

**COUNTY OF JEFFERSON,
NEW YORK**

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

COUNTY OF JEFFERSON, NEW YORK
Table of Contents
Year Ended December 31, 2023

	<u>Page</u>
Independent Auditors' Report.....	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet—Governmental Funds	17
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances— Governmental Funds to the Government-wide Statement of Activities.....	20
Statement of Net Position—Proprietary Fund	21
Statement of Revenues, Expenses, and Changes in Net Position— Proprietary Fund.....	22
Statement of Cash Flows—Proprietary Fund	23
Statement of Fiduciary Net Position—Custodial Fund.....	24
Statement of Changes in Fiduciary Net Position—Custodial Fund.....	25
Notes to the Financial Statements	26

(continued)

COUNTY OF JEFFERSON, NEW YORK
Table of Contents
Year Ended December 31, 2023

(concluded)

Page

Required Supplementary Information:

Schedule of the Local Government’s Proportionate Share of the Net Pension Liability (Asset)—Teachers’ Retirement System	70
Schedule of the Local Government’s Contributions—Teachers’ Retirement System	71
Schedule of Local Government’s Proportionate Share of the Net Pension Liability (Asset)—Employees’ Retirement System.....	72
Schedule of the Local Government’s Contributions—Employees’ Retirement System.....	73
Schedule of Changes in the County’s Total OPEB Liability and Related Ratios	74
Schedule of Changes in the College’s Total OPEB Liability and Related Ratios.....	75
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—General Fund.....	76
Notes to the Required Supplementary Information.....	77

Supplementary Information:

Combining Balance Sheet—Nonmajor Governmental Funds.....	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds	79

Federal Awards Information:

Schedule of Expenditures of Federal Awards	80
Notes to the Schedule of Expenditures of Federal Awards	84
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	85
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	87
Schedule of Findings and Questioned Costs	90
Summary Schedule of Prior Audit Findings and Corrective Action Plan.....	92

DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2023, 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.

We did not audit the financial statements of Jefferson Community College (the "College") or Jefferson County Industrial Development Agency (the "Agency"), which are shown as discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the College and the Agency, is based solely on the reports of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), are presented for purposes of additional analysis and 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2024, on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.

Brecher & Malucki, LLC

July 30, 2024

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

As management of the County of Jefferson, New York (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements which follow this narrative.

Financial Highlights

- The liabilities and deferred inflows of resources of the County's primary government exceeded its assets and deferred outflows of resources at December 31, 2023 by \$161,088,259 (net position). This consists of \$166,797,486 net investment in capital assets, \$5,060,590 restricted for specific purposes, and an unrestricted net position of \$(332,946,335).
- The County's total primary government net position increased by \$33,956,853 during the year ended December 31, 2023. Governmental activities increased the County's net position by \$33,568,832, while the net position of the County's business-type activity increased \$388,021.
- As of December 31, 2023, the County's governmental funds reported combined fund balances of \$135,503,338 an increase of \$22,076,802 in comparison with the prior year.
- General Fund fund balance increased \$15,950,768 during the year ended December 31, 2023, reporting total fund balance of \$102,784,068. *Unassigned fund balance* for the General Fund was \$69,770,525, or 28.1 percent of the total General Fund expenditures and transfers out. This total amount is available for spending at the County's discretion and constitutes approximately 67.9 percent of the General Fund's total fund balance of \$102,784,068 at December 31, 2023.
- The County's governmental activities' total serial bonds outstanding decreased by \$1,200,000 during the current year as a result of scheduled principal payments.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the County's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that principally are supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government support, education, public safety, public health, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest and fiscal charges. The business-type activity of the County is the Solid Waste Management Fund.

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

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

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

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

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

The County maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated

presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Supplementary Information section of this report.

The County adopts an annual appropriated budget for its General Fund, County Road Fund, Road Machinery Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, a major fund, within the Required Supplementary Information section of this report to demonstrate compliance with this budget.

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

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

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

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

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

The Custodial Fund reports resources held by the County in a custodial capacity for individuals, private organizations and other governments.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-69 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the County’s net pension liability/(asset), the changes in the County’s total other postemployment benefits (“OPEB”) obligation, and budgetary comparison schedule for the General Fund. Required Supplementary Information and the related notes can be found on pages 70-77 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 78-79.

The Federal Awards Information presents the County’s Schedule of Expenditures of Federal Awards. This section can be found on pages 80-92 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government’s financial position. In the case of the County, liabilities and deferred inflows of resources of the County’s primary government exceeded its assets and deferred outflows of resources at December 31, 2023 by

\$161,088,259 at the close of the most recent fiscal year, as compared to \$195,045,112 at the close of the fiscal year ended December 31, 2022.

