,516,968)
Restatement	-	2,488,721	-	(2,488,721)	-	-
Net position—ending	<u>\$ (107,032,279)</u>	<u>\$ (100,302,294)</u>	<u>\$ (24,621,774)</u>	<u>\$ (22,039,045)</u>	<u>\$ (131,654,053)</u>	<u>\$ (122,341,339)</u>

Governmental Activities—Governmental activities decreased the County's net position by \$6,729,985. A summary of revenues for governmental activities for the years ended December 31, 2020 and 2019 is presented below in Table 3.

Table 3—Summary of Sources of Revenues—Governmental Activities

	<u>Year Ended December 31,</u>		<u>Increase/(decrease)</u>	
	<u>2020</u>	<u>2019</u>	<u>Dollars</u>	<u>Percent %</u>
Charges for services	\$ 21,241,143	\$ 23,346,800	\$ (2,105,657)	(9.0)
Operating grants and contributions	37,639,557	36,726,944	912,613	2.5
Capital grants and contributions	6,242,360	8,088,358	(1,845,998)	(22.8)
Real property taxes and tax items	57,269,584	57,720,214	(450,630)	(0.8)
Non-property tax items	43,461,202	42,685,495	775,707	1.8
Unrestricted investment earnings	3,711,303	2,778,103	933,200	33.6
Miscellaneous	1,373,059	1,805,126	(432,067)	(23.9)
Sale of property and compensation for loss	<u>1,800,947</u>	<u>3,167,920</u>	<u>(1,366,973)</u>	<u>(43.2)</u>
Total revenues	<u>\$ 172,739,155</u>	<u>\$ 176,318,960</u>	<u>\$ (3,579,805)</u>	<u>(2.0)</u>

The most significant source of revenues is property taxes and tax items, which account for \$57,269,584 or 33.2 percent of total government activities revenues. The next largest source of revenue is non-property tax items, which comprise \$43,461,202 or 25.2 percent for the year ended December 31, 2020. Similarly, for the year ended December 31, 2019, the most significant source of revenue was property taxes and tax items, which accounted for \$57,720,214 or 32.7 percent of total government activities revenues. The next largest source of revenue was non-property tax items, which comprised \$42,685,495 or 24.2 percent of total governmental activities revenues.

During the year ended December 31, 2020, total revenues for governmental activities decreased by 2.0 percent, mainly due to decreases in charges for services, capital grants and contributions, and sale of property and compensation for loss. Charges for services decreased due to a decrease in public health fees, capital grants and contributions decreased due to the County not utilizing its full allotment of state aid, property and compensation for loss decreased due to receiving a one-time insurance recovery in the prior year.

A summary of program expenses of governmental activities for the years ended December 31, 2020 and December 31, 2019 is presented below in Table 4.

Table 4—Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2020	2019	Dollars	Percent %
General government support	\$ 26,523,146	\$ 28,722,722	\$ (2,199,576)	(7.7)
Education	6,038,594	7,959,610	(1,921,016)	(24.1)
Public safety	28,306,098	24,370,884	3,935,214	16.1
Public health	24,469,562	21,664,448	2,805,114	12.9
Transportation	27,553,089	23,399,588	4,153,501	17.8
Economic assistance and opportunity	61,343,417	60,059,114	1,284,303	2.1
Culture and recreation	873,103	1,090,612	(217,509)	(19.9)
Home and community services	3,182,702	3,091,486	91,216	3.0
Interest and fiscal charges	1,179,429	1,014,539	164,890	16.3
Total program expenses	<u>\$ 179,469,140</u>	<u>\$ 171,373,003</u>	<u>\$ 8,096,137</u>	4.7

For the year ended December 31, 2020, the County’s most significant expense category for governmental activities is economic assistance and opportunity of \$61,343,414, or 34.2 percent of program expenses. The other significant expenses include public safety of \$28,306,098, or 15.8 percent of total expenses and transportation of \$27,553,089, or 15.4 percent of total expenses. For the year ended December 31, 2019, the County’s most significant expense category for governmental activities was economic assistance and opportunity of \$60,059,114, or 35.0 percent of total expenses. The other significant expenses included general government support of \$28,722,722, or 16.8 percent of total expenses and public safety of \$24,370,884, or 14.2 percent of total expenses.

As shown above, total governmental activities program expenses increased 4.7 percent from the year ended December 31, 2019. The overall increase was primarily due to costs associated with the actuarial valuation of the County’s OPEB and pension plans.

Business-type Activities—Business-type activities decreased the County’s net position by \$3,364,041. The major activities are for the Pines Machias Campus, the Pines Olean Campus, Onoville Marina, the Land Bank, and the Sustainability and Growth Corporation.

A summary of revenues and expenses for the County’s business-type activities for the years ended December 31, 2020 and 2019 is presented below:

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

	Year Ended December 31,		Increase/(decrease)	
	2020	2019	Dollars	Percent %
Revenues:				
Service, property sales, and other operating revenue	\$ 21,705,588	\$ 23,296,067	\$ (1,590,479)	(6.8)
Grants and intergovernmental transfer	8,137,776	8,377,935	(240,159)	(2.9)
Investment and miscellaneous income	46	41,371	(41,325)	(99.9)
Total revenues	<u>\$ 29,843,410</u>	<u>\$ 31,715,373</u>	<u>\$ (1,871,963)</u>	(5.9)
Expenses:				
Personnel services	\$ 12,506,660	\$ 15,006,399	\$ (2,499,739)	(16.7)
Employee benefits	8,729,290	9,317,087	(587,797)	(6.3)
Contractual expenses	9,261,105	3,102,717	6,158,388	198.5
Depreciation, including indirect charges	1,085,427	1,163,879	(78,452)	(6.7)
Program services	532,604	523,990	8,614	1.6
Management and general	27,583	79,364	(51,781)	(65.2)
Interest expense	273,536	291,068	(17,532)	(6.0)
Loss on disposal of capital assets	9,934	1,197	8,737	729.9
Total expenses	<u>\$ 32,426,139</u>	<u>\$ 29,485,701</u>	<u>\$ 2,940,438</u>	10.0

During the year ended December 31, 2020, total business-type activities revenues decreased by 5.9 percent, mainly due to a decrease in intergovernmental transfer revenues.

As detailed above, the County’s business-type activities total expenses for the year ended December 31, 2020 increased 10.0 percent from the previous year. The increase is primarily increased employee benefit expenses related to the actuarial valuation of OPEB and pension plans.

The County’s business-type activities most significant expense items for the year ended December 31, 2020 are personnel services, which accounts for \$12,506,660 or 38.6 percent of total expenses and contractual expenses, which account for \$9,261,105 or 28.6 percent of total expenses. Comparatively, for the year ended December 31, 2019, most significant expense items were personnel services, which accounted for \$15,006,399 or 50.9 percent of total expenses and employee benefits, which accounted for \$9,317,087 or 31.6 percent of total expenses.

Financial Analysis of Governmental Funds

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

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

At December 31, 2020, the County’s governmental funds reported combined ending fund balances of \$64,497,401, an increase of \$4,067,305 from the prior year. Approximately 71.1 percent of this amount, \$45,865,538, constitutes *unassigned fund balance*, which is available for spending at the County’s discretion. The remainder of fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is: (1) not in spendable form, \$1,601,192, (2) restricted for particular purposes, \$11,608,166, (3) committed for a particular purpose, \$421,610, or (4) assigned for particular purposes, \$5,000,895.

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 \$45,865,538, while total fund balance was \$54,969,667. The General Fund balance increased \$6,521,260 from the prior year. As a measure of the General Fund’s liquidity, it may be useful to compare both the *unassigned fund balance* and total fund balance to the total General Fund expenditures and transfers out. *Unassigned fund balance* represents approximately 26.2 percent of the total General Fund expenditures and transfers out, while total fund balance represents approximately 31.3 percent of that same amount.

The fund balance in the Capital Projects Fund decreased \$2,629,166 from December 31, 2020 due to capital outlay exceeding the serial bond issuance, state and federal aid, and transfers in from the General Fund. The ending fund balance in the Capital Projects Fund was \$6,746,859.

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 \$3,364,041. This was primarily a result of expenses associated with OPEB and pension plans. The Land Bank’s, and Sustainability and Growth Corporation’s net position increased \$65,425 and \$3,160, respectively. The Pines Machias, The Pines Olean Campus, and the Onoville Marina’s net position decreased by \$2,116,222, \$1,182,873, and \$133,531, respectively.

General Fund Budgetary Highlights

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

A summary of the General Fund results of operations for the year ended December 31, 2020 is presented in Table 6 on the following page.

Table 6—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and other financing sources	\$ 183,247,142	\$ 188,930,584	\$ 181,911,076	\$ (7,019,508)
Expenditures and other financing uses	187,362,528	193,322,689	175,389,816	17,932,873
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (4,115,386)</u>	<u>\$ (4,392,105)</u>	<u>\$ 6,521,260</u>	<u>\$ 10,913,365</u>

Original budget compared to final budget—During the year, the budget is modified, primarily to reflect the acceptance of new state and federal grants. These grants explain the majority of the increases in appropriations and revenue from the original adopted budget final budget. Additionally, in the current year there was a large increase in budgeted appropriations as a result of increased sales tax distributions related to increased sales tax collections.

Final budget compared to actual results—The General Fund had a favorable variance from the final budget of \$10,913,365. Positive expenditure variances were realized primarily in economic assistance and opportunity, general government support, and health due to lower than expected social service, medical claims, and various contractual costs, respectively.

Capital Assets and Debt Administration

Capital assets—The County’s investment in capital assets for its governmental and business-type activities as of December 31, 2020 amounts to \$179,908,321 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure assets.

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

Capital assets net of depreciation for the governmental activities and business-type activities at the years ended December 31, 2020 and December 31, 2019 are presented in Table 7 on the following page.

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

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,918,632	\$ 1,918,632	\$ 813,215	\$ 813,215	\$ 2,731,847	\$ 2,731,847
Construction in progress	40,672,217	41,072,715	-	-	40,672,217	41,072,715
Infrastructure	104,882,965	99,113,524	-	-	104,882,965	99,113,524
Buildings and improvements	7,420,457	7,955,767	479,607	536,627	7,900,064	8,492,394
Machinery and equipment	13,395,863	12,867,274	69,316	72,819	13,465,179	12,940,093
The Pines	-	-	10,256,049	10,473,994	10,256,049	10,473,994
Total	\$ 168,290,134	\$ 162,927,912	\$ 11,618,187	\$ 11,896,655	\$ 179,908,321	\$ 174,824,567

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

Long-term liabilities—The County currently has \$37,532,494 in total bonded debt for governmental activities.

The County's business-type activities, the Pines Machias, the Pines Olean and the Onoville Marina, also have issued bonded debt and recorded as a long-term liability. The amount outstanding consists of public improvement serial bonds totaling \$6,659,000 as of December 31, 2020.

The County carries an Aa3 rating from Moody's Investors Service.

A summary of the County's long-term liabilities at December 31, 2020 and December 31, 2019 are presented in Table 8 below:

Table 8—Summary of Long-Term Liabilities

	Governmental activities		Business-type activities		Total	
	December 31,		December 31,		December 31,	
	2020	2019 (as restated)	2020	2019 (as restated)	2020	2019
Serial bonds	\$ 37,532,494	\$ 38,808,651	\$ 6,659,000	\$ 7,227,000	\$ 44,191,494	\$ 46,035,651
Premium on serial bonds	416,456	458,977	107,523	127,794	523,979	586,771
Bonds payable, net	37,948,950	39,267,628	6,766,523	7,354,794	44,715,473	46,622,422
Compensated absences	6,808,192	6,120,632	623,282	543,680	7,431,474	6,664,312
Capital leases	1,286,117	1,015,511	19,904	26,176	1,306,021	1,041,687
OPEB	282,178,186	236,370,070	56,073,659	49,018,172	338,251,845	285,388,242
Noncurrent workers' compensation	8,898,910	9,273,864	2,364,552	2,488,721	11,263,462	11,762,585
Net pension liability	48,280,758	12,418,731	9,853,810	2,439,764	58,134,568	14,858,495
Total	\$ 385,401,113	\$ 304,466,436	\$ 75,701,730	\$ 61,871,307	\$ 461,102,843	\$ 366,337,743

For additional information on the County's long-term liabilities, refer to Note 12 of this report.

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing Cattaraugus County's budget for the 2020 year included:

- Full-value assessments increased 4.8%.
- Total appropriations—all funds decreased 0.9%.

Contacting the County's Financial Management

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

Hon. Matthew J. Keller
County Treasurer
303 Court Street
Little Valley, New York 14755

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BASIC FINANCIAL STATEMENTS

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COUNTY OF CATTARAUGUS, NEW YORK
Statement of Net Position
December 31, 2020

	Primary Government			Component Unit
	Governmental	Business-type	Total	Industrial
	Activities	Activities		Development
				Agency
ASSETS				
Cash and cash equivalents	\$ 10,023,249	\$ 27,522,477	\$ 37,545,726	\$ 428,945
Restricted cash and cash equivalents	11,161,755	694,624	11,856,379	-
Investments	39,106,246	-	39,106,246	728,109
Receivables (net of allowances):				
Taxes receivable	12,096,116	-	12,096,116	-
Accounts receivable	4,449,479	4,422,014	8,871,493	263
Intergovernmental receivables	22,459,684	-	22,459,684	-
Inventory	-	55,570	55,570	-
Prepaid items	1,601,192	14,822	1,616,014	4,350
Notes receivable	-	463,782	463,782	-
Capital assets not being depreciated	42,590,849	1,223,604	43,814,453	149,299
Capital assets, net of accumulated depreciation	<u>125,699,285</u>	<u>10,394,583</u>	<u>136,093,868</u>	<u>98,510</u>
Total assets	<u>269,187,855</u>	<u>44,791,476</u>	<u>313,979,331</u>	<u>1,409,476</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	33,845,153	6,907,590	40,752,743	127,554
Deferred outflows—relating to OPEB	56,734,524	10,390,129	67,124,653	-
Deferred charge on refunding	<u>51,732</u>	<u>-</u>	<u>51,732</u>	<u>-</u>
Total deferred outflows of resources	<u>90,631,409</u>	<u>17,297,719</u>	<u>107,929,128</u>	<u>127,554</u>
LIABILITIES				
Accounts payable	9,668,974	804,791	10,473,765	-
Retainages payable	112,266	-	112,266	-
Accrued liabilities	4,492,110	615,601	5,107,711	2,105
Accrued interest payable	237,932	208,256	446,188	-
Intergovernmental payables	10,038,237	5,144	10,043,381	-
Internal balances	1,205,079	9,314	1,214,393	-
Unearned revenue	4,147,133	397,657	4,544,790	-
Noncurrent liabilities:				
Due within one year	5,725,298	1,010,168	6,735,466	-
Due in more than one year	<u>379,675,815</u>	<u>74,691,562</u>	<u>454,367,377</u>	<u>175,874</u>
Total liabilities	<u>415,302,844</u>	<u>77,742,493</u>	<u>493,045,337</u>	<u>177,979</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	2,656,355	542,145	3,198,500	14,768
Deferred inflows—relating to OPEB	<u>48,892,344</u>	<u>8,426,331</u>	<u>57,318,675</u>	<u>-</u>
Total deferred inflows of resources	<u>51,548,699</u>	<u>8,968,476</u>	<u>60,517,175</u>	<u>14,768</u>
NET POSITION				
Net investment in capital assets	130,495,801	4,831,760	135,327,561	247,809
Restricted for:				
MDLF loan fund	246,410	-	246,410	-
Insurance	1,480,055	-	1,480,055	-
Workers' compensation	1,657,573	-	1,657,573	-
Other	984,391	-	984,391	-
Capital projects	5,357,857	-	5,357,857	-
Debt	487,192	-	487,192	-
Trust accounts	5,686	-	5,686	-
Unrestricted	<u>(247,747,244)</u>	<u>(29,453,534)</u>	<u>(277,200,778)</u>	<u>1,096,474</u>
Total net position	<u>\$(107,032,279)</u>	<u>\$(24,621,774)</u>	<u>\$(131,654,053)</u>	<u>\$ 1,344,283</u>