Table 1, as presented below, shows the net position as of December 31, 2023 and December 31, 2022 of the County's governmental activities and business-type activity.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities		Business-type Activity		Total Primary Government	
	December 31,		December 31,		December 31,	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 187,705,568	\$ 170,258,929	\$ 1,690,051	\$ 1,591,093	\$ 189,395,619	\$ 171,850,022
Noncurrent assets	172,565,476	180,042,017	3,583,080	3,429,753	176,148,556	183,471,770
Total assets	<u>360,271,044</u>	<u>350,300,946</u>	<u>5,273,131</u>	<u>5,020,846</u>	<u>365,544,175</u>	<u>355,321,792</u>
Deferred outflows of resources	<u>90,571,639</u>	<u>99,494,347</u>	<u>1,478,314</u>	<u>1,529,627</u>	<u>92,049,953</u>	<u>101,023,974</u>
Current liabilities	41,564,091	46,330,881	479,230	463,964	42,043,321	46,794,845
Noncurrent liabilities	411,470,061	362,605,172	7,257,846	6,426,326	418,727,907	369,031,498
Total liabilities	<u>453,034,152</u>	<u>408,936,053</u>	<u>7,737,076</u>	<u>6,890,290</u>	<u>460,771,228</u>	<u>415,826,343</u>
Deferred inflows of resources	<u>155,376,094</u>	<u>231,995,635</u>	<u>2,535,065</u>	<u>3,568,900</u>	<u>157,911,159</u>	<u>235,564,535</u>
Net position:						
Net investment in capital assets	163,214,406	156,358,625	3,583,080	2,935,159	166,797,486	159,293,784
Restricted	4,969,647	4,865,725	90,943	86,429	5,060,590	4,952,154
Unrestricted	<u>(325,751,616)</u>	<u>(352,360,745)</u>	<u>(7,194,719)</u>	<u>(6,930,305)</u>	<u>(332,946,335)</u>	<u>(359,291,050)</u>
Total net position	<u>\$ (157,567,563)</u>	<u>\$ (191,136,395)</u>	<u>\$ (3,520,696)</u>	<u>\$ (3,908,717)</u>	<u>\$ (161,088,259)</u>	<u>\$ (195,045,112)</u>

The County's combined net position during fiscal year ended December 31, 2023 increased from December 31, 2022, by \$33,956,853. The largest portion of the County's net position at December 31, 2023, \$166,797,486, reflects its investment in capital and SBITA assets (e.g. land, buildings, machinery and equipment and infrastructure) net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$5,060,590, represents resources subject to external restrictions on how they may be used and are reported as restricted net position. The remaining category of total net position, \$(332,946,335), is considered to be unrestricted. This deficit does not mean the County does not have resources available to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments that are greater than currently available resources. Payments for these liabilities are to be budgeted in the year that actual payment will be made.

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

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

	Governmental Activities		Business-type Activity		Total Primary Government	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues	\$ 105,713,171	\$ 87,258,001	\$ 4,521,786	\$ 4,255,473	\$ 110,234,957	\$ 91,513,474
General revenues	181,867,078	173,090,096	15,427	68,798	181,882,505	173,158,894
Total revenues	<u>287,580,249</u>	<u>260,348,097</u>	<u>4,537,213</u>	<u>4,324,271</u>	<u>292,117,462</u>	<u>264,672,368</u>
Program expenses	<u>253,985,654</u>	<u>227,900,450</u>	<u>4,174,955</u>	<u>3,571,645</u>	<u>258,160,609</u>	<u>231,472,095</u>
Transfers	<u>(25,763)</u>	<u>-</u>	<u>25,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	33,568,832	32,447,647	388,021	752,626	33,956,853	33,200,273
Net position—beginning	<u>(191,136,395)</u>	<u>(223,584,042)</u>	<u>(3,908,717)</u>	<u>(4,661,343)</u>	<u>(195,045,112)</u>	<u>(228,245,385)</u>
Net position—ending	<u><u>\$ (157,567,563)</u></u>	<u><u>\$ (191,136,395)</u></u>	<u><u>\$ (3,520,696)</u></u>	<u><u>\$ (3,908,717)</u></u>	<u><u>\$ (161,088,259)</u></u>	<u><u>\$ (195,045,112)</u></u>

Governmental Activities—Governmental activities increased the County’s net position by \$33,568,832. A summary of sources of revenues for the years ended December 31, 2023 and December 31, 2022 is presented below in Table 3.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Charges for services	\$ 17,560,974	\$ 15,768,929	\$ 1,792,045	11.4
Operating grants and contributions	69,470,030	51,523,139	17,946,891	34.8
Capital grants and contributions	18,682,167	19,965,933	(1,283,766)	(6.4)
Property taxes and tax items	65,714,677	65,510,924	203,753	0.3
Sales taxes	103,709,287	100,661,022	3,048,265	3.0
Other general revenues	12,443,114	6,918,150	5,524,964	79.9
Total revenues	<u>\$ 287,580,249</u>	<u>\$ 260,348,097</u>	<u>\$ 27,232,152</u>	10.5

The most significant source of revenues is sales taxes, which accounts for \$103,709,287, or 36.1 percent, of total governmental activities revenues, for the year ended December 31, 2023, and \$100,661,022, or 38.7 percent, of total governmental activities revenues, for the year ended December 31, 2022. The next largest source of revenue is operating grants and contributions, which comprises 24.2 percent and 19.8 percent of total governmental activities revenues for the years ended December 31, 2023 and 2022, respectively.