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

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Activities
Year Ended December 31, 2020

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		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government support	\$ 26,523,146	\$ 5,058,614	\$ 2,193,163	\$ 69,510	\$ (19,201,859)	\$ -	\$ (19,201,859)	\$ -
Education	6,038,594	-	1,934,801	-	(4,103,793)	-	(4,103,793)	-
Public safety	28,306,098	2,817,624	2,317,555	-	(23,170,919)	-	(23,170,919)	-
Health	24,469,562	8,986,647	7,902,342	-	(7,580,573)	-	(7,580,573)	-
Transportation	27,553,089	436,901	-	6,172,850	(20,943,338)	-	(20,943,338)	-
Economic assistance and opportunity	61,343,417	2,619,569	22,363,722	-	(36,360,126)	-	(36,360,126)	-
Culture and recreation	873,103	90	133,678	-	(739,335)	-	(739,335)	-
Home and community services	3,182,702	1,321,698	714,509	-	(1,146,495)	-	(1,146,495)	-
Interest and fiscal charges	1,179,429	-	79,787	-	(1,099,642)	-	(1,099,642)	-
Total governmental activities	<u>179,469,140</u>	<u>21,241,143</u>	<u>37,639,557</u>	<u>6,242,360</u>	<u>(114,346,080)</u>	<u>-</u>	<u>(114,346,080)</u>	<u>-</u>
Business-type activities:								
The Pines Machias Campus	16,641,174	13,733,864	1,197,170	-	-	(1,710,140)	(1,710,140)	-
The Pines Olean Campus	14,518,202	12,576,564	1,133,949	-	-	(807,689)	(807,689)	-
Onoville Marina	706,576	573,045	-	-	-	(133,531)	(133,531)	-
Land Bank Corporation	555,937	65,425	555,937	-	-	65,425	65,425	-
Sustainability and Growth Corporation	4,250	-	7,410	-	-	3,160	3,160	-
Total business-type activities	<u>32,426,139</u>	<u>26,948,898</u>	<u>2,894,466</u>	<u>-</u>	<u>-</u>	<u>(2,582,775)</u>	<u>(2,582,775)</u>	<u>-</u>
Total primary government	<u>\$ 211,895,279</u>	<u>\$ 48,190,041</u>	<u>\$ 40,534,023</u>	<u>\$ 6,242,360</u>	<u>(114,346,080)</u>	<u>(2,582,775)</u>	<u>(116,928,855)</u>	<u>-</u>
Component unit:								
Cattaraugus County Industrial Development Agency	\$ 362,592	\$ 506,313	\$ -	\$ -				143,721
Total component unit	<u>\$ 362,592</u>	<u>\$ 506,313</u>	<u>\$ -</u>	<u>\$ -</u>				<u>143,721</u>
General revenues:								
					54,216,597	-	54,216,597	-
					3,052,987	-	3,052,987	-
					43,461,202	-	43,461,202	-
					3,711,303	46	3,711,349	-
					1,373,059	-	1,373,059	3,084
					1,800,947	-	1,800,947	7,564
					<u>107,616,095</u>	<u>46</u>	<u>107,616,141</u>	<u>10,648</u>
					(6,729,985)	(2,582,729)	(9,312,714)	154,369
					<u>(100,302,294)</u>	<u>(22,039,045)</u>	<u>(122,341,339)</u>	<u>1,189,914</u>
					<u>\$ (107,032,279)</u>	<u>\$ (24,621,774)</u>	<u>\$ (131,654,053)</u>	<u>\$ 1,344,283</u>

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

COUNTY OF CATTARAUGUS, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2020

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 7,553,176	\$ -	\$ 2,470,073	\$ 10,023,249
Restricted cash and cash equivalents	7,077,436	2,207,842	1,876,477	11,161,755
Investments	39,106,246	-	-	39,106,246
Receivables (net of allowances):				
Taxes receivable	12,096,116	-	-	12,096,116
Accounts receivable	3,054,557	-	84,889	3,139,446
Due from other funds	3,551,230	4,216,901	474,668	8,242,799
Intergovernmental receivables	20,006,195	1,642,119	811,370	22,459,684
Prepaid items	1,601,192	-	-	1,601,192
Total assets	<u>\$ 94,046,148</u>	<u>\$ 8,066,862</u>	<u>\$ 5,717,477</u>	<u>\$ 107,830,487</u>
LIABILITIES				
Accounts payable	\$ 8,061,483	\$ 975,999	\$ 631,492	\$ 9,668,974
Accrued liabilities	3,903,194	275,506	313,410	4,492,110
Intergovernmental payables	10,038,237	-	-	10,038,237
Due to other funds	8,825,806	68,498	553,574	9,447,878
Unearned revenue	2,709,007	-	1,438,126	4,147,133
Total liabilities	<u>33,537,727</u>	<u>1,320,003</u>	<u>2,936,602</u>	<u>37,794,332</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue—property taxes	5,538,754	-	-	5,538,754
Total deferred inflows of resources	<u>5,538,754</u>	<u>-</u>	<u>-</u>	<u>5,538,754</u>
FUND BALANCES				
Nonspendable	1,601,192	-	-	1,601,192
Restricted	4,368,429	6,746,859	492,878	11,608,166
Committed	421,610	-	-	421,610
Assigned	2,712,898	-	2,287,997	5,000,895
Unassigned	45,865,538	-	-	45,865,538
Total fund balances	<u>54,969,667</u>	<u>6,746,859</u>	<u>2,780,875</u>	<u>64,497,401</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 94,046,148</u>	<u>\$ 8,066,862</u>	<u>\$ 5,717,477</u>	<u>\$ 107,830,487</u>

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

COUNTY OF CATTARAUGUS, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2020

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

Total fund balances—governmental funds (page 17)		\$ 64,497,401
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$332,028,379 and the accumulated depreciation is \$163,738,245.		168,290,134
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.		51,732
Uncollected property taxes of \$5,538,754 are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		5,538,754
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 related to employer contributions	\$ 4,838,166	
Deferred outflows related to experience and investment earnings	29,006,987	
Deferred inflows related to pension plans	(2,656,355)	
Deferred outflow related to OPEB	56,734,524	
Deferred inflows related to OPEB	(48,892,344)	39,030,978
Certain accrued revenues reported in the statement of net position are received after the availability period for recognition of revenue in the governmental funds.		1,310,033
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(112,266)
Accrued interest expense for serial bonds and bond anticipation notes is not reported in the funds.		(237,932)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds. The effect of these items are:		
Serial bonds	\$ (37,532,494)	
Premium on serial bonds	(416,456)	
Compensated absences	(6,808,192)	
Capital leases	(1,286,117)	
OPEB obligation	(282,178,186)	
Noncurrent workers' compensation	(8,898,910)	
Net pension liability	(48,280,758)	(385,401,113)
Total net position of governmental activities		\$ (107,032,279)

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

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
Year Ended December 31, 2020

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes	\$ 52,993,339	\$ -	\$ -	\$ 52,993,339
Real property tax items	3,052,987	-	-	3,052,987
Non property tax items	31,530,150	-	11,931,052	43,461,202
Departmental income	14,984,479	-	14,198	14,998,677
Intergovernmental charges	5,689,249	-	432,603	6,121,852
Use of money and property	3,857,472	-	26,748	3,884,220
Licenses and permits	56,436	-	-	56,436
Fines and forfeitures	129,566	-	-	129,566
Sale of property and compensation for loss	1,786,533	4,879	9,535	1,800,947
Miscellaneous	1,260,701	25,000	63,135	1,348,836
Interfund revenues	29,268,006	-	3,415,044	32,683,050
State aid	18,654,048	4,362,917	722,139	23,739,104
Federal aid	17,583,109	2,086,042	408,274	20,077,425
Total revenues	<u>180,846,075</u>	<u>6,478,838</u>	<u>17,022,728</u>	<u>204,347,641</u>
EXPENDITURES				
Current:				
General government support	53,400,270	-	-	53,400,270
Education	6,038,502	-	-	6,038,502
Public safety	22,473,191	-	701,368	23,174,559
Health	21,051,184	-	-	21,051,184
Transportation	17,659	-	16,220,288	16,237,947
Economic assistance and opportunity	54,436,531	-	74,292	54,510,823
Culture and recreation	817,294	-	-	817,294
Home and community services	2,698,852	-	14,440	2,713,292
Employee benefits	6,656,889	-	-	6,656,889
Debt service:				
Principal	172,243	-	4,888,899	5,061,142
Interest and fiscal charges	89,014	-	1,131,081	1,220,095
Capital outlay	-	13,507,820	-	13,507,820
Total expenditures	<u>167,851,629</u>	<u>13,507,820</u>	<u>23,030,368</u>	<u>204,389,817</u>
Excess (deficiency) of revenues over expenditures	<u>12,994,446</u>	<u>(7,028,982)</u>	<u>(6,007,640)</u>	<u>(42,176)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	571,468	888,322	11,509,473	12,969,263
Transfers out	(7,538,187)	-	(5,431,076)	(12,969,263)
Issuance of serial bonds	-	3,511,494	-	3,511,494
Premium on bonds issued	-	-	53,890	53,890
Proceeds of capital leases	493,533	-	50,564	544,097
Total other financing sources (uses)	<u>(6,473,186)</u>	<u>4,399,816</u>	<u>6,182,851</u>	<u>4,109,481</u>
Net change in fund balances	6,521,260	(2,629,166)	175,211	4,067,305
Fund balances—beginning	48,448,407	9,376,025	2,605,664	60,430,096
Fund balances—ending	<u>\$ 54,969,667</u>	<u>\$ 6,746,859</u>	<u>\$ 2,780,875</u>	<u>\$ 64,497,401</u>

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

COUNTY OF CATTARAUGUS, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances—Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2020

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

Net change in fund balances—total governmental funds (page 19) \$ 4,067,305

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

Capital asset additions	\$ 15,687,590	
Loss on disposition of capital assets	(211,522)	
Depreciation expense	<u>(10,113,846)</u>	5,362,222

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 property taxes receivable	\$ 1,162,939	
Change in other receivables	<u>141,236</u>	1,304,175

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

Direct pension contributions	\$ 4,838,166	
Cost of benefits earned net of employee contributions	<u>(13,888,611)</u>	(9,050,445)

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 trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization.

Change in OPEB assumptions	\$ 54,217,713	
Differences between expected and actual experience	<u>(17,897,030)</u>	36,320,683

Governmental funds report retained percentages expenditures on construction contracts when such retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues. 298,059

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 62,695

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

Issuance of serial bonds	\$ (3,511,494)	
Principal payments on serial bonds	4,787,651	
Premiums on serial bonds	(53,890)	
Amortization of premiums on serial bonds	96,411	
Amortization of deferred charge on refunding	(22,029)	
Proceeds of capital leases	(544,097)	
Principal payments on capital leases	273,491	
Change in compensated absences	(687,560)	
Change in OPEB	(45,808,116)	
Change in noncurrent workers' compensation	<u>374,954</u>	(45,094,679)

Change in net position of governmental activities \$ (6,729,985)

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

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Net Position—Proprietary Funds
December 31, 2020

	Business-type Activities					Total Enterprise Funds
	The Pines Machias Campus	The Pines Olean Campus	Onoville Marina	Land Bank Corporation	Sustainability and Growth Corporation	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 9,937,497	\$ 16,609,691	\$ 631,116	\$ 158,817	\$ 185,356	\$ 27,522,477
Restricted cash and cash equivalents	247,056	349,911	-	97,657	-	694,624
Receivable, resident (net of allowance)	2,307,030	2,114,984	-	-	-	4,422,014
Due from other funds	-	-	120	-	-	120
Inventory	24,720	23,397	7,453	-	-	55,570
Other assets	1,381	13,441	-	-	-	14,822
Total current assets	<u>12,517,684</u>	<u>19,111,424</u>	<u>638,689</u>	<u>256,474</u>	<u>185,356</u>	<u>32,709,627</u>
Noncurrent assets:						
Notes receivable	-	-	-	-	463,782	463,782
Capital assets not being depreciated	95,335	315,054	813,215	-	-	1,223,604
Capital assets, net of accumulated depreciation	<u>6,187,842</u>	<u>3,657,818</u>	<u>548,923</u>	<u>-</u>	<u>-</u>	<u>10,394,583</u>
Total noncurrent assets	<u>6,283,177</u>	<u>3,972,872</u>	<u>1,362,138</u>	<u>-</u>	<u>463,782</u>	<u>12,081,969</u>
Total assets	<u>18,800,861</u>	<u>23,084,296</u>	<u>2,000,827</u>	<u>256,474</u>	<u>649,138</u>	<u>44,791,596</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows—relating to pensions	3,745,177	3,084,982	77,431	-	-	6,907,590
Deferred outflows—relating to OPEB	<u>5,409,199</u>	<u>4,931,802</u>	<u>49,128</u>	<u>-</u>	<u>-</u>	<u>10,390,129</u>
Total deferred outflows of resources	<u>9,154,376</u>	<u>8,016,784</u>	<u>126,559</u>	<u>-</u>	<u>-</u>	<u>17,297,719</u>
LIABILITIES						
Current liabilities:						
Accounts payable	299,814	314,538	190,439	-	-	804,791
Accrued liabilities	403,054	210,107	2,440	-	-	615,601
Accrued interest payable	76,950	131,306	-	-	-	208,256
Intergovernmental payables	-	-	5,144	-	-	5,144
Due to other funds	-	-	9,434	-	-	9,434
Unearned revenue	<u>80,000</u>	<u>220,000</u>	<u>-</u>	<u>97,657</u>	<u>-</u>	<u>397,657</u>
Total current liabilities	<u>859,818</u>	<u>875,951</u>	<u>207,457</u>	<u>97,657</u>	<u>-</u>	<u>2,040,883</u>
Noncurrent liabilities:						
Due within one year	758,434	248,934	2,800	-	-	1,010,168
Due in more than one year	<u>42,885,461</u>	<u>31,067,422</u>	<u>738,679</u>	<u>-</u>	<u>-</u>	<u>74,691,562</u>
Total noncurrent liabilities	<u>43,643,895</u>	<u>31,316,356</u>	<u>741,479</u>	<u>-</u>	<u>-</u>	<u>75,701,730</u>
Total liabilities	<u>44,503,713</u>	<u>32,192,307</u>	<u>948,936</u>	<u>97,657</u>	<u>-</u>	<u>77,742,613</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows—relating to pensions	293,942	242,126	6,077	-	-	542,145
Deferred inflows—relating to OPEB	<u>4,398,874</u>	<u>3,985,056</u>	<u>42,401</u>	<u>-</u>	<u>-</u>	<u>8,426,331</u>
Total deferred inflows of resources	<u>4,692,816</u>	<u>4,227,182</u>	<u>48,478</u>	<u>-</u>	<u>-</u>	<u>8,968,476</u>
NET POSITION						
Net investment in capital assets	(372,959)	3,842,581	1,362,138	-	-	4,831,760
Unrestricted	<u>(20,868,333)</u>	<u>(9,160,990)</u>	<u>(232,166)</u>	<u>158,817</u>	<u>649,138</u>	<u>(29,453,534)</u>
Total net position	<u>\$ (21,241,292)</u>	<u>\$ (5,318,409)</u>	<u>\$ 1,129,972</u>	<u>\$ 158,817</u>	<u>\$ 649,138</u>	<u>\$ (24,621,774)</u>

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

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2020

	<u>Business-type Activities</u>					<u>Total Enterprise Funds</u>
	<u>The Pines Machias Campus</u>	<u>The Pines Olean Campus</u>	<u>Onoville Marina</u>	<u>Land Bank Corporation</u>	<u>Sustainability and Growth Corporation</u>	
Operating revenues:						
Net service revenue	\$ 11,073,403	\$ 9,993,715	\$ 573,045	\$ -	\$ -	\$ 21,640,163
Intergovernmental transfer revenue	2,660,461	2,582,849	-	-	-	5,243,310
Grants and other revenue	1,197,170	1,133,949	-	555,937	7,410	2,894,466
Property sales	-	-	-	65,425	-	65,425
Total operating revenues	<u>14,931,034</u>	<u>13,710,513</u>	<u>573,045</u>	<u>621,362</u>	<u>7,410</u>	<u>29,843,364</u>
Operating expenses:						
Personnel services	6,264,250	5,677,978	564,432	-	-	12,506,660
Employee benefits	4,388,323	4,285,938	55,029	-	-	8,729,290
Contractual expenses	5,162,313	4,098,792	-	-	-	9,261,105
Depreciation, including indirect charges	553,879	454,367	77,181	-	-	1,085,427
Program services	-	-	-	532,604	-	532,604
Management and general	-	-	-	23,333	4,250	27,583
Total operating expenses	<u>16,368,765</u>	<u>14,517,075</u>	<u>696,642</u>	<u>555,937</u>	<u>4,250</u>	<u>32,142,669</u>
Operating (loss) gain	<u>(1,437,731)</u>	<u>(806,562)</u>	<u>(123,597)</u>	<u>65,425</u>	<u>3,160</u>	<u>(2,299,305)</u>
Nonoperating revenues (expenses):						
Investment income	-	46	-	-	-	46
Interest expense	(272,409)	(1,127)	-	-	-	(273,536)
Loss on disposal of capital assets	-	-	(9,934.00)	-	-	(9,934)
Total nonoperating revenues (expenses)	<u>(272,409)</u>	<u>(1,081)</u>	<u>(9,934)</u>	<u>-</u>	<u>-</u>	<u>(283,424)</u>
Change in net position	(1,710,140)	(807,643)	(133,531)	65,425	3,160	(2,582,729)
Total net position—beginning	<u>(19,531,152)</u>	<u>(4,510,766)</u>	<u>1,263,503</u>	<u>93,392</u>	<u>645,978</u>	<u>(22,039,045)</u>
Total net position—ending	<u>\$ (21,241,292)</u>	<u>\$ (5,318,409)</u>	<u>\$ 1,129,972</u>	<u>\$ 158,817</u>	<u>\$ 649,138</u>	<u>\$ (24,621,774)</u>

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

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Cash Flows—Proprietary Funds
Year Ended December 31, 2020

	Business-type Activities					Total Enterprise Funds
	The Pines Machias Campus	The Pines Olean Campus	Onoville Marina	Land Bank Corporation	Sustainability and Growth Corporation	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from services provided	\$ 12,341,762	\$ 11,581,465	\$ 557,238	\$ -	\$ -	\$ 24,480,465
Receipts from grants	534,848	656,454	-	525,303	-	1,716,605
Receipts from property sales	-	-	-	65,425	-	65,425
Payments to suppliers and service providers	(5,025,364)	(4,304,572)	(216,630)	(555,937)	(4,250)	(10,106,753)
Payments to employees for salaries and benefits	(9,382,489)	(8,673,130)	(254,329)	-	-	(18,309,948)
Other receipts	662,322	477,495	-	-	7,410	1,147,227
Net cash (used for) provided by operating activities	<u>(868,921)</u>	<u>(262,288)</u>	<u>86,279</u>	<u>34,791</u>	<u>3,160</u>	<u>(1,006,979)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal payments on serial bonds	(505,000)	(63,000)	-	-	-	(568,000)
Principal payments on capital lease	(6,272)	-	-	-	-	(6,272)
Interest paid on capital debt	(288,905)	(4,902)	-	-	-	(293,807)
Acquisition and construction of capital assets	(294,211)	(496,090)	(26,592)	-	-	(816,893)
Net cash used for capital and related financing activities	<u>(1,094,388)</u>	<u>(563,992)</u>	<u>(26,592)</u>	<u>-</u>	<u>-</u>	<u>(1,684,972)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts from investments	-	46	-	-	-	46
Receipts from notes receivable	-	-	-	-	30,154	30,154
Net cash provided by investing activities	<u>-</u>	<u>46</u>	<u>-</u>	<u>-</u>	<u>30,154</u>	<u>30,200</u>
Net change in cash and cash equivalents	(1,963,309)	(826,234)	59,687	34,791	33,314	(2,661,751)
Cash and cash equivalents—beginning	12,147,862	17,785,836	571,429	221,683	152,042	30,878,852
Cash and cash equivalents—ending	<u>\$ 10,184,553</u>	<u>\$ 16,959,602</u>	<u>\$ 631,116</u>	<u>\$ 256,474</u>	<u>\$ 185,356</u>	<u>\$ 28,217,101</u>
Reconciliation of operating gain (loss) to net cash provided by (used for) operating activities:						
Operating (loss) gain	\$ (1,437,731)	\$ (806,562)	\$ (123,597)	\$ 65,425	\$ 3,160	\$ (2,299,305)
Adjustments to reconcile operating gain (loss) to net cash provided by (used for) operating activities:						
Depreciation expense	553,879	454,367	77,181	-	-	1,085,427
(Increase) in accounts receivable	(1,472,102)	(1,215,099)	-	-	-	(2,687,201)
(Increase) decrease in inventories	(249)	(2,727)	9,626	-	-	6,650
Decrease (increase) in other assets	96,234	(13,441)	-	-	-	82,793
(Increase) in due from other funds	-	-	(120)	-	-	(120)
(Increase) decrease in deferred outflows of resources	(4,884,152)	(4,438,234)	(94,447)	-	-	(9,416,833)
Increase (decrease) in accounts payable	40,964	(189,612)	190,004	-	-	41,356
Increase (decrease) in accrued items	102,921	84,104	(61,901)	-	-	125,124
Increase in intergovernmental payables	-	-	2,268	-	-	2,268
Increase in due to other funds	-	-	9,434	-	-	9,434
Increase (decrease) in unearned revenue	80,000	220,000	(18,075)	(30,634)	-	251,291
(Decrease) in workers' compensation	(64,783)	(58,485)	(901)	-	-	(124,169)
Increase in accrued compensated absences	68,796	32,715	-	-	-	101,511
Increase in other postemployment benefits	3,500,205	3,296,605	60,328	-	-	6,857,138
Increase in net pension liability	4,051,560	3,494,954	65,881	-	-	7,612,395
(Decrease) in deferred inflows of resources	(1,504,463)	(1,120,873)	(29,402)	-	-	(2,654,738)
Total adjustments	<u>568,810</u>	<u>544,274</u>	<u>209,876</u>	<u>(30,634)</u>	<u>-</u>	<u>1,292,326</u>
Net cash provided by (used for) operating activities	<u>\$ (868,921)</u>	<u>\$ (262,288)</u>	<u>\$ 86,279</u>	<u>\$ 34,791</u>	<u>\$ 3,160</u>	<u>\$ (1,006,979)</u>

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

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Fiduciary Net Position—Fiduciary Fund
December 31, 2020

	<u>Custodial Fund</u>
ASSETS	
Restricted cash and cash equivalents	\$ 186,876
Due from other funds	<u>1,214,393</u>
Total assets	<u>\$ 1,401,269</u>
LIABILITIES	
Accounts payable	\$ 734
Due to other governments	<u>36,345</u>
Total liabilities	<u>37,079</u>
NET POSITION	
Restricted for bail and courts	987,465
Restricted for employee health insurance	142,556
Other restricted net position	<u>234,169</u>
Total net position	<u>\$ 1,364,190</u>

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

COUNTY OF CATTARAUGUS, NEW YORK
Statement of Changes in Fiduciary Net Position—Fiduciary Fund
December 31, 2020

	<u>Custodial Fund</u>
ADDITIONS	
Funds collected on behalf of others	\$ 3,745,770
Total additions	<u>3,745,770</u>
DEDUCTIONS	
Funds distributed on behalf of others	<u>3,376,577</u>
Total deductions	<u>3,376,577</u>
Change in net position	369,193
Net position—beginning, as restated	<u>994,997</u>
Net position—ending	<u>\$ 1,364,190</u>

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

COUNTY OF CATTARAUGUS, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

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

Reporting Entity

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

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

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

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

Cattaraugus County Land Bank Corporation—The Cattaraugus County Land Bank Corporation (the “Land Bank”) was created in September of 2016 by the Cattaraugus County

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

Cattaraugus County Economic Sustainability and Growth Corporation—The Cattaraugus County Economic Sustainability and Growth Corporation (the “Sustainability and Growth Corporation”) was created in April of 2015 by the Cattaraugus County Legislature under the provisions of Section 201 of the Not-for-Profit Corporation Law of New York. The Sustainability and Growth Corporation is a nonprofit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The general purposes of the Sustainability and Growth Corporation are the planning and implementation of programs, projects, and activities designed to create or stimulate economic and community development in the County of Cattaraugus. The Sustainability and Growth Corporation is a blended component unit because the County is the sole corporate member of the Sustainability and Growth Corporation. Further information can be obtained by writing the Cattaraugus County Economic Sustainability and Growth Corporation, 303 Court Street, Little Valley, New York 14755.

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

County of Cattaraugus Industrial Development Agency—The County of Cattaraugus Industrial Development Agency (the “CCIDA”) was created in 1971 by the Cattaraugus County Legislature under the provisions of Chapter 536 of the laws of New York State for the purpose of encouraging economic growth in Cattaraugus County. CCIDA is exempt from federal and state income taxes. CCIDA is a discretely presented component unit because members of CCIDA's board are appointed by the County Legislature and the CCIDA need County Legislature approval for various actions. CCIDA's annual financial report can be obtained by writing the County of Cattaraugus Industrial Development Agency, 9 East Washington Street, P.O. Box 1749, Ellicottville, New York 14731.

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

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 up of the City of Jamestown and Chautauqua and Cattaraugus Counties. The College is excluded from the financial reporting entity because the County is unable to appoint a voting majority of the Board of Trustees and the College is not fiscally dependent on the County. Further information can be obtained by writing Jamestown Community College, Administration Office, 525 Falconer Street, Jamestown, New York 14701.

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

Basis of Presentation—Government-wide Financial Statements

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

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

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

Basis of Presentation—Fund Financial Statements

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

The County reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the County and accounts for all financial resources of the general government, except those required to be accounted for in other funds. The principal sources of revenue for the General Fund are property taxes and sales tax.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment other than those financed by enterprise funds.

The County reports the following major enterprise funds:

- *The Pines Healthcare and Rehabilitation Center Fund*—Machias Campus—(“The Pines Machias Campus”) Nursing facility delivering long-term care and short-term rehabilitation services to the citizens of Cattaugus County and neighboring communities.
- *The Pines Healthcare and Rehabilitation Center Fund*—Olean Campus—(“The Pines Olean Campus”) Nursing facility delivering long-term care and short-term rehabilitation services to the citizens of Cattaugus County and neighboring communities.
- *Onoville Marina*—Marina maintained and operated by the Cattaugus County Department of Public Works.
- *Land Bank Corporation*—The Cattaugus County Land Bank, a blended component unit, is used to account for operations aimed to help communities recover from the effects of foreclosures.
- *Economic Sustainability and Growth Corporation*—The Cattaugus County Economic Sustainability and Growth Corporation, a blended component unit, was formed to promote economic growth and attract new business to the County.

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 type:

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental

activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

Notes Receivable—The Sustainability and Growth Corporation, a blended component unit of the County, records a note receivable at year-end. This note receivable represents a loan that is operated by the Sustainability and Growth Corporation for the purpose of making operating and capital loans to existing and potential companies located or locating operations within the County. These loans are made to create or retain jobs.

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

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

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

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

Class of Assets	Primary Government	Capitalization Threshold
Land	None	\$ 5,000
Construction in progress	None	50,000
Buildings and improvements	40	50,000
Facilities and other improvements	30-40	50,000
Infrastructure	10-40	50,000
Computers	5	1
Software	3	5,000
Equipment and vehicles	2-20	1,000
Library books and materials	5	1

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

Unearned Revenue—Certain cash receipts have not met the revenue recognition criteria for government-wide or fund financial purposes. At December 31, 2020, the County reported \$1,998,344 of unearned revenues in the General Fund, \$1,438,126 in other governmental funds, and \$397,657 in business-type activities. These funds receive overpayments and grant money in advance but has not performed the related services, and therefore recognizes a liability.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2020, 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, 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 net OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The third item is related to a deferred charge on refunding, which the County reports within its governmental activities.

In addition to liabilities, the statement of financial position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County has three items which qualify for reporting in this category. The first item, taxes receivable, arises only under a modified accrual basis of accounting. Accordingly, a deferred inflow of resources for taxes receivable is reported only on the governmental funds balance sheet. The second item represents the effect of the net change in the County's proportion of the collective net pension liability and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide financial statements, as well as within the individual proprietary funds. The final item represents the effects of the change in the County's proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability and is reported on the government-wide financial statements, as well as within the individual proprietary funds.

Net Position Flow Assumption—Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the

government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

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

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The 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 formal resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The County Legislature has by resolution authorized the County Treasurer to assign fund balance. The County 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 resolution is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses—Proprietary funds distinguish *operating* revenues and expense from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the Pines, Onoville Marina, Land Bank, and Sustainability and Growth Corporation are elderly assistance and healthcare related services, dock and marina charges, property grants, and economic development grants, respectively. Operating expenses for the Pines are nursing, dietary, ancillary, housekeeping,

laundry, maintenance, fiscal, assessments and administrative services. Operating expenses for the Onoville Marina include contractual services and fringe benefits. Operating expenses for the Land Bank include program services and management and general expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

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

Pension Plan—The County is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plan, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due

and payable in accordance with the benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

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

Other

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

Adoption of New Accounting Pronouncements—During the year ended December 31, 2020, the County implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Additionally, the County early implemented GASB Statements No. 92, *Omnibus 2020*; and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32*. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. GASB Statement No. 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement No. 97 increases consistency and comparability related to the reporting of fiduciary component units, mitigates costs associated with the reporting of certain defined contribution plans and enhances the relevance, consistency and comparability of the accounting and reporting for internal Revenue Code Section 457 deferred compensation plans. The implementation of GASB Statements No. 92, 95, and 97 did not have a material impact on the County’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; and No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending December 31, 2021, No. 87, *Leases*; and No. 91, *Conduit Debt Obligations* effective for the year ending December 31, 2022, and No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 89, 91, 93, 94, and 96 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

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

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

Deficit Net Position—The County reported a government-wide net position deficit of \$107,032,279. This deficit results primarily from the recognition of long-term liabilities related to OPEB and pension. The County anticipates that these deficits will be funded by future taxes. The Pines Machias Campus and the Pines Olean Campus Proprietary Funds reported net position deficits of \$21,241,292 and \$5,318,409. The County anticipates that this deficit will be remedied through enhanced operations or future subsidies from the County.