During the year ended December 31, 2023 revenues increased by 10.5 percent from the year ended December 31, 2022. Changes in revenues were largely due to the following:

- Operating grants and contributions increased \$17,946,891 due to the increased funding and use of County social services programs and well as the increased use of American Rescue plan Act funds.
- Other general revenues increased \$5,524,964 due to a significant increase in interest earnings.
- Sales taxes increased \$3,048,265 due to an underlying increase in sales subject to sales tax.

A summary of program expenses of governmental activities for the years ended December 31, 2023 and December 31, 2022 is presented below in Table 4.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(decrease)	
	2023	2022	Dollars	Percent
General government support	\$ 83,262,944	\$ 76,574,309	\$ 6,688,635	8.7
Education	12,209,943	12,016,610	193,333	1.6
Public safety	32,522,177	27,055,152	5,467,025	20.2
Health	20,653,631	15,849,844	4,803,787	30.3
Transportation	27,326,788	26,546,860	779,928	2.9
Economic assistance and opportunity	74,274,225	66,952,796	7,321,429	10.9
Culture and recreation	322,283	384,492	(62,209)	(16.2)
Home and community services	3,120,774	2,083,177	1,037,597	49.8
Interest and fiscal charges	292,889	437,210	(144,321)	(33.0)
Total program expenses	<u>\$ 253,985,654</u>	<u>\$ 227,900,450</u>	<u>\$ 26,085,204</u>	11.4

The County's most significant expense items for governmental activities were general governmental support of \$83,262,944, or 32.8, of total expenses, economic assistance and opportunity of \$74,274,225 or 29.2 percent, of total expenses, public safety of \$32,522,177 or 12.8 percent, of total expenses, transportation of \$27,326,788, or 10.8 percent, of total expenses, and health of \$20,653,631, or 8.1 percent of total expenses for the year ended December 31, 2023. For the year ended December 31, 2022 the most significant expense items for governmental activities were general governmental support of \$76,574,309, or 33.6, of total expenses, economic assistance and opportunity of \$66,952,796 or 29.4 percent, of total expenses, public safety of \$27,055,152 or 11.9 percent, of total expenses, transportation of \$26,546,860, or 11.6 percent, of total expenses, and health of \$15,849,844, or 7.0 percent of total expenses.

During the year ended December 31, 2023 expenditures increased 11.4 percent from the year ended December 31, 2022. The increase in expenditures were primarily due to the additional funding of health services and economic assistance and opportunity post-pandemic, as well as the use of COVID-19 relief funding to address the negative economic impacts of the pandemic.

Business-type Activity. Business-type activity increased the County's net position by \$388,021, due primarily to decreased employee benefits related to changes in the OPEB liability and related deferred inflows and outflows of resources.

A summary of sources of revenues and expenses for the County’s business-type activity for the years ended December 31, 2023 and December 31, 2022 is presented below in Table 6.

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

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Charges for services	\$ 4,521,786	\$ 4,255,473	\$ 266,313	6.3
General revenues	15,427	68,648	(53,221)	(77.5)
Total revenues	<u>\$ 4,537,213</u>	<u>\$ 4,324,121</u>	<u>\$ 213,092</u>	4.9
Solid waste management expenses	<u>\$ 4,174,955</u>	<u>\$ 3,571,645</u>	<u>\$ 603,310</u>	16.9
Interfund transfers	<u>\$ 25,763</u>	<u>\$ -</u>	<u>\$ 25,763</u>	100.0

Revenues relating to the County’s business-type activity increased 4.9 percent due to increased collection rates during the year ended December 31, 2023, while expenses increased 16.9 percent due primarily to an increase in employee benefits related to the net pension liability.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$135,503,338, an increase of \$22,076,802 in comparison with the prior year. Total *unassigned fund balance* is \$69,770,525 which is 23.7 percent of total governmental funds’ expenditures. Additionally, the County’s total *assigned fund balances* total \$48,299,802 or 18.2 percent of total governmental funds’ expenditures. Together, *unassigned* and *assigned fund balance* represents \$118,070,327 or 44.4 percent of total governmental expenditures. *Committed fund balance* of \$6,283,255 represents amounts that are subject to a purpose constraint imposed by a formal action of the County’s highest level of decision-making authority, or by their designated body or official. *Restricted fund balance* of \$9,498,098 represent resources for which spending is restricted for a special purpose. *Nonspendable* amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. *Nonspendable* fund balance consists of \$1,563,990 of prepaid items and \$87,668 of inventory at December 31, 2023.

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 \$69,770,525, while total fund balance was \$102,784,068. The General Fund fund balance increased \$15,950,768 from the prior year, as compared to the planned use of fund balance of \$14,932,246 from appropriation of fund balance during the budget process and carryover of prior year encumbrances. The increase in fund balance is due primarily to the County receiving greater than anticipated non-property tax revenue related to sales tax, the collection of

additional interest earnings and state and federal aid, along with spending less than anticipated on public safety and economic assistance and opportunity. As a measure of the General Fund’s liquidity, it may be useful to compare both *unassigned fund balance* and total fund balance to total expenditures and transfers out. *Unassigned fund balance* represents 28.1 percent of General Fund expenditures and transfers out, while total fund balance represents 41.4 percent of that same amount.

The fund balance in the Capital Projects Fund increased \$4,723,607 from the prior year. This increase is due to the County making continued progress on ongoing capital projects and transfers in from other funds.

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

The net position of Solid Waste Management Fund (the County’s only enterprise fund) at December 31, 2023, amounted to \$(3,520,696) and unrestricted net position was \$(7,194,719), due to the allocation of employee benefits related to OPEB. The operating activities of the Solid Waste Management Fund during 2023 resulted in an operating income of \$438,772 and the nonoperating revenues and expenses netted to total loss of \$50,751.

General Fund Budgetary Highlights

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

A summary of the General Fund results of operations for the year ended December 31, 2023 is presented in Table 7 below:

Table 7—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues and other financing sources	\$ 222,581,705	\$ 250,110,793	\$ 263,964,269	\$ 13,853,476
Expenditures and other financing uses	237,513,951	265,396,838	248,013,501	17,383,337
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ (14,932,246)</u>	<u>\$ (15,286,045)</u>	<u>\$ 15,950,768</u>	<u>\$ 31,236,813</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 and related expenditures and non-property tax items. These grants and sales tax items explain the majority of increases in appropriations and revenue from the original adopted budget final budget. Significant grants for which the budget was modified were for state and federal aid.

Final budget compared to actual results. The General Fund had a favorable variance from final budgetary appropriations of \$17,383,337. The primary positive variances were realized in public safety, economic assistance and opportunity, employee benefits, general government support and health related to less than anticipated expenditures.

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, 2023 amounts to \$176,148,556 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and building improvements, improvements other than buildings, machinery and equipment, infrastructure, and right-to-use subscription-based information technology agreement (“SBITA”) assets. All depreciable/amortizable capital assets were depreciated/amortized from acquisition date to the end of the current year as outlined in the County’s capital asset policy.

Capital assets net of depreciation/amortization for the governmental activities and business-type activities at the years ended December 31, 2023 and December 31, 2022 are presented in Table 8 below:

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	December 31,		December 31,		December 31,	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,979,105	\$ 2,979,105	\$ 12,415	\$ 12,415	\$ 2,991,520	\$ 2,991,520
Construction in progress	34,366,596	26,251,811	352,747	277,035	34,719,343	26,528,846
Buildings and building improvements	48,887,499	50,876,140	2,113,403	2,165,354	51,000,902	53,041,494
Improvements other than buildings	121,890	127,156	-	-	121,890	127,156
Machinery and equipment	12,871,687	12,957,743	1,104,515	780,355	13,976,202	13,738,098
Infrastructure	73,012,027	74,242,439	-	-	73,012,027	74,242,439
Right-to-use SBITA	326,672	-	-	-	326,672	-
Total	\$ 172,565,476	\$ 167,434,394	\$ 3,583,080	\$ 3,235,159	\$ 176,148,556	\$ 170,669,553

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

Long-term liabilities. In 2023, the County’s long-term liabilities, as reported on the County-wide statement of net position, continue to reflect a dramatic change, since Governmental Accounting Standards Board (“GASB”) requires that the County recognize, according to a prescribed calculation, its obligation for OPEB. In the case of the County, this obligation consists of health benefits promised to its current and future retirees. Based on a study of the County’s numerous benefit packages and the affected population, actuaries have determined the value of these benefits earned in prior years, as well as the value earned during 2023.

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

Governmental activities outstanding net bonds payable decreased \$1,310,660.