2. RESTATEMENT OF NET POSITION

During the year ended December 31, 2020, the County restated net position for governmental and business-type activities to reflect the allocation of the workers’ compensation liability to business-type activities.

Additionally, during the year ended December 31, 2020, the County implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of GASB Statement No. 84 establishes criteria for identifying fiduciary activities of state and local governments. This Statement also provides for the recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

The effect of these restatements to the County’s governmental activities, business-type activities, and fiduciary activities are summarized as follows:

	Governmental Activities	Business-type Activities	Fiduciary Activities
Net position—December 31, 2019, as previously stated	\$ (102,791,015)	\$ (19,550,324)	\$ -
Workers compensation	2,488,721	(2,488,721)	
GASB Statement No. 84 implementation	-	-	994,997
Net position—December 31, 2019, as restated	<u>\$ (100,302,294)</u>	<u>\$ (22,039,045)</u>	<u>\$ 994,997</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The County deposits cash into a number of bank accounts. Various statutes require some of these accounts and borrowing restrictions for specific funds, while the remainder is used for a combination of pooled County operating cash and investment purposes. Cash and cash equivalents represent demand deposits with banks and certificates of deposit held by financial institutions all having

original maturities of less than three months. Management is responsible for accounting and safeguarding the patient trust funds, however the funds are not accessible by the County.

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

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

Cash and cash equivalents at December 31, 2020, are as follows:

	Governmental Activities	Business-type Activities	Fiduciary Fund	Total Balance
Petty cash (uncollateralized)	\$ 56,212	\$ -	\$ -	\$ 56,212
Cash and cash equivalents	<u>21,128,792</u>	<u>28,217,101</u>	<u>186,876</u>	<u>49,532,769</u>
Total	<u>\$ 21,185,004</u>	<u>\$ 28,217,101</u>	<u>\$ 186,876</u>	<u>\$ 49,588,981</u>

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2020 as follows:

	<u>December 31, 2020</u>	
	<u>Bank Balance</u>	<u>Carrying Amount</u>
FDIC Insured	\$ 2,250,000	\$ 2,250,000
Uninsured:		
Collateral held by bank's agent in the County's name	<u>48,438,964</u>	<u>47,282,769</u>
Total	<u>\$ 50,688,964</u>	<u>\$ 49,532,769</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. At December 31, 2020, the County’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the County’s name.

Restricted Cash and Cash Equivalents—The County reports restricted cash and cash equivalents for certain fund balance restrictions, unspent proceeds of debt and resources received in advance relating to unearned revenue and unavailable revenue—state aid, and amounts held on behalf of others. At December 31, 2020, the County reported \$11,161,755 of restricted cash and cash equivalents within its governmental activities, \$694,624 within in its business-type activities, and \$186,876 within its Custodial Fund.

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 presented below:

- 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, 2020 are as follows:

	12/31/20	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)
GNMA bonds	\$ 36,454,776	\$ 36,454,776	\$ -	\$ -
U.S. Treasury notes	2,651,470	2,651,470	-	-
	<u>\$ 39,106,246</u>	<u>\$ 39,106,246</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.

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy places limits on the amount the County may invest in any one issuer of \$35 million. As of December 31, 2020, the County's investments in any single issuer do not exceed the limit established by its policy. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement.

County of Cattaraugus Industrial Development Agency

The carrying amount and bank balance of cash and investments held by the CCIDA at December 31, 2020 was \$428,945 and \$728,109, respectively. The CCIDA's deposits were either fully covered by FDIC insurance or collateralized with securities held by the pledging bank's agent in CCIDA's name at December 31, 2020.

4. RECEIVABLES

Major revenues accrued by the County at December 31, 2020:

Taxes Receivable—Represents unpaid county, school, and village taxes. At December 31, 2020, the General Fund reported taxes receivable of \$12,096,116.

Accounts Receivable—Represents amounts due from various sources. The County's accounts receivable at December 31, 2020 are presented below:

General Fund:			
Various fees and charges			\$ 3,054,557
Nonmajor Governmental Funds:			
Road machinery	\$ 30,362		
Debt service	54,527	84,889	
Total governmental funds			<u>\$ 3,139,446</u>
Proprietary Funds:			
Resident accounts receivable, net			<u>\$ 3,593,854</u>
Total proprietary funds			<u>\$ 3,593,854</u>

At December 31, 2020, the Statement of Net Position presents an additional \$1,310,073 of accounts receivable that are received after the availability period for recognition of revenue in the governmental funds' financial statements. \$953,256 represents amounts due from other members of the workers' compensation pool that will be used to pay future claims included within the long-term workers' compensation liability, \$304,296 represents amounts associated with economic development loans, and \$178,646 represents interest associated with back taxes, offset by allowances for doubtful accounts of \$126,125.

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State, or other local municipalities. Intergovernmental receivables at December 31, 2020 are presented on the following page.

Governmental Funds:			
General Fund:			
Due From New York State and Federal government			\$ 20,006,195
Capital Projects Fund:			
Due From New York State and Federal government			1,642,119
Nonmajor Governmental Funds:			
County road	\$ 799,674		
Road machinery	<u>11,696</u>	<u>811,370</u>	
Total governmental funds			<u>\$ 22,459,684</u>

Cattaraugus County Sustainability and Growth Corporation

The Sustainability and Growth Corporation has two notes receivable in the amount of \$229,999 and \$233,781 due from local companies. The terms of the notes call for monthly payments of principal and interest totaling \$2,602 and \$2,829, respectively. The final payments of the notes are due in April 2022 and September 2029, respectively.

5. CAPITAL ASSETS

Governmental activities—Capital asset activity for governmental activities for fiscal year ending December 31, 2020 was as follows:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 1,918,632	\$ -	\$ -	\$ 1,918,632
Construction in progress	41,072,715	9,131,807	(9,532,305)	40,672,217
Total capital assets, not being depreciated	<u>42,991,347</u>	<u>9,131,807</u>	<u>(9,532,305)</u>	<u>42,590,849</u>
Capital assets, being depreciated:				
Infrastructure	218,096,356	13,368,746	(30,212)	231,434,890
Buildings and improvements	27,162,409	-	(500)	27,161,909
Machinery and equipment	29,553,097	2,719,342	(1,937,366)	30,335,073
Books	505,658	-	-	505,658
Total capital assets, being depreciated	<u>275,317,520</u>	<u>16,088,088</u>	<u>(1,968,078)</u>	<u>289,437,530</u>
Less accumulated depreciation for:				
Infrastructure	118,982,832	7,599,305	(30,212)	126,551,925
Buildings and improvements	19,206,642	535,310	(500)	19,741,452
Machinery and equipment	16,685,823	1,979,231	(1,725,844)	16,939,210
Books	505,658	-	-	505,658
Total accumulated depreciation	<u>155,380,955</u>	<u>10,113,846</u>	<u>(1,756,556)</u>	<u>163,738,245</u>
Total capital assets, being depreciated, net	<u>119,936,565</u>	<u>5,974,242</u>	<u>(211,522)</u>	<u>125,699,285</u>
Governmental activities capital assets, net	<u>\$ 162,927,912</u>	<u>\$ 15,106,049</u>	<u>\$ (9,743,827)</u>	<u>\$ 168,290,134</u>

Construction in progress at December 31, 2020 is comprised primarily of County roads, bridges, culverts, and building projects in which the project was not complete at year end.

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

Governmental activities:	
General government support	\$ 707,941
Education	92
Public safety	565,771
Health	67,018
Transportation	8,495,368
Economic assistance and opportunity	67,701
Culture and recreation	677
Home and community services	<u>209,278</u>
Total depreciation expense—governmental activities	<u>\$ 10,113,846</u>

Business-type activities—The Pines Funds—Capital assets for the primary government’s business-type activities—The Pines Funds—at December 31, 2020 are presented below:

The Pines Machias Campus		The Pines Olean Campus	
	Balance 12/31/2020		Balance 12/31/2020
Capital assets, not being depreciated		Capital assets, not being depreciated	
Construction in progress	\$ 95,335	Land	\$ 61,351
Total capital assets, not being depreciated	<u>95,335</u>	Construction in progress	<u>253,703</u>
		Total capital assets, not being depreciated	<u>315,054</u>
Capital assets, being depreciated		Capital assets, being depreciated	
Buildings and improvements	16,914,808	Buildings and improvements	7,386,233
Fixed and moveable equipment	<u>2,952,980</u>	Fixed and moveable equipment	<u>8,171,673</u>
Total capital assets, being depreciated	<u>19,867,788</u>	Total capital assets, being depreciated	<u>15,557,906</u>
Less accumulated depreciation	<u>13,679,946</u>	Less accumulated depreciation	<u>11,900,088</u>
Total capital assets, being depreciated, net	<u>6,187,842</u>	Total capital assets, being depreciated, net	<u>3,657,818</u>
Capital assets, net	<u>\$ 6,283,177</u>	Capital assets, net	<u>\$ 3,972,872</u>

Business-type activities—Onoville Marina—Capital assets for the primary government’s business-type activities—Onoville Marina—for the year ended December 31, 2020 as presented below:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 813,215	\$ -	\$ -	\$ 813,215
Total capital assets, not being depreciated	<u>813,215</u>	<u>-</u>	<u>-</u>	<u>813,215</u>
Capital assets, being depreciated:				
Buildings and improvements	2,556,675	-	-	2,556,675
Machinery and equipment	<u>319,828</u>	<u>26,593</u>	<u>(22,666)</u>	<u>323,755</u>
Total capital assets, being depreciated	<u>2,876,503</u>	<u>26,593</u>	<u>(22,666)</u>	<u>2,880,430</u>
Less accumulated depreciation for:				
Buildings and improvements	2,020,048	57,020	-	2,077,068
Machinery and equipment	<u>247,009</u>	<u>20,162</u>	<u>(12,732)</u>	<u>254,439</u>
Total accumulated depreciation	<u>2,267,057</u>	<u>77,182</u>	<u>(12,732)</u>	<u>2,331,507</u>
Total capital assets, being depreciated, net	<u>609,446</u>	<u>(50,589)</u>	<u>(9,934)</u>	<u>548,923</u>
Onoville Marina capital assets, net	<u>\$ 1,422,661</u>	<u>\$ (50,589)</u>	<u>\$ (9,934)</u>	<u>\$ 1,362,138</u>

County of Cattaraugus Industrial Development Agency

Capital asset activity for the CCIDA for the year ended December 31, 2020 was as follows:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets, not being depreciated:				
Land	\$ 149,299	\$ -	\$ -	\$ 149,299
Total capital assets, not being depreciated	<u>149,299</u>	<u>-</u>	<u>-</u>	<u>149,299</u>
Capital assets, being depreciated:				
Improvements	929,373	-	-	929,373
Furniture and equipment	<u>38,424</u>	<u>-</u>	<u>-</u>	<u>38,424</u>
Total capital assets, being depreciated	<u>967,797</u>	<u>-</u>	<u>-</u>	<u>967,797</u>
Less accumulated depreciation	<u>(868,657)</u>	<u>(630)</u>	<u>-</u>	<u>(869,287)</u>
CCIDA capital assets, net	<u>\$ 248,439</u>	<u>\$ (630)</u>	<u>\$ -</u>	<u>\$ 247,809</u>

6. ACCRUED LIABILITIES

Accrued liabilities reported by the governmental funds at December 31, 2020, were as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Salary and employee benefits	\$ 1,853,194	\$ 11,919	\$ 313,410	\$ 2,178,523
Workers' compensation	2,050,000	263,587	-	2,313,587
Total accrued liabilities	<u>\$ 3,903,194</u>	<u>\$ 275,506</u>	<u>\$ 313,410</u>	<u>\$ 4,492,110</u>

Accrued liabilities reported by the proprietary funds at December 31, 2020, were as follows:

	The Pines Machias Campus	The Pines Olean Campus	Onoville Marina	Total Proprietary Funds
Salary and employee benefits	\$ 403,054	\$ 210,107	\$ 2,440	\$ 615,601
Total accrued liabilities	<u>\$ 403,054</u>	<u>\$ 210,107</u>	<u>\$ 2,440</u>	<u>\$ 615,601</u>

7. RETIREMENT SYSTEM PENSION PLAN

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 regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2020, the County reported the following liabilities for its proportionate share of the net pension liabilities for ERS. The net pension liabilities were measured as of March 31, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2019, with update procedures used to roll forward the total net pension liabilities to the measurement date. The County’s proportion of the net pension liabilities were based on projections of the County’s long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the County.

	ERS		
	Governmental Activities	Business-type Activities	Primary Government
Measurement date	March 31, 2020	March 31, 2020	March 31, 2020
Net pension liability	\$ 48,280,758	\$ 9,853,810	\$ 58,134,568
County's portion of the Plan's total net pension liability	0.1823251%	0.0372115%	0.2195366%

For the year ended December 31, 2020, the County recognized pension expense of \$15,515,943 and \$3,166,710 for governmental and business-type activities, respectively. The deferred outflows of resources and deferred inflows of resources related to pensions reported at December 31, 2020 are presented below:

	ERS					
	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Governmental Activities	Business-type Activities	Primary Government	Governmental Activities	Business-type Activities	Primary Government
Differences between expected and actual experiences	\$ 2,841,517	\$ 579,937	\$ 3,421,454	\$ -	\$ -	\$ -
Changes in assumption	972,146	198,409	1,170,555	839,432	171,322	1,010,754
Net difference between projected and actual earnings on pension plan investments	24,751,065	5,051,541	29,802,606	-	-	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	442,259	90,263	532,522	1,816,923	370,823	2,187,746
County contributions subsequent to the measurement date	4,838,166	987,440	5,825,606	-	-	-
Total	<u>\$ 33,845,153</u>	<u>\$ 6,907,590</u>	<u>\$ 40,752,743</u>	<u>\$ 2,656,355</u>	<u>\$ 542,145</u>	<u>\$ 3,198,500</u>

The County's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the year ending December 31, 2021. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as presented below:

<u>Year Ending December 31,</u>	<u>ERS</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Primary</u> <u>Government</u>
2021	\$ 3,978,288	\$ 811,944	\$ 4,790,232
2022	6,516,995	1,330,078	7,847,073
2023	8,724,146	1,780,545	10,504,691
2024	7,131,206	1,455,436	8,586,642

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

	<u>ERS</u>
Measurement date	March 31, 2020
Actuarial valuation date	April 1, 2019
Interest rate	6.80%
Salary scale	4.20%
Decrement tables	April 1, 2010- March 31, 2015
Inflation rate	2.50%
Cost-of-living adjustments	1.30%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018. The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

Measurement date	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
	March 31, 2019	
Asset class:		
Domestic equities	36.0 %	4.1 %
International equities	14.0	6.2
Private equity	10.0	6.8
Real estate	10.0	4.9
Absolute return strategies	2.0	3.3
Opportunistic portfolio	3.0	4.7
Real assets	3.0	9.0
Bonds and mortgages	17.0	0.8
Cash	1.0	0.0
Inflation-indexed bonds	4.0	0.5
Total	<u>100.0 %</u>	

Discount Rate—The discount rate used to calculate the total pension liabilities was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the County’s proportionate share of the net pension liabilities calculated using the discount rate of 6.8%, as well as what the County’s proportionate share of the net pension liabilities would be if they were calculated using a discount rate that is one percentage-point lower (5.8%) or one percentage-point higher (7.8%) than the current assumption.