A summary of the County’s long-term liabilities at December 31, 2023 and December 31, 2022 is presented below in Table 9:

Table 9—Summary of Long-Term Liabilities

	Governmental Activities		Business-type Activities		Total Primary Government	
	December 31,		December 31,		December 31,	
	2023	2022	2023	2022	2023	2022
Net bonds payable	\$ 14,600,536	\$ 15,911,196	\$ -	\$ -	\$ 14,600,536	\$ 15,911,196
Compensated absences	2,354,707	2,334,923	46,854	44,939	2,401,561	2,379,862
Installment purchase contract	2,274,018	2,893,229	-	-	2,274,018	2,893,229
SBITA liability	326,672	-	-	-	326,672	-
Claims and judgments	2,659,288	2,877,871	-	-	2,659,288	2,877,871
Other postemployment benefits	355,955,852	338,587,953	6,666,106	6,381,387	362,621,958	344,969,340
Net pension liability	33,298,988	-	544,886	-	33,843,874.00	-
Total	<u>\$ 411,470,061</u>	<u>\$ 362,605,172</u>	<u>\$ 7,257,846</u>	<u>\$ 6,426,326</u>	<u>\$ 418,727,907</u>	<u>\$ 369,031,498</u>

The County carries an Aa3 rating from Moody’s. Additional information on the County’s long-term liabilities can be found in Note 12 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

- The County experiences fluctuations in population generally due to the movements of troops stationed at Fort Drum. Brigade components of the US Army’s 10th Mountain Division continue to be periodically deployed and remain in rotation to the Middle East. These cycles continue to impact the local housing market, especially the rental market, with variations in demand and vacancy rates noted. The current rental vacancy rate in the greater Watertown area is estimated to be roughly ten percent. The true economic impact of Fort Drum in 2023 is \$1.6 billion based on an economic impact model. The model also estimates an additional 3,900 jobs supported by Fort Drum related activity.
- The City of Watertown received \$22.2 million in American Recovery funding for use in assisting the City to recover from the effects of the COVID-19 pandemic.
- A significant local transportation development is the continued upgrade of the facilities and airfield infrastructure at Watertown International Airport. Due in part to these upgrades and the growth in the County, American Airlines continues twice daily non-stop commercial flights at the local airport. 45,601 and 41,621 passengers utilized commercial flights at the Watertown Airport in 2023 and 2022, respectively. This is a result of the jet service that has returned to the airport. General Aviation activity continues to grow since the opening of the new Fixed Base Operator (FBO) facility in 2015. There has been over \$2,500,000 collected in 2023 from airport and FBO operations. A new Air Ambulance Hangar was constructed/finished in 2023.
- The unemployment rate, not seasonally adjusted, for the County during December 2023 was 5.4 percent, as compared to New York State’s unemployment rate of 4.6 percent. These factors are considered in preparing the County’s budget.
- The County considered current year operational expenses and estimated increases based on economic factors when establishing the 2024 budget. Additional information on the County’s budgeted appropriations of fund balance can be found in Note 13 to the financial statements.

- The 2020 U.S. Census Bureau population for Jefferson County was 108,095, which is a 7.0% decrease from the 2010 Census.
- The County's 2024 budget set the full value property tax rate at \$6.14 per thousand which is a decrease of 11.9% from the 2023 rate of \$6.87 average full value tax rate.

Contacting the County's Financial Management

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

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

BASIC FINANCIAL STATEMENTS

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

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

	Primary Government			Component Units	
	Governmental Activities	Business-type Activity	Total	Jefferson Community College (August 31, 2023)	Industrial Development Agency
ASSETS					
Cash and cash equivalents	\$ 48,932,242	\$ 1,118,000	\$ 50,050,242	\$ 6,661,434	\$ 6,521,406
Restricted cash and cash equivalents	28,195,423	90,943	28,286,366	1,705,772	2,540,968
Investments	60,115,693	-	60,115,693	15,027,956	-
Receivables, net of allowances:					
Property taxes receivable	9,355,733	-	9,355,733	-	-
Accounts receivable	4,538,836	461,003	4,999,839	3,045,250	74,791
Intergovernmental receivables	34,185,804	-	34,185,804	2,275,341	392,651
Leases receivable	730,179	-	730,179	163,790	-
Prepaid items	1,563,990	20,105	1,584,095	408,355	22,478
Inventories	87,668	-	87,668	-	-
Loans and notes receivable	-	-	-	373,228	1,567,129
Capital assets not being depreciated	37,345,701	365,162	37,710,863	145,000	1,917,011
Capital assets, net of accumulated depreciation	135,219,775	3,217,918	138,437,693	51,363,737	2,965,516
Total assets	<u>360,271,044</u>	<u>5,273,131</u>	<u>365,544,175</u>	<u>81,169,863</u>	<u>16,001,950</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows—relating to pensions	24,940,152	408,107	25,348,259	4,031,657	-
Deferred outflows—relating to OPEB	65,282,732	1,070,207	66,352,939	8,795,868	-
Excess consideration provided for acquisition	348,755	-	348,755	-	-
Total deferred outflows of resources	<u>90,571,639</u>	<u>1,478,314</u>	<u>92,049,953</u>	<u>12,827,525</u>	<u>-</u>
LIABILITIES					
Accounts payable	16,895,353	449,447	17,344,800	1,306,699	82,572
Retainages payable	396,197	-	396,197	-	-
Accrued liabilities	1,273,093	29,783	1,302,876	-	622
Intergovernmental payables	9,915,667	-	9,915,667	2,954,841	-
Unearned revenue	13,016,507	-	13,016,507	1,449,664	3,204,119
Other liabilities	67,274	-	67,274	-	52,913
Noncurrent liabilities:					
Due within one year	2,089,757	2,343	2,092,100	1,636,554	10,398
Due in more than one year	409,380,304	7,255,503	416,635,807	78,653,109	371,840
Total liabilities	<u>453,034,152</u>	<u>7,737,076</u>	<u>460,771,228</u>	<u>86,000,867</u>	<u>3,722,464</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows—relating to leases	730,179	-	730,179	163,790	-
Deferred inflows—relating to pensions	3,644,143	59,631	3,703,774	507,280	-
Deferred inflows—relating to OPEB	151,001,772	2,475,434	153,477,206	28,373,643	-
Unavailable revenues—grants	-	-	-	437,800	-
Total deferred inflows of resources	<u>155,376,094</u>	<u>2,535,065</u>	<u>157,911,159</u>	<u>29,482,513</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	163,214,406	3,583,080	166,797,486	30,676,610	4,500,289
Restricted for:					
General Fund restrictions	4,122,536	-	4,122,536	-	-
Capital projects	-	90,943	90,943	-	-
Road Machinery, Special Grant and Debt					
Service restrictions	847,111	-	847,111	-	-
Community College—expendable	-	-	-	2,044,454	-
Community College—nonexpendable	-	-	-	4,968,577	-
Community development	-	-	-	-	4,587,669
Unrestricted	(325,751,616)	(7,194,719)	(332,946,335)	(59,175,633)	3,191,528
Total net position	<u>\$ (157,567,563)</u>	<u>\$ (3,520,696)</u>	<u>\$ (161,088,259)</u>	<u>\$ (21,485,992)</u>	<u>\$ 12,279,486</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Governmental Activities	Business-type Activity	Total	Jefferson Community College (August 31, 2023)	Industrial Development Agency
Primary government:									
Governmental activities:									
General government support	\$ 83,262,944	\$ 7,530,863	\$ 10,148,638	\$ -	\$ (65,583,443)	\$ -	\$ (65,583,443)	\$ -	\$ -
Education	12,209,943	248,622	-	787,078	(11,174,243)	-	(11,174,243)	-	-
Public safety	32,522,177	1,491,757	874,281	653,528	(29,502,611)	-	(29,502,611)	-	-
Health	20,653,631	2,634,772	14,968,103	-	(3,050,756)	-	(3,050,756)	-	-
Transportation	27,326,788	2,783,920	308,635	17,241,561	(6,992,672)	-	(6,992,672)	-	-
Economic assistance and opportunity	74,274,225	2,841,460	40,963,298	-	(30,469,467)	-	(30,469,467)	-	-
Culture and recreation	322,283	-	124,018	-	(198,265)	-	(198,265)	-	-
Home and community services	3,120,774	29,580	2,083,057	-	(1,008,137)	-	(1,008,137)	-	-
Interest and fiscal charges	292,889	-	-	-	(292,889)	-	(292,889)	-	-
Total governmental activities	<u>253,985,654</u>	<u>17,560,974</u>	<u>69,470,030</u>	<u>18,682,167</u>	<u>(148,272,483)</u>	<u>-</u>	<u>(148,272,483)</u>	<u>-</u>	<u>-</u>
Business-type activity:									
Solid waste management	4,174,955	4,521,786	-	-	-	346,831	346,831	-	-
Total primary government	<u>\$ 258,160,609</u>	<u>\$ 22,082,760</u>	<u>\$ 69,470,030</u>	<u>\$ 18,682,167</u>	<u>(148,272,483)</u>	<u>346,831</u>	<u>(147,925,652)</u>	<u>-</u>	<u>-</u>
Component units:									
Jefferson Community College	\$ 48,454,049	\$ 9,538,034	\$ 7,186,490	\$ 4,147,475	-	-	-	(27,582,050)	-
Industrial Development Agency	6,235,355	931,970	4,647,654	-	-	-	-	-	(655,731)
Total component units	<u>\$ 54,689,404</u>	<u>\$ 10,470,004</u>	<u>\$ 11,834,144</u>	<u>\$ 4,147,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,582,050)</u>	<u>(655,731)</u>
General revenues:									
Property taxes, levied for general purpose					62,569,399	-	62,569,399	-	-
Property tax items					3,145,278	-	3,145,278	-	-
Sales taxes					103,709,287	-	103,709,287	-	-
Other taxes					693,800	-	693,800	-	-
Use of money and property					6,475,825	8,103	6,483,928	2,084,616	4,380
Miscellaneous					3,947,546	91,881	4,039,427	-	4,415
State and federal appropriations					-	-	-	15,156,545	-
Sale of property and compensation for loss					1,320,485	-	1,320,485	-	-
Proceeds (loss) from sale of capital assets					5,458	(84,557)	(79,099)	-	-
Transfers					(25,763)	25,763	-	-	-
Total general revenues and transfers					<u>181,841,315</u>	<u>41,190</u>	<u>181,882,505</u>	<u>17,241,161</u>	<u>8,795</u>
Change in net position					33,568,832	388,021	33,956,853	(10,340,889)	(646,936)
Net position—beginning					(191,136,395)	(3,908,717)	(195,045,112)	(11,145,103)	12,926,422
Net position—ending					<u>\$ (157,567,563)</u>	<u>\$ (3,520,696)</u>	<u>\$ (161,088,259)</u>	<u>\$ (21,485,992)</u>	<u>\$ 12,279,486</u>