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Governmental Activities:			
Employer's proportionate share of the net pension liability	\$ 88,608,825	\$ 48,280,759	\$ 11,138,440
Business-type Activities:			
Employer's proportionate share of the net pension liability	\$ 18,084,522	\$ 9,853,809	\$ 2,273,288
Primary government			
Employer's proportionate share of the net pension liability	\$ 106,693,347	\$ 58,134,568	\$ 13,411,728

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

	<u>(Dollars in Thousands)</u>
	<u>ERS</u>
Valuation date	April 1, 2019
Employers' total pension liability	\$ 194,596,261
Plan fiduciary net position	<u>168,115,682</u>
Employers' net pension liability	<u>\$ 26,480,579</u>
 System fiduciary net position as a percentage of total pension liability	 86.4%

County of Cattaraugus Industrial Development Agency

At December 31, 2020, the CCIDA reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The CCIDA's long-term share of contributions to the System relative to the projection of the CCIDA's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSLRS in a report provided to the CCIDA.

	<u>ERS</u>
Actuarial Valuation Date	April 1, 2019
Net pension liability	\$ 175,874
CCIDA's portion of the Plan's total net pension liability	0.0006642%

For the year ended December 31, 2020 the CCIDA recognized pension expense of \$45,940. The CCIDA's deferred outflows and deferred inflows of resources related to pensions reported at December 31, 2020 are presented on the following page.

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,351	\$ -
Changes of Assumptions	3,541	3,058
Net difference between projected and actual earnings on pension investments	90,162	-
Changes in proportion and differences between the CCIDA's contributions and proportionate share of contributions	-	11,710
CCIDA contributions subsequent to the measurement date	23,500	-
Total	<u>\$ 127,554</u>	<u>\$ 14,768</u>

The CCIDA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS
2021	\$ 11,812
2022	21,835
2023	30,384
2024	25,255

8. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION

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

Benefit provisions are based on individual contracts with the County, as negotiated from time to time. The Plan does not issue a publically available financial report. The County recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider.

Employees Covered by Benefit Terms—At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	536
Active employees	844
	<u>1,380</u>

Total OPEB Liability

The County's total OPEB liability of \$282,178,186 for governmental activities and \$56,073,659 for business-type activities was measured as of December 31, 2019, and was determined by an actuarial valuation as of January 1, 2019.

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 January 1, 2019 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.75% effective January 1, 2020 to 2.00% effective December 31, 2020. The salary scale remained unchanged at 2.00%. The mortality improvement scale was updated from Scale MP-2019 mortality improvement scale on a generational basis to Scale MP-2020 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 v2021_b (the Getzen model).

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2019.

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

	Total OPEB Liability		
	Governmental Activities	Business-type Activities	Primary Government
Balances at December 31, 2019	\$ 236,370,070	\$ 48,244,956	\$ 284,615,026
Changes for the year:			
Service cost	9,384,877	1,622,920	11,007,797
Interest	6,674,094	1,349,107	8,023,201
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	35,870,353	6,475,522	42,345,875
Benefit payments	(6,121,208)	(1,618,846)	(7,740,054)
Net changes	45,808,116	7,828,703	53,636,819
Balances at December 31, 2020	\$ 282,178,186	\$ 56,073,659	\$ 338,251,845

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 of a 1% change in the discount rate assumption would have on the total OPEB liability.

	1% Decrease (1.0%)	Current Discount Rate (2.0%)	1% Increase (3.0%)
Governmental Activities:			
Net OPEB Liability	\$ 335,174,291	\$ 282,178,186	\$ 240,021,016
Business-type Activities:			
Net OPEB Liability	\$ 66,604,896	\$ 56,073,659	\$ 47,696,305
Primary government:			
Net OPEB Liability	\$ 401,779,187	\$ 338,251,845	\$ 287,717,321

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 (4.50%)/ultimate (3.78%) healthcare cost trend rates.

	1% Decrease (3.50%/2.78%)	Healthcare Cost Trend Rates (4.50%/3.78%)	1% Increase (5.50%/4.78%)
Governmental Activities:			
Net OPEB Liability	\$ 232,471,715	\$ 282,178,186	\$ 347,283,943
Business-type Activities:			
Net OPEB Liability	\$ 46,196,129	\$ 56,073,659	\$ 69,011,293
Primary government:			
Net OPEB Liability	\$ 278,667,844	\$ 338,251,845	\$ 416,295,236

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 and business-type activities contributed \$6,121,208 and \$1,618,846 for the fiscal year ended December 31, 2020, respectively. The County’s contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 15. 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 and 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 on the following page presents the County’s deferred inflows of resources at December 31, 2020.

	Deferred Outflows of Resources		
	Governmental	Business-type	Primary
	Activities	Activities	Government
Changes of assumptions	\$ 56,734,524	\$ 10,390,129	\$ 67,124,653
Total	<u>\$ 56,734,524</u>	<u>\$ 10,390,129</u>	<u>\$ 67,124,653</u>

	Deferred Inflows of Resources		
	Governmental	Business-type	Primary
	Activities	Activities	Government
Differences between expected and actual experience	\$ 26,496,720	\$ 4,243,528	\$ 30,740,248
Changes of assumptions	22,395,624	4,182,803	26,578,427
Total	<u>\$ 48,892,344</u>	<u>\$ 8,426,331</u>	<u>\$ 57,318,675</u>

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

Year ending December 31,	Governmental Activities	Business-type Activities	Primary Government
2021	\$ (450,330)	\$ (77,055)	\$ (527,385)
2022	(450,330)	(53,061)	(503,391)
2023	(450,330)	(68,192)	(518,522)
2024	(450,330)	342,508	(107,822)
2025	1,080,991	936,615	2,017,606
Thereafter	8,562,509	882,983	9,445,492

9. RISK MANAGEMENT

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

Risk Management—The County carries commercial excess liability insurance of \$10,000,000 per occurrence with a \$20,000,000 aggregate annual limit for its government operations. The County carries commercial property coverage insurance subject to a maximum limit of any one occurrence of \$10,000,000. The County is self-insured for workers' compensation and employers' liability with a specific excess maximum limit of indemnity per occurrence of \$1,000,000 and an aggregate maximum limit of liability with respect to all occurrences taking place within the liability period of \$1,000,000. The County also carries employee dishonest coverage and commercial crime coverage insurance at varying limits dependent on the type of claim.

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

Cattaraugus County Health Plan—As of April 1, 1998, the County established a self-insured health plan for its eligible employees and retirees. The County's departments pay a "premium" to the plan based on the estimated costs, which is used to fund claims as they are incurred. The plan's current claims outstanding of \$1,504,634 are recorded within the General Fund as of December 31, 2020.

Worker's Compensation Plan—The County established a self-insured plan for worker's compensation by a local law on January 1, 1990. The plan is administered by the risk manager. The County is a participant in the plan and the Cities of Olean and Salamanca, the towns and villages located within the County and other eligible public entities may elect to become a participant. The annual estimate of expense is apportioned among the participant's based on the total value of the participant's taxable real property bears to the aggregate full valuation of all participants. Since the County is the predominant participant in the plan, this is not considered a public entity risk pool per GASB. The worker's compensation activities of the County are recorded in the General Fund. At December 31, 2020, \$2,050,000 is reported as a liability in the General Fund as it is expected the claims will be paid within a reasonable time from year end.

All employees of the County participate in this program based on estimates of the amounts needed to pay prior and current year claims. During the year 2020, an actuarial study estimated the plan's noncurrent liability to be \$8,898,910 and \$2,364,552 for governmental and business-type activities, respectively, discounted at 1.5 percent. Changes in the claims liability for governmental and business-type activities for the fiscal years 2018, 2019, and 2020 are as follows:

Governmental Activities				
	Beginning of Year (as restated)	Changes in Estimates	Claims Payments	End of Year
2020	\$ 9,273,864	\$ 1,399,373	\$ 1,774,327	\$ 8,898,910
2019	9,705,731	1,386,441	1,818,308	9,273,864
2018	10,691,619	881,239	1,867,127	9,705,731

Business-type Activities				
	Beginning of Year (as restated)	Changes in Estimates	Claims Payments	End of Year
2020	\$ 2,488,721	\$ 259,019	\$ 383,188	\$ 2,364,552
2019	2,581,987	299,419	392,685	2,488,721
2018	2,794,902	190,314	403,229	2,581,987

A receivable of \$953,256 is due to the County for the non-County participating employers' (Cities, Towns, and Villages) share of this liability.

10. LEASE OBLIGATIONS

Capital leases—The County has recorded capital leases for various equipment in long-term liabilities of governmental and business-type activities. Of the \$1,384,296 and \$21,374 in remaining payments for governmental and business-type activities, respectively, \$415,431 for governmental activities and \$6,969 for business-type activities is due during the year ending December 31, 2021.

The table below summarizes the requirements of the capital leases.

Year Ending December 31,	Governmental Activities	Business-Type Activities
2021	\$ 415,431	\$ 6,969
2022	415,431	6,749
2023	228,279	6,530
2024	220,563	1,126
2025	104,591	-
Total minimum lease payments	\$ 1,384,295	\$ 21,374
Less: amount representing interest	(98,178)	(1,470)
Present value of minimum lease payments	\$ 1,286,117	\$ 19,904

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Assets:		
Machinery and equipment	\$ 1,940,147	\$ 31,835
Less: Accumulated depreciation	(834,058)	(6,632)
Total	\$ 1,106,089	\$ 25,203

Operating leases—The County has entered into a number of operating leases. Lease expenditures for the year ended December 31, 2020, amounted to \$573,985. Future minimum payments under operating leases at December 31, 2020 were as presented below:

Year Ending December 31,	Governmental Activities
2021	\$ 254,750
2022	154,076
2023	40,318
2024	10,686
2025	10,868
	\$ 470,698

11. LONG-TERM LIABILITIES

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

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

The County's outstanding long-term liabilities include bonds payable, compensated absences, capital leases, landfill post closure, OPEB obligation, noncurrent workers' compensation, and net pension liability.

A summary of changes in the County's long-term liabilities for the year ended December 31, 2020 is presented below:

	Balance 1/1/2020 <u>(as restated)</u>	Additions	Reductions	Balance 12/31/2020	Due Within One Year
Governmental activities:					
Serial bonds	\$ 38,808,651	\$ 3,511,494	\$ (4,787,651)	\$ 37,532,494	\$ 4,909,494
Premium on serial bonds	<u>458,977</u>	<u>53,890</u>	<u>(96,411)</u>	<u>416,456</u>	<u>103,145</u>
Bonds payable, net	39,267,628	3,565,384	(4,884,062)	37,948,950	5,012,639
Compensated absences*	6,120,632	687,560	-	6,808,192	340,410
Capital leases	1,015,511	544,097	(273,491)	1,286,117	372,249
OPEB	236,370,070	51,929,324	(6,121,208)	282,178,186	-
Noncurrent workers' compensation	9,273,864	1,399,373	(1,774,327)	8,898,910	-
Net pension liability*	<u>12,418,731</u>	<u>35,862,027</u>	<u>-</u>	<u>48,280,758</u>	<u>-</u>
Total governmental activities	<u>\$ 304,466,436</u>	<u>\$ 93,987,765</u>	<u>\$ (13,053,088)</u>	<u>\$ 385,401,113</u>	<u>\$ 5,725,298</u>
Business type activities:					
Serial bonds	\$ 7,227,000	\$ -	\$ (568,000)	\$ 6,659,000	\$ 592,000
Premium on serial bonds	<u>127,794</u>	<u>-</u>	<u>(20,271)</u>	<u>107,523</u>	<u>17,532</u>
Bonds payable, net	7,354,794	-	(588,271)	6,766,523	609,532
Compensated absences*	543,680	79,602	-	623,282	30,272
Capital leases	26,176	-	(6,272)	19,904	6,272
OPEB	49,018,172	9,447,549	(2,392,062)	56,073,659	-
Noncurrent workers' compensation	2,488,721	259,020	(383,189)	2,364,552	364,092
Net pension liability*	<u>2,439,764</u>	<u>7,414,046</u>	<u>-</u>	<u>9,853,810</u>	<u>-</u>
Total business-type activities	<u>\$ 61,871,307</u>	<u>\$ 17,200,217</u>	<u>\$ (3,369,794)</u>	<u>\$ 75,701,730</u>	<u>\$ 1,010,168</u>

*Increases to the compensated absences liability and net pension liability are shown net of 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 full faith and credit debt of the local government.

In the current year, the County issued \$3,511,494 in public improvement Serial Bonds for County bridge, road, and culvert improvements. The interest rate is 2.0% and the bonds will mature on May 15, 2032.

A listing of bonded indebtedness transactions for the year ended December 31, 2020 is presented below:

Purpose	Issue/ Maturity Date	Interest Rate	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020
Governmental activities:						
Public improvement	2010/2024	2.11-6.75%	\$ 3,420,000	\$ -	\$ 635,000	\$ 2,785,000
Public improvement	2012/2027	2.00-2.50%	3,505,000	-	415,000	3,090,000
Public improvement	2013/2021	1.50-4.00%	1,620,000	-	575,000	1,045,000
Public improvement	2013/2028	2.25-3.00%	3,415,000	-	420,000	2,995,000
Public improvement	2015/2025	2.00%	2,375,000	-	375,000	2,000,000
Public improvement	2016/2023	2.00%	1,943,000	-	552,000	1,391,000
Public improvement	2016/2026	1.50%	3,290,000	-	440,000	2,850,000
Public improvement	2017/2032	2.00-3.00%	11,350,000	-	895,000	10,455,000
Public improvement	2019/2040	2.00-3.00%	7,890,651	-	480,651	7,410,000
Public improvement	2020/2032	2.00%	-	3,511,494	-	3,511,494
Total governmental activities			\$ 38,808,651	\$ 3,511,494	\$ 4,787,651	\$ 37,532,494
Business-type activities						
Public improvement - Pines	2011/2032	2.00-4.13%	\$ 7,040,000	\$ -	\$ 505,000	\$ 6,535,000
Public improvement - Pines	2016/2023	2.00%	187,000	-	63,000	124,000
Total business-type activities			\$ 7,227,000	\$ -	\$ 568,000	\$ 6,659,000

Annual debt service interest requirements on bonds payable are as follows:

Year	Governmental Activities	Business-type Activities	Total
2021	\$ 977,792	\$ 266,514	\$ 1,244,306
2022	808,125	243,454	1,051,579
2023	668,325	220,594	888,919
2024	530,330	199,594	729,924
2025	423,162	177,794	600,956
2026-2030	1,120,777	562,369	1,683,146
2031-2035	276,050	68,888	344,938
2036-2040	77,700	-	77,700
Total	\$ 4,882,261	\$ 1,739,207	\$ 6,621,468

Amortization of bond premium—Bond premiums are being amortized on a straight-line basis over the life of the bonds. In the current year, the County’s serial bond issuance resulted in a premium of \$53,890. The unamortized premium as of December 31, 2020 for governmental activities is \$416,456 and \$107,523 for business-type activities.