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

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

	<u>General</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 23,940,411	\$ 12,168,606	\$ 12,823,225	\$ 48,932,242
Restricted cash and cash equivalents	23,350,484	3,978,451	866,488	28,195,423
Investments	60,115,693	-	-	60,115,693
Receivables, net of allowances:				
Property taxes receivable	9,355,733	-	-	9,355,733
Accounts receivable	3,321,512	-	3,255	3,324,767
Due from other funds	86,262	-	-	86,262
Intergovernmental receivables	25,837,524	4,918,603	3,429,677	34,185,804
Leases receivable	730,179	-	-	730,179
Inventory	87,668	-	-	87,668
Prepaid items	1,429,746	-	134,244	1,563,990
Total assets	<u>\$ 148,255,212</u>	<u>\$ 21,065,660</u>	<u>\$ 17,256,889</u>	<u>\$ 186,577,761</u>
LIABILITIES				
Accounts payable	\$ 11,544,277	\$ 2,978,590	\$ 2,372,486	\$ 16,895,353
Accrued liabilities	1,129,186	-	94,129	1,223,315
Intergovernmental payables	9,915,667	-	-	9,915,667
Due to other funds	-	-	86,262	86,262
Unearned revenue	12,944,695	-	71,812	13,016,507
Other liabilities	67,274	-	-	67,274
Total liabilities	<u>35,601,099</u>	<u>2,978,590</u>	<u>2,624,689</u>	<u>41,204,378</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to leases	730,179	-	-	730,179
Unavailable revenues—grants	1,459,944	-	-	1,459,944
Unavailable revenues—property taxes	7,679,922	-	-	7,679,922
Total deferred inflows of resources	<u>9,870,045</u>	<u>-</u>	<u>-</u>	<u>9,870,045</u>
FUND BALANCES				
Nonspendable	1,517,414	-	134,244	1,651,658
Restricted	4,122,536	4,528,451	847,111	9,498,098
Committed	6,283,255	-	-	6,283,255
Assigned	21,090,338	13,558,619	13,650,845	48,299,802
Unassigned	69,770,525	-	-	69,770,525
Total fund balances	<u>102,784,068</u>	<u>18,087,070</u>	<u>14,632,200</u>	<u>135,503,338</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 148,255,212</u>	<u>\$ 21,065,660</u>	<u>\$ 17,256,889</u>	<u>\$ 186,577,761</u>

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

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

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

Total fund balances—governmental funds (page 17)		\$ 135,503,338
Capital and SBITA assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$322,553,106 and the accumulated depreciation is \$149,987,630.		172,565,476
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$ 4,172,661	
Deferred outflows related to experience and investment earnings	20,767,491	
Deferred inflows of resources related to pensions	<u>(3,644,143)</u>	21,296,009
Deferred outflows and inflows of resources related to differences between expected and actual experience and changes of assumptions in other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows of resources related to OPEB	\$ 65,282,732	
Deferred inflows of resources related to OPEB	<u>(151,001,772)</u>	(85,719,040)
Other long-term assets are not available to pay for current period expenditures and, therefore, are either recorded as unearned revenue or deferred inflows of resources in the funds but are considered government-wide revenues:		
Deferred inflows of resources - grants	\$ 1,459,944	
Deferred inflows of resources - property taxes	<u>7,679,922</u>	9,139,866
Certain accrued revenues reported in the statement of net position are received after the availability period for recognition of revenue in the governmental funds.		1,214,069
The excess consideration for acquired assets that have a useful life extending beyond a single reporting period is recorded as an expenditure within the fund statements, but recorded as a deferred outflow of resources on the government-wide financial statements.		348,755
Retained percentages are not a current liability and, therefore, are not reported in the fund statements.		(396,197)
Net accrued interest expense for serial bonds and leases are not reported in the fund statements.		(49,778)
Long-term liabilities, including bonds payable, compensated absences, installment purchase contracts, SBITA, claims and judgments payable, other postemployment benefits ("OPEB") and the net pension liability are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	\$ (14,515,000)	
Unamortized premiums	(85,536)	
Compensated absences	(2,354,707)	
Installment purchase contract	(2,274,018)	
SBITA liability	(326,672)	
Claims and judgments	(2,659,288)	
Other postemployment benefits	(355,955,852)	
Net pension liability	<u>(33,298,988)</u>	(411,470,061)
Net position of governmental activities		<u>\$ (157,567,563)</u>