Compensated absences—As explained in Note 1, the County records the value of compensated absences (primarily accrued vacation and sick time benefits) in long-term liabilities in the governmental and proprietary fund types. The annual budget of the operating funds provides funding for the current portion of these benefits. The value recorded at December 31, 2020 for governmental activities is \$6,808,192.

The value of compensated absences for the Pines Healthcare and Rehabilitation Centers (Machias and Olean Campus) and Onoville Marina is recorded as accrued liabilities in the proprietary funds. The amount recorded at December 31, 2020 is \$623,282.

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

Capital leases—The County enters into long-term leases for various pieces of machinery and equipment. The outstanding balance at December 31, 2020 for governmental and business-type activities was \$1,286,117 and \$19,904, respectively. Refer to Note 10 for additional information related to the County’s leases.

Workers’ compensation and judgments and claims—The liability of the County's noncurrent workers' compensation totaled \$8,898,910 and \$2,364,552 at December 31, 2020 for governmental and business-type activities, respectively. There was no long-term liability related to the County's judgments and claims at December 31, 2020. Further discussion of the County's risk management programs can be found in Note 9.

OPEB obligation—As explained in Note 8, the County provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The estimated OPEB liability for governmental and business-type activities is estimated to be \$282,178,186 and \$56,073,659, respectively, at December 31, 2020.

Net Pension Liability—The County reports a liability for its proportionate share of the net pension liability for the Employees’ Retirement System. The net pension liability for governmental and business-type activities is \$48,280,758 and \$9,853,810, respectively, at December 31, 2020. Refer to Note 7 for additional information related to the County’s net pension liability.

The following is a maturity schedule of the County’s governmental activities’ indebtedness:

Year ending December 31,	Serial Bonds	Premium on Serial Bonds	Compensated Absences	Capital Leases
2021	\$ 4,909,494	\$ 103,145	\$ 340,410	\$ 372,249
2022	4,768,000	84,647	-	385,399
2023	4,655,000	59,839	-	212,865
2024	4,460,000	33,796	-	212,969
2025	3,665,000	25,688	-	102,635
2026-2030	11,070,000	54,087	-	-
2031-2035	2,995,000	27,627	-	-
2036-2040	1,010,000	27,627	-	-
Thereafter	-	-	6,467,782	-
Total	<u>\$ 37,532,494</u>	<u>\$ 416,456</u>	<u>\$ 6,808,192</u>	<u>\$ 1,286,117</u>

(continued)

(concluded)

Year ending December 31,	OPEB Obligation	Workers' Compensation	Net Pension Liability	Total
2021	\$ -	\$ -	\$ -	\$ 5,725,298
2022	-	-	-	5,238,046
2023	-	-	-	4,927,704
2024	-	-	-	4,706,765
2025	-	-	-	3,793,323
2026-2030	-	-	-	11,124,087
2031-2035	-	-	-	3,022,627
2036-2040	-	-	-	1,037,627
Thereafter	282,178,186	8,898,910	48,280,758	345,825,636
Total	<u>\$ 282,178,186</u>	<u>\$ 8,898,910</u>	<u>\$ 48,280,758</u>	<u>\$ 385,401,113</u>

The following is a maturity schedule of the County's business-type activities' indebtedness:

Year ending December 31,	Serial Bonds	Premium on Serial Bonds	Unamortized Bond Issuance Costs	Compensated Absences	Capital Lease
2021	\$ 592,000	\$ 17,532	\$ (7,697)	\$ 30,272	\$ 6,272
2022	587,000	12,348	(7,697)	-	6,272
2023	525,000	9,203	(7,697)	-	6,272
2024	545,000	9,203	(7,697)	-	1,088
2025	540,000	9,203	(7,697)	-	-
2026-2030	2,755,000	46,015	(38,485)	-	-
2031-2032	1,115,000	4,019	(12,948)	-	-
Thereafter	-	-	-	593,010	-
Total	<u>\$ 6,659,000</u>	<u>\$ 107,523</u>	<u>\$ (89,918)</u>	<u>\$ 623,282</u>	<u>\$ 19,904</u>

Year ending December 31,	OPEB Obligation	Workers' Compensation	Net Pension Liability	Total
2021	\$ -	\$ 364,092	\$ -	\$ 1,002,471
2022	-	-	-	597,923
2023	-	-	-	532,778
2024	-	-	-	547,594
2025	-	-	-	541,506
2026-2030	-	-	-	2,762,530
2031-2032	-	-	-	1,106,071
Thereafter	56,073,659	2,000,460	9,853,810	68,520,939
Total	<u>\$ 56,073,659</u>	<u>\$ 2,364,552</u>	<u>\$ 9,853,810</u>	<u>\$ 75,611,812</u>

12. NET POSITION AND FUND BALANCE

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

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

Capital assets, net of accumulated depreciation		\$ 168,290,134
Related debt:		
Serial bonds issued	\$ (37,532,494)	
Unamortized bond premium	(416,456)	
Capital leases	(1,286,117)	
Deferred charge on refunding	51,732	
Unspent debt proceeds reported within Capital Projects Fund	<u>1,389,002</u>	
Debt issued for capital assets		<u>(37,794,333)</u>
Net investment in capital assets		<u>\$ 130,495,801</u>

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

Capital assets, net of accumulated depreciation		\$ 11,618,187
Related debt:		
Serial bonds issued	\$ (6,659,000)	
Unamortized bond premium	(107,523)	
Capital leases	<u>(19,904)</u>	
Debt issued for capital assets		<u>(6,786,427)</u>
Net investment in capital assets		<u>\$ 4,831,760</u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position**—This category represents net position 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. As of December 31, 2020, the County reported nonspendable fund balance of \$1,601,192 for prepaid items within the General Fund.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. As of December 31, 2020, the County had the restricted funds as shown below:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
MDLF loan fund	\$ 246,410	\$ -	\$ -	\$ 246,410
Insurance	1,480,055	-	-	1,480,055
Workers' compensation	1,657,573	-	-	1,657,573
Other	984,391	-	-	984,391
Capital projects	-	6,746,859	-	6,746,859
Debt	-	-	487,192	487,192
Trust accounts	-	-	5,686	5,686
Total restricted fund balance	<u>\$ 4,368,429</u>	<u>\$ 6,746,859</u>	<u>\$ 492,878</u>	<u>\$ 11,608,166</u>

- ***Restricted for MDLF loan fund***—Represents funds required to be used for economic development loans.
- ***Restricted for insurance***—Represents resources that have been legally restricted for payments under the County’s self-insured healthcare program.
- ***Restricted for workers’ compensation***—Represents resources that have been legally restricted for payments under the County’s self-insured workers’ compensation program.
- ***Restricted for other***—Represents miscellaneous funds that are legally required to be used for specific purposes.
- ***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 debt***—Represents funds restricted for future debt service payments.
- ***Restricted for trust accounts***—Represents funds accumulated through the County’s Private Purpose Trust.

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, 2020, the County Legislature had committed \$421,610 for economic development.

In the fund financial statements, assigned fund balances are amounts that are subject to a purpose constraint established by the County Legislature, or by the County Treasurer. 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, 2020, the following balances were considered to be assigned:

	General Fund	Nonmajor Governmental Funds	Total
Subsequent year's expenditures	\$ 2,431,271	\$ 16,800	\$ 2,448,071
Encumbrances	281,627	270,980	552,607
Home and community services	-	1,263,058	1,263,058
Economic assistance and opportunity	-	737,159	737,159
Total assigned fund balance	<u>\$ 2,712,898</u>	<u>\$ 2,287,997</u>	<u>\$ 5,000,895</u>

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

13. INTERFUND BALANCES AND ACTIVITY

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

Interfund receivables, payables, and transfers of the County as of, and for the year ended December 31, 2020 are presented below:

Fund	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
Governmental funds:				
General Fund	\$ 3,551,230	\$ 8,825,806	\$ 571,468	\$ 7,538,187
Capital Projects Fund	4,216,901	68,498	888,322	-
Nonmajor funds:				
County Road Fund	284,008	470,961	6,120,016	5,161,910
Road Machinery Fund	190,660	82,613	-	269,166
Conewango Watershed Fund	-	-	7,500	-
Debt Service Fund	-	-	5,381,957	-
Total governmental funds	<u>8,242,799</u>	<u>9,447,878</u>	<u>12,969,263</u>	<u>12,969,263</u>
Proprietary funds:				
Marina	120	9,434	-	-
Total proprietary funds	<u>120</u>	<u>9,434</u>	<u>-</u>	<u>-</u>
Fiduciary funds:				
Custodial Fund	1,214,393	-	-	-
Total fiduciary funds	<u>1,214,393</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 9,457,312</u>	<u>\$ 9,457,312</u>	<u>\$ 12,969,263</u>	<u>\$ 12,969,263</u>

14. DEFERRED COMPENSATION PLAN

The County offers all employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All assets at December 31, 2020 were held by a third-party in trust for the exclusive benefit of participants.

15. LABOR RELATIONS

The County's employees operate under seven collective bargaining units, the Civil Service Employees Association, Civil Service Employees Association Part-Time Employee Unit, Civil Service Employees Association Sheriff's Department Employees Unit, and the Deputy Sheriff's Supervisory Unit have contracts were settled through December 31, 2021. The Civil Service Employees Association Supervisory Unit, the Deputies Association, and the Corrections Supervisory Unit have contracts settled through December 31, 2022.

16. CONTINGENCIES

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

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

County of Cattaraugus Industrial Development Agency

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

17. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Open encumbrances are reported as an assignment of fund balance since such commitments will be honored through budget appropriations in the subsequent year. The County considers encumbrances to be significant for amounts that are encumbered in excess of \$100,000. As of December 31, 2020, there are no significant encumbrances.

18. TAX ABATEMENTS

The County is subject to tax abatements granted by the County of Cattaraugus Industrial Development Agency (“CCIDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the CCIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the County, the abatements have resulted in reductions of property taxes, which the County administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by CCIDA, the County collected \$186,350 during 2020 in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$284,233 in property taxes.

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 24, 2021, which is the date the financial statements are available for issuance, and have determined 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 CATTARAUGUS, NEW YORK
Schedule of the Local Government's Proportionate Share of the
Net Pension Liability—Employees' Retirement System
Last Seven Fiscal Years*

Measurement date	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
	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	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%
Governmental Activities:							
County's proportion of the net pension liability	0.1823251%	0.1752744%	0.1731715%	0.1809586%	0.1876835%	0.1812710%	0.1828785%
County's proportionate share of the net pension liability	<u>\$ 48,280,758</u>	<u>\$ 12,418,731</u>	<u>\$ 5,589,017</u>	<u>\$ 17,003,277</u>	<u>\$ 30,123,714</u>	<u>\$ 6,123,777</u>	<u>\$ 8,264,025</u>
County's covered payroll	\$ 43,421,670	\$ 43,165,559	\$ 40,315,085	\$ 37,291,706	\$ 39,168,416	\$ 38,596,795	\$ 38,036,952
County's proportionate share of the net pension liability as a percentage of its covered payroll	111.2%	28.8%	13.9%	45.6%	76.9%	15.9%	21.7%
Business-type Activities:							
County's proportion of the net pension liability	0.0372115%	0.0344342%	0.0351677%	0.0355250%	0.0357492%	0.0373089%	0.0357014%
County's proportionate share of the net pension liability	<u>\$ 9,853,810</u>	<u>\$ 2,439,764</u>	<u>\$ 1,135,017</u>	<u>\$ 3,338,004</u>	<u>\$ 5,737,850</u>	<u>\$ 1,260,387</u>	<u>\$ 1,613,295</u>
County's covered payroll	\$ 10,713,423	\$ 8,480,236	\$ 8,187,183	\$ 7,320,934	\$ 7,460,650	\$ 7,943,937	\$ 7,425,539
County's proportionate share of the net pension liability as a percentage of its covered payroll	92.0%	28.8%	13.9%	45.6%	76.9%	15.9%	21.7%
Total primary government:							
County's proportion of the net pension liability	0.2195366%	0.2097086%	0.2083392%	0.2164836%	0.2234327%	0.2185799%	0.2185799%
County's proportionate share of the net pension liability	<u>\$ 58,134,568</u>	<u>\$ 14,858,495</u>	<u>\$ 6,724,034</u>	<u>\$ 20,341,281</u>	<u>\$ 35,861,564</u>	<u>\$ 7,384,164</u>	<u>\$ 9,877,320</u>
County's covered payroll	\$ 54,135,093	\$ 51,645,795	\$ 48,502,268	\$ 44,612,640	\$ 46,629,066	\$ 46,540,732	\$ 45,462,491
County's proportionate share of the net pension liability as a percentage of its covered payroll	107.4%	28.8%	13.9%	45.6%	76.9%	15.9%	21.7%
Discretely Presented Component Unit							
Cattaraugus County Industrial Development Agency (the "Agency")							
Agency's proportion of the net pension liability	0.0006642%	0.0006841%	0.0007056%	0.0007131%	0.0007382%		
Agency's proportionate share of the net pension liability	<u>\$ 175,874</u>	<u>\$ 48,470</u>	<u>\$ 22,774</u>	<u>\$ 67,000</u>	<u>\$ 118,480</u>		
Agency's covered payroll	\$ 149,986	\$ 148,003	\$ 143,813	\$ 140,006	\$ 137,781		
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	117.3%	32.7%	15.8%	47.9%	86.0%		

*Information prior to the year ended December 31, 2014 is not available for governmental and business-type activities. Information prior to the year ended December 31, 2016 is not available for the Agency.

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

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Governmental Activities:							
Contractually required contribution	\$ 6,424,562	\$ 6,059,572	\$ 6,075,650	\$ 6,183,891	\$ 7,019,630	\$ 7,510,080	\$ 7,715,652
Contributions in relation to the contractually required contribution	<u>(6,424,562)</u>	<u>(6,059,572)</u>	<u>(6,075,650)</u>	<u>(6,183,891)</u>	<u>(7,019,630)</u>	<u>(7,510,080)</u>	<u>(7,715,652)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 49,069,420	\$ 43,940,579	\$ 42,421,513	\$ 37,778,925	\$ 39,351,687	\$ 39,890,619	\$ 38,563,706
Contributions as a percentage of covered payroll	13.1%	13.8%	14.3%	16.4%	17.8%	18.8%	20.0%
Business-type Activities:							
Contractually required contribution	\$ 1,299,102	\$ 1,190,454	\$ 1,233,842	\$ 1,213,993	\$ 1,337,072	\$ 1,545,714	\$ 1,506,242
Contributions in relation to the contractually required contribution	<u>(1,299,102)</u>	<u>(1,190,454)</u>	<u>(1,233,842)</u>	<u>(1,213,993)</u>	<u>(1,337,072)</u>	<u>(1,545,714)</u>	<u>(1,506,242)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 9,185,791	\$ 8,632,496	\$ 8,614,956	\$ 7,416,582	\$ 7,495,559	\$ 8,210,230	\$ 7,528,371
Contributions as a percentage of covered payroll	14.1%	13.8%	14.3%	16.4%	17.8%	18.8%	20.0%
Total primary government:							
Contractually required contribution	\$ 7,723,664	\$ 7,250,026	\$ 7,309,492	\$ 7,397,884	\$ 8,356,702	\$ 9,055,794	\$ 9,221,894
Contributions in relation to the contractually required contribution	<u>(7,723,664)</u>	<u>(7,250,026)</u>	<u>(7,309,492)</u>	<u>(7,397,884)</u>	<u>(8,356,702)</u>	<u>(9,055,794)</u>	<u>(9,221,894)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 58,255,211	\$ 52,573,075	\$ 51,036,469	\$ 45,195,507	\$ 46,847,246	\$ 48,100,849	\$ 46,092,077
Contributions as a percentage of covered payroll	13.3%	13.8%	14.3%	16.4%	17.8%	18.8%	20.0%
Discretely Presented Component Unit							
Cattaraugus County Industrial Development Agency (the "Agency")							
Contractually required contribution	\$ 23,500	\$ 22,438	\$ 21,901	\$ 21,594	\$ 20,971		
Contributions in relation to the contractually required contribution	<u>(23,500)</u>	<u>(22,438)</u>	<u>(21,901)</u>	<u>(21,594)</u>	<u>(20,971)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
County's covered payroll	\$ 149,986	\$ 148,003	\$ 143,813	\$ 140,006	\$ 137,781		
Contributions as a percentage of covered payroll	15.7%	15.2%	15.2%	15.4%	15.2%		

*Information prior to the year ended December 31, 2014 is not available for governmental and business-type activities. Information prior to the year ended December 31, 2016 is not available for the Agency.

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

	Year Ended December 31,		
	2020	2019	2018
Governmental activities:			
Total OPEB Liability			
Service cost	\$ 9,384,877	\$ 7,707,571	\$ 9,756,513
Interest	6,674,094	7,869,201	8,572,210
Differences between actual and expected experience	-	(35,493,908)	-
Changes of assumptions or other inputs	35,870,353	34,008,103	(36,751,791)
Benefit payments	<u>(6,121,208)</u>	<u>(5,834,959)</u>	<u>(5,371,060)</u>
Net change in total OPEB liability	<u>45,808,116</u>	<u>8,256,008</u>	<u>(23,794,128)</u>
Total OPEB liability—beginning	<u>236,370,070</u>	<u>228,114,062</u>	<u>251,908,190</u>
Total OPEB liability—ending	<u>\$ 282,178,186</u>	<u>\$ 236,370,070</u>	<u>\$ 228,114,062</u>
Covered employee payroll	46,425,032	41,614,410	38,221,648
County's net OPEB liability as a percentage of covered employee payroll	607.8%	568.0%	596.8%
Business-type activities:			
Total OPEB Liability			
Service cost	\$ 1,622,920	\$ 1,340,056	\$ 1,730,340
Interest	1,349,107	1,612,686	1,735,391
Differences between actual and expected experience	-	(6,045,688)	-
Changes of assumptions	6,475,522	6,901,140	(7,365,565)
Benefit payments	<u>(1,618,846)</u>	<u>(1,475,415)</u>	<u>(1,206,026)</u>
Net change in total OPEB liability	<u>7,828,703</u>	<u>2,332,779</u>	<u>(5,105,860)</u>
Total OPEB liability—beginning	<u>48,244,956</u>	<u>45,912,177</u>	<u>51,301,412</u>
Total OPEB liability—ending	<u>\$ 56,073,659</u>	<u>\$ 48,244,956</u>	<u>\$ 46,195,552</u>
Covered employee payroll	11,812,042	8,921,328	8,019,185
County's net OPEB liability as a percentage of covered employee payroll	474.7%	540.8%	576.1%
Total primary government:			
Total OPEB Liability			
Service cost	\$ 11,007,797	\$ 9,047,627	\$ 11,486,853
Interest	8,023,201	9,481,887	10,307,601
Differences between actual and expected experience	-	(41,539,596)	-
Changes of assumptions	42,345,875	40,909,243	(44,117,356)
Benefit payments	<u>(7,740,054)</u>	<u>(7,310,374)</u>	<u>(6,577,086)</u>
Net change in total OPEB liability	<u>53,636,819</u>	<u>10,588,787</u>	<u>(28,899,988)</u>
Total OPEB liability—beginning	<u>284,615,026</u>	<u>274,026,239</u>	<u>303,209,602</u>
Total OPEB liability—ending	<u>\$ 338,251,845</u>	<u>\$ 284,615,026</u>	<u>\$ 274,309,614</u>
Covered employee payroll	58,237,074	50,535,738	46,240,833
County's net OPEB liability as a percentage of covered employee payroll	580.8%	563.2%	593.2%

*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 CATTARAUGUS, NEW YORK
Schedule of Revenues, Expenditures and Changes in
Fund Balance—Budget and Actual—General Fund
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 54,160,000	\$ 54,160,000	\$ 52,993,339	\$ (1,166,661)
Real property tax items	2,321,106	2,321,106	3,052,987	731,881
Non property tax items	29,825,610	30,933,198	31,530,150	596,952
Departmental income	15,923,806	16,079,077	14,984,479	(1,094,598)
Intergovernmental charges	5,368,044	5,504,852	5,689,249	184,397
Use of money and property	1,498,338	3,055,008	3,857,472	802,464
Licenses and permits	55,300	55,300	56,436	1,136
Fines and forfeitures	183,651	171,963	129,566	(42,397)
Sale of property and compensation for loss	1,124,317	1,153,727	1,786,533	632,806
Miscellaneous	1,507,147	1,699,121	1,260,701	(438,420)
Interfund revenues	29,797,989	29,829,079	29,268,006	(561,073)
State aid	21,358,462	22,077,149	18,654,048	(3,423,101)
Federal aid	19,327,730	21,148,503	17,583,109	(3,565,394)
Total revenues	<u>182,451,500</u>	<u>188,188,083</u>	<u>180,846,075</u>	<u>(7,342,008)</u>
EXPENDITURES				
Current:				
General government support	55,157,102	56,733,663	53,400,270	3,333,393
Education	7,699,231	7,734,231	6,038,502	1,695,729
Public safety	22,301,892	23,981,701	22,473,191	1,508,510
Health	22,297,918	22,994,624	21,051,184	1,943,440
Transportation	17,659	17,659	17,659	-
Economic assistance and opportunity	60,055,451	62,036,274	54,436,531	7,599,743
Culture and recreation	732,822	885,936	817,294	68,642
Home and community services	2,753,950	2,966,371	2,698,852	267,519
Employee benefits	6,735,779	6,862,229	6,656,889	205,340
Debt service:				
Principal	208,501	198,794	172,243	26,551
Interest and fiscal charges	89,014	89,014	89,014	-
Total expenditures	<u>178,049,319</u>	<u>184,500,496</u>	<u>167,851,629</u>	<u>16,648,867</u>
Excess of revenues over expenditures	<u>4,402,181</u>	<u>3,687,587</u>	<u>12,994,446</u>	<u>9,306,859</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	795,642	248,968	571,468	322,500
Transfers out	(9,313,209)	(8,822,193)	(7,538,187)	1,284,006
Proceeds of capital lease	-	493,533	493,533	-
Total other financing sources (uses)	<u>(8,517,567)</u>	<u>(8,079,692)</u>	<u>(6,473,186)</u>	<u>1,606,506</u>
Net change in fund balances*	(4,115,386)	(4,392,105)	6,521,260	10,913,365
Fund balances—beginning	48,448,407	48,448,407	48,448,407	-
Fund balances—ending	<u>\$ 44,333,021</u>	<u>\$ 44,056,302</u>	<u>\$ 54,969,667</u>	<u>\$ 10,913,365</u>

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

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

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COUNTY OF CATTARAUGUS, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2020

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 2.75% effective January 1, 2020 to 2.00% effective December 31, 2020, mortality improvement scale was updated from Scale MP-2019 mortality improvement scale on a generational basis to Scale MP-2020 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 v2021_b (the Getzen model).

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, with the exception of the Capital Projects Fund. The Capital Projects Fund is appropriated on a project-length basis; appropriations are approved through a County Legislative resolution at the project's inception and lapse upon termination of the project.

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

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, 2020 includes encumbrances from the prior year of \$235,870.

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SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS AND SCHEDULES OF NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

Debt Service Fund

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

Permanent Funds

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

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COUNTY OF CATTARAUGUS, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2020

	Special Revenue	Debt Service	Permanent	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,470,073	\$ -	\$ -	\$ 2,470,073
Restricted cash and cash equivalents	1,438,126	432,665	5,686	1,876,477
Accounts receivable	30,362	54,527	-	84,889
Due from other funds	474,668	-	-	474,668
Intergovernmental receivables	811,370	-	-	811,370
Total assets	\$ 5,224,599	\$ 487,192	\$ 5,686	\$ 5,717,477
LIABILITIES				
Accounts payable	\$ 631,492	\$ -	\$ -	\$ 631,492
Accrued liabilities	313,410	-	-	313,410
Due to other funds	553,574	-	-	553,574
Unearned revenue	1,438,126	-	-	1,438,126
Total liabilities	2,936,602	-	-	2,936,602
FUND BALANCES				
Restricted	-	487,192	5,686	492,878
Assigned	2,287,997	-	-	2,287,997
Total fund balances	2,287,997	487,192	5,686	2,780,875
Total liabilities and fund balances	\$ 5,224,599	\$ 487,192	\$ 5,686	\$ 5,717,477

COUNTY OF CATTARAUGUS, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended December 31, 2020

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Non property tax items	\$ 11,523,601	\$ 407,451	\$ -	\$ 11,931,052
Departmental income	14,198	-	-	14,198
Intergovernmental charges	432,603	-	-	432,603
Use of money and property	22,598	4,150	-	26,748
Sale of property and compensation for loss	9,535	-	-	9,535
Miscellaneous	58,734	4,401	-	63,135
Interfund revenues	3,415,044	-	-	3,415,044
State aid	722,139	-	-	722,139
Federal aid	328,487	79,787	-	408,274
Total revenues	<u>16,526,939</u>	<u>495,789</u>	<u>-</u>	<u>17,022,728</u>
EXPENDITURES				
Current:				
Public safety	701,368	-	-	701,368
Transportation	16,220,288	-	-	16,220,288
Economic assistance and opportunity	74,292	-	-	74,292
Home and community services	14,440	-	-	14,440
Debt service:				
Principal	101,248	4,787,651	-	4,888,899
Interest and fiscal charges	14,716	1,116,365	-	1,131,081
Total expenditures	<u>17,126,352</u>	<u>5,904,016</u>	<u>-</u>	<u>23,030,368</u>
Excess (deficiency) of revenues over expenditures	<u>(599,413)</u>	<u>(5,408,227)</u>	<u>-</u>	<u>(6,007,640)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,127,516	5,381,957	-	11,509,473
Transfers out	(5,431,076)	-	-	(5,431,076)
Premium on bonds issued	-	53,890	-	53,890
Proceeds of capital lease	50,564	-	-	50,564
Total other financing sources (uses)	<u>747,004</u>	<u>5,435,847</u>	<u>-</u>	<u>6,182,851</u>
Net change in fund balances	147,591	27,620	-	175,211
Fund balances—beginning	<u>2,140,406</u>	<u>459,572</u>	<u>5,686</u>	<u>2,605,664</u>
Fund balances—ending	<u>\$ 2,287,997</u>	<u>\$ 487,192</u>	<u>\$ 5,686</u>	<u>\$ 2,780,875</u>

COUNTY OF CATTARAUGUS, NEW YORK
Combining Balance Sheet—Nonmajor Special Revenue Funds
December 31, 2020

	<u>County Road</u>	<u>Road Machinery</u>	<u>Conewango Watershed</u>	<u>Economic Development</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS					
Cash and cash equivalents	\$ 259,239	\$ 1,399,686	\$ 73,989	\$ 737,159	\$ 2,470,073
Restricted cash and cash equivalents	-	-	-	1,438,126	1,438,126
Accounts receivable	-	30,362	-	-	30,362
Due from other funds	284,008	190,660	-	-	474,668
Intergovernmental receivables	799,674	11,696	-	-	811,370
Total assets	<u>\$ 1,342,921</u>	<u>\$ 1,632,404</u>	<u>\$ 73,989</u>	<u>\$ 2,175,285</u>	<u>\$ 5,224,599</u>
LIABILITIES					
Accounts payable	\$ 492,159	\$ 139,333	\$ -	\$ -	\$ 631,492
Accrued liabilities	263,319	50,091	-	-	313,410
Due to other funds	470,961	82,613	-	-	553,574
Unearned revenue	-	-	-	1,438,126	1,438,126
Total liabilities	<u>1,226,439</u>	<u>272,037</u>	<u>-</u>	<u>1,438,126</u>	<u>2,936,602</u>
FUND BALANCES					
Assigned	<u>116,482</u>	<u>1,360,367</u>	<u>73,989</u>	<u>737,159</u>	<u>2,287,997</u>
Total fund balances	<u>116,482</u>	<u>1,360,367</u>	<u>73,989</u>	<u>737,159</u>	<u>2,287,997</u>
Total liabilities and fund balances	<u>\$ 1,342,921</u>	<u>\$ 1,632,404</u>	<u>\$ 73,989</u>	<u>\$ 2,175,285</u>	<u>\$ 5,224,599</u>

COUNTY OF CATTARAUGUS, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances—
Nonmajor Special Revenue Funds
Year Ended December 31, 2020

	County Road	Road Machinery	Conewango Watershed	Economic Development	Total Nonmajor Special Revenue Funds
REVENUES					
Non property tax items	\$ 11,035,098	\$ 488,503	\$ -	\$ -	\$ 11,523,601
Departmental income	14,198	-	-	-	14,198
Intergovernmental charges	247,227	175,476	9,900	-	432,603
Use of money and property	-	-	-	22,598	22,598
Sale of property and compensation for loss	-	9,535	-	-	9,535
Miscellaneous	-	456	-	58,278	58,734
Interfund revenues	-	3,415,044	-	-	3,415,044
State aid	722,139	-	-	-	722,139
Federal aid	328,487	-	-	-	328,487
Total revenues	<u>12,347,149</u>	<u>4,089,014</u>	<u>9,900</u>	<u>80,876</u>	<u>16,526,939</u>
EXPENDITURES					
Current:					
Public safety	701,368	-	-	-	701,368
Transportation	13,007,372	3,212,916	-	-	16,220,288
Economic assistance and opportunity	-	-	-	74,292	74,292
Home and community services	-	-	14,440	-	14,440
Debt service:					
Principal	-	101,248	-	-	101,248
Interest and fiscal charges	-	14,716	-	-	14,716
Total expenditures	<u>13,708,740</u>	<u>3,328,880</u>	<u>14,440</u>	<u>74,292</u>	<u>17,126,352</u>
Excess (deficiency) of revenues over expenditures	<u>(1,361,591)</u>	<u>760,134</u>	<u>(4,540)</u>	<u>6,584</u>	<u>(599,413)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	6,120,016	-	7,500	-	6,127,516
Transfers out	(5,161,910)	(269,166)	-	-	(5,431,076)
Proceeds of capital lease	-	50,564	-	-	50,564
Total other financing sources (uses)	<u>958,106</u>	<u>(218,602)</u>	<u>7,500</u>	<u>-</u>	<u>747,004</u>
Net change in fund balances	(403,485)	541,532	2,960	6,584	147,591
Fund balances—beginning	<u>519,967</u>	<u>818,835</u>	<u>71,029</u>	<u>730,575</u>	<u>2,140,406</u>
Fund balances—ending	<u>\$ 116,482</u>	<u>\$ 1,360,367</u>	<u>\$ 73,989</u>	<u>\$ 737,159</u>	<u>\$ 2,287,997</u>

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OTHER INFORMATION

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Debt Service Fund
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Non property tax items	\$ 300,000	\$ 300,000	\$ 407,451	\$ 107,451
Use of money and property	4,000	4,000	4,150	150
Federal aid	79,533	79,533	79,787	254
Total revenues	<u>383,533</u>	<u>383,533</u>	<u>491,388</u>	<u>107,855</u>
EXPENDITURES				
Current:				
General government support	1,000	1,000	-	1,000
Debt service:				
Principal	4,787,651	4,787,651	4,787,651	-
Interest and fiscal charges	1,116,377	1,116,377	1,116,365	12
Total expenditures	<u>5,905,028</u>	<u>5,905,028</u>	<u>5,904,016</u>	<u>1,012</u>
Deficiency of revenues over expenditures	<u>(5,521,495)</u>	<u>(5,521,495)</u>	<u>(5,412,628)</u>	<u>108,867</u>
OTHER FINANCING SOURCES				
Transfers in	5,383,402	5,383,402	5,381,957	(1,445)
Premium on bonds issued	-	-	58,291	58,291
Total other financing sources	<u>5,383,402</u>	<u>5,383,402</u>	<u>5,440,248</u>	<u>56,846</u>
Net change in fund balances*	(138,093)	(138,093)	27,620	165,713
Fund balances—beginning	<u>459,572</u>	<u>459,572</u>	<u>459,572</u>	<u>-</u>
Fund balances—ending	<u>\$ 321,479</u>	<u>\$ 321,479</u>	<u>\$ 487,192</u>	<u>\$ 165,713</u>

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

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—County Road Fund
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Non property tax items	\$ 10,507,030	\$ 10,507,030	\$ 11,035,098	\$ 528,068
Departmental income	17,550	17,550	14,198	(3,352)
Intergovernmental charges	245,468	245,468	247,227	1,759
State aid	-	706,500	722,139	15,639
Federal aid	-	596,000	328,487	(267,513)
Total revenues	<u>10,770,048</u>	<u>12,072,548</u>	<u>12,347,149</u>	<u>274,601</u>
EXPENDITURES				
Current:				
Public safety	815,481	813,995	701,368	112,627
Transportation	<u>14,094,567</u>	<u>14,093,247</u>	<u>13,007,372</u>	<u>1,085,875</u>
Total expenditures	<u>14,910,048</u>	<u>14,907,242</u>	<u>13,708,740</u>	<u>1,198,502</u>
Deficiency of revenues over expenditures	<u>(4,140,000)</u>	<u>(2,834,694)</u>	<u>(1,361,591)</u>	<u>1,473,103</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	8,781,943	7,476,639	6,120,016	(1,356,623)
Transfers out	<u>(4,839,438)</u>	<u>(4,839,438)</u>	<u>(5,161,910)</u>	<u>(322,472)</u>
Total other financing sources (uses)	<u>3,942,505</u>	<u>2,637,201</u>	<u>958,106</u>	<u>(1,679,095)</u>
Net change in fund balances*	(197,495)	(197,493)	(403,485)	(205,992)
Fund balances—beginning	<u>519,967</u>	<u>519,967</u>	<u>519,967</u>	<u>-</u>
Fund balances—ending	<u>\$ 322,472</u>	<u>\$ 322,474</u>	<u>\$ 116,482</u>	<u>\$ (205,992)</u>

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

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Road Machinery Fund
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Non property tax items	\$ 515,000	\$ 515,000	\$ 488,503	\$ (26,497)
Intergovernmental charges	264,500	264,500	175,476	(89,024)
Sale of property and compensation for loss	-	5,883	9,535	3,652
Miscellaneous	-	-	456	456
Interfund revenues	<u>4,086,092</u>	<u>3,514,418</u>	<u>3,415,044</u>	<u>(99,374)</u>
Total revenues	<u>4,865,592</u>	<u>4,299,801</u>	<u>4,089,014</u>	<u>(210,787)</u>
EXPENDITURES				
Current:				
Transportation	4,646,384	4,677,250	3,212,916	1,464,334
Debt service:				
Principal	100,666	101,248	101,248	-
Interest and fiscal charges	<u>14,877</u>	<u>14,877</u>	<u>14,716</u>	<u>161</u>
Total expenditures	<u>4,761,927</u>	<u>4,793,375</u>	<u>3,328,880</u>	<u>1,464,495</u>
Excess (deficiency) of revenues over expenditures	<u>103,665</u>	<u>(493,574)</u>	<u>760,134</u>	<u>1,253,708</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(815,840)	(269,166)	(269,166)	-
Proceeds of capital lease	<u>-</u>	<u>50,564</u>	<u>50,564</u>	<u>-</u>
Total other financing sources (uses)	<u>(815,840)</u>	<u>(218,602)</u>	<u>(218,602)</u>	<u>-</u>
Net change in fund balances*	(712,175)	(712,176)	541,532	1,253,708
Fund balances—beginning	<u>818,835</u>	<u>818,835</u>	<u>818,835</u>	<u>-</u>
Fund balances—ending	<u>\$ 106,660</u>	<u>\$ 106,659</u>	<u>\$ 1,360,367</u>	<u>\$ 1,253,708</u>

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

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Conewango Watershed Fund
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental charges	\$ 10,200	\$ 10,200	\$ 9,900	\$ (300)
Total revenues	<u>10,200</u>	<u>10,200</u>	<u>9,900</u>	<u>(300)</u>
EXPENDITURES				
Current:				
Home and community services	<u>34,500</u>	<u>34,500</u>	<u>14,440</u>	<u>20,060</u>
Total expenditures	<u>34,500</u>	<u>34,500</u>	<u>14,440</u>	<u>20,060</u>
Excess (deficiency) of revenues over expenditures	<u>(24,300)</u>	<u>(24,300)</u>	<u>(4,540)</u>	<u>19,760</u>
OTHER FINANCING SOURCES				
Transfers in	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
Total other financing sources	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
Net change in fund balances*	(16,800)	(16,800)	2,960	19,760
Fund balances—beginning	<u>71,029</u>	<u>71,029</u>	<u>71,029</u>	<u>-</u>
Fund balances—ending	<u>\$ 54,229</u>	<u>\$ 54,229</u>	<u>\$ 73,989</u>	<u>\$ 19,760</u>

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

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Economic Development Fund
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ -	\$ 22,598	\$ 22,598	\$ -
Miscellaneous	-	1,400,148	58,278	(1,341,870)
Total revenues	<u>-</u>	<u>1,422,746</u>	<u>80,876</u>	<u>(1,341,870)</u>
EXPENDITURES				
Current:				
Economic assistance and opportunity	-	2,159,908	74,292	2,085,616
Total expenditures	<u>-</u>	<u>2,159,908</u>	<u>74,292</u>	<u>2,085,616</u>
Net change in fund balances	-	(737,162)	6,584	(743,746)
Fund balances—beginning	<u>730,575</u>	<u>730,575</u>	<u>730,575</u>	<u>-</u>
Fund balances—ending	<u>\$ 730,575</u>	<u>\$ (6,587)</u>	<u>\$ 737,159</u>	<u>\$ (743,746)</u>

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FEDERAL AWARDS INFORMATION

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed Through to Sub- recipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF AGRICULTURE				
Passed through NYS Department of Agriculture and Markets:				
Commodity Loans and Loan Deficiency Payments	10.051	N/A	\$ -	\$ 108,961
Passed Through NYS Department of Health:				
Special Supplemental Nutrition Program for Women Infants, and Children	10.557	63405	125,053	535,113
Child and Adult Care Food Program	10.558	N/A	-	15,574
Passed Through NYS Office of Temporary and Disability Assistance:				
<i>Snap Cluster</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	-	715,148
<i>Total Snap Cluster</i>			-	715,148
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>125,053</u>	<u>1,374,796</u>
U.S. DEPARTMENT OF DEFENSE				
Direct Program:				
Procurement Technical Assistance for Business Firms	12.002	N/A	-	107,866
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>-</u>	<u>107,866</u>
U.S. DEPARTMENT OF JUSTICE				
Passed through NYS Office of Victim Services:				
Juvenile Justice and Delinquency Prevention	16.540	66101	-	20,740
Violence Against Women Formula Grants	16.588	N/A	-	20,726
Passed through NYS Division of Criminal Justice:				
Bullet Proof Vest Partnership Program	16.607	N/A	-	12,898
Passed through Council on Addiction Recovery Services, Inc.:				
Enforcing Underage Drinking Laws Program	16.727	N/A	-	3,372
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>-</u>	<u>57,736</u>
U.S. DEPARTMENT OF LABOR				
Passed through Cattaraugus-Allegany Workforce Investment Board Inc.:				
<i>WIOA Cluster:</i>				
WIOA Adult Program	17.258	N/A	-	128,699
WIOA Youth Activities	17.259	N/A	-	137,442
WIA Dislocated Workers	17.260	N/A	-	157,501
<i>Total WIOA Cluster</i>			-	423,642
TOTAL U.S. DEPARTMENT OF LABOR			<u>-</u>	<u>423,642</u>

(continued)

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed Through to Sub- recipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through NYS Department of Transportation:				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	N/A	-	2,143,614
<i>Total Highway Planning and Construction Cluster</i>			-	2,143,614
<i>Highway Safety Cluster:</i>				
Child Safety and Child Booster Seat Incentive Grants	20.613	N/A	-	165
<i>Total Highway Safety Cluster</i>			-	165
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	2,143,779
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed through NYS Department of Health:				
Water Quality Management Planning	66.454	N/A	-	3,178
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			-	3,178
U.S. DEPARTMENT OF EDUCATION				
Passed through NYS Department of Health:				
Special Education-Grants for Infants and Families with Disabilities	84.181	N/A	-	37,727
TOTAL U.S. DEPARTMENT OF EDUCATION			-	37,727
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through NYS Office of the Aging:				
<i>Special Programs for the Aging Title III, Part D - Disease Prevention and Health Promotion Services</i>				
	93.043	69434	-	5,597
<i>Aging Cluster:</i>				
Special Programs for the Aging Title III, Part B - Grants for Supportive Service and Senior centers	93.044	69404	-	214,470
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	69423	-	191,453
<i>Total Aging Cluster</i>			-	405,923
National Family Caregiver Support, Title III, Part E	93.052	N/A	-	54,213
Medicare Enrollment Assistance Program	93.071	N/A	-	14,921
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	N/A	-	39,662
Passed through NYS Department of Health:				
Family Planning - Services	93.217	63402	-	102,598
Immunization Cooperative Agreements	93.268	N/A	-	32,636
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	N/A	-	108,774
<i>Medicaid Cluster:</i>				
Medical Assistance Program	93.778	62101	-	1,276,954
<i>Total Medicaid Cluster</i>			-	1,276,954

(continued)

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

(concluded)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity Identifying Number (1c)	Passed Through to Sub- recipients	Total Federal Expenditures (1d)
Maternal and Child Health Services Block Grant to the States	93.994	63491	2,130	14,820
Direct Program:				
Provider relief funds (CARES Act)	93.498	N/A	-	1,048,250
Passed through NYS Office of Temporary and Disability Assistance:				
<i>477 Cluster:</i>				
Temporary Assistance For Needy Families	93.558	N/A	467,177	3,629,358
Passed through NYS Office of Children and Family Services:				
Child Care and Development Block Grant	93.575	62702	-	1,116,522
<i>Total 477 Cluster</i>			<u>467,177</u>	<u>4,745,880</u>
Child Support Enforcement	93.563	62501	-	367,853
Low-Income Home Energy Assistance	93.568	69412	-	4,573,495
Community-Based Child Abuse Prevention Grants	93.590	N/A	-	96,909
Foster Care - Title IV-E	93.658	62401	-	747,081
Adoption Assistance	93.659	62402	-	667,236
Social Services Block Grant	93.667	62302	147,596	147,596
Chafee Foster Care Independence Program	93.674	N/A	-	3,846
Passed through Millennium Collaborative Care:				
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	N/A	-	695,762
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>616,903</u>	<u>15,150,006</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Direct Program:				
Retired and Senior Volunteer Program	94.002	N/A	-	51,250
TOAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>-</u>	<u>51,250</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Program:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	1,675,100
Passed through NYS Department of Homeland Security and Emergency Services:				
Homeland Security Grant Program	97.067	N/A	-	62,909
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>-</u>	<u>1,738,009</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			<u>\$ 741,956</u>	<u>\$ 21,087,989</u>

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

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COUNTY OF CATTARAUGUS, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the County of Cattaraugus, New York, (the “County”) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets or cash flows of the County. The following notes were identified on the schedule of expenditures of federal awards:

- (a) Includes all federal award programs of the County of Cattaraugus, New York. The federal expenditures of the CCIDA and the Land Bank have not been included.
- (b) Source: Catalog of Federal Domestic Assistance.
- (c) Pass-through entity identifying numbers are presented where available.
- (d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- (e) A reconciliation to the financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. MATCHING COSTS

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

4. NON-MONETARY FEDERAL PROGRAM

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements, termed “nonmonetary programs.” New York State makes payments of benefits directly to vendors, primarily utility companies on behalf of eligible persons participating in Low-Income Home Energy Assistance Program (CFDA Number 93.568). \$4,541,057 in direct payments were received by participants, which is included in the amount presented on the schedule of expenditures of federal awards.

5. AMOUNTS PROVIDED TO SUBRECIPIENTS

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

Certified Public Accountants

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of County of Cattaraugus, New York (the "County") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 24, 2021. Our report includes a reference to other auditors who audited the financial statements of the County of Cattaraugus Industrial Development Agency (the "CCIDA"), the Cattaraugus County Land Bank (the "Land Bank"), and the Cattaraugus County Sustainability and Growth Corporation (the "Sustainability and Growth Corporation") as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Land Bank and the Sustainability and Growth Corporation were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

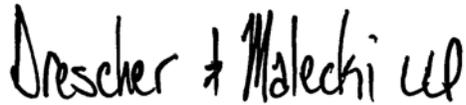
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature in black ink that reads "Drescher & Malecki LLP".

June 24, 2021

Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Cattaraugus, New York's (the "County") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the County of Cattaraugus Industrial Development Agency (the "CCIDA"), the Cattaraugus County Land Bank Corporation (the "Land Bank"), and the Cattaraugus County Sustainability and Growth Corporation (the "Sustainability and Growth Corporation"), which are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2020. Our compliance audit, described below, did not include the operations of the CCIDA, the Land Bank, or the Sustainability and Growth Corporation.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

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

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

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



June 24, 2021

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section I. Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued: Unmodified*
 * (which report includes a reference to other auditors and an emphasis of matter paragraph regarding the implementation of GASB Statement No. 84 and a restatement of net position due to changes in accounting policies)

Internal control over financial reporting:

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

Federal Awards:

Internal control over major federal programs:

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

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

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

Identification of major federal programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.498	Provider Relief Funds (CARES Act)
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs? \$750,000

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

COUNTY OF CATTARAUGUS, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section II. Financial statement findings section

No findings noted.

Section III. Federal award findings and questioned costs section

No findings noted.

COUNTY OF CATTARAUGUS, NEW YORK
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020
(Follow Up on December 31, 2019 Findings)

No findings noted.

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