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

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

	<u>General</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes	\$ 62,569,399	\$ -	\$ -	\$ 62,569,399
Real property tax items	3,146,561	-	-	3,146,561
Non-property tax items	104,850,431	-	-	104,850,431
Departmental income	11,788,876	-	595,924	12,384,800
Intergovernmental charges	3,294,336	-	51,599	3,345,935
Use of money and property	5,181,785	202,717	464,004	5,848,506
Licenses and permits	30,073	-	2,125	32,198
Fines and forfeitures	226,509	-	-	226,509
Sale of property and compensation for loss	1,525,033	-	27,247	1,552,280
Miscellaneous	4,495,103	226,551	186,751	4,908,405
Interfund revenues	-	-	255,912	255,912
State aid	35,651,324	4,141,402	8,570,729	48,363,455
Federal aid	30,381,568	5,611,519	3,853,230	39,846,317
Total revenues	<u>263,140,998</u>	<u>10,182,189</u>	<u>14,007,521</u>	<u>287,330,708</u>
EXPENDITURES				
Current:				
General government support	80,475,454	-	-	80,475,454
Education	11,935,617	-	-	11,935,617
Public safety	27,603,568	-	-	27,603,568
Health	19,601,369	-	-	19,601,369
Transportation	3,314,943	1,873,809	18,749,572	23,938,324
Economic assistance and opportunity	68,100,010	-	2,541,211	70,641,221
Culture and recreation	313,776	-	-	313,776
Home and community services	1,022,541	-	2,000,311	3,022,852
Employee benefits	11,687,350	-	-	11,687,350
Debt service:				
Principal	103,599	-	1,819,211	1,922,810
Interest and fiscal charges	10,401	-	412,313	422,714
Capital outlay	-	14,093,359	-	14,093,359
Total expenditures	<u>224,168,628</u>	<u>15,967,168</u>	<u>25,522,618</u>	<u>265,658,414</u>
Excess (deficiency) of revenues over expenditures	<u>38,972,370</u>	<u>(5,784,979)</u>	<u>(11,515,097)</u>	<u>21,672,294</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	393,000	10,901,586	16,838,274	28,132,860
Transfers out	(23,844,873)	(393,000)	(3,920,750)	(28,158,623)
SBITA issued	430,271	-	-	430,271
Total other financing sources (uses)	<u>(23,021,602)</u>	<u>10,508,586</u>	<u>12,917,524</u>	<u>404,508</u>
Net change in fund balances	15,950,768	4,723,607	1,402,427	22,076,802
Fund balances—beginning	86,833,300	13,363,463	13,229,773	113,426,536
Fund balances—ending	<u>\$ 102,784,068</u>	<u>\$ 18,087,070</u>	<u>\$ 14,632,200</u>	<u>\$ 135,503,338</u>

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

COUNTY OF JEFFERSON, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances—Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2023

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)		\$ 22,076,802
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense and loss on disposal of capital assets in the current period.</p>		
Capital asset additions	\$ 15,054,559	
Depreciation/amortization expense	(9,799,441)	
Loss on disposal of capital assets	<u>(124,036)</u>	5,131,082
<p>Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:</p>		
County pension contributions	\$ 5,265,434	
Cost of benefits earned net of employee contributions	<u>(10,916,922)</u>	(5,651,488)
<p>Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization.</p>		
Changes relating to expected and actual experience	\$ 2,652,036	
Changes in assumptions	<u>24,793,215</u>	27,445,251
<p>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.</p>		
Change in deferred inflows of resources - property taxes	\$ (1,002,683)	
Change in deferred inflows of resources - grants	1,459,944	
Change in other receivable	<u>(207,720)</u>	249,541
<p>Governmental funds report excess consideration paid for assets as expenditures in the year of acquisition. However, in the County's statement of activities the cost of consideration is allocated over the estimated useful life.</p>		
		(41,851)
<p>Governmental funds report retained percentages expenditures on construction contracts when such a retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues.</p>		
		(93,769)
<p>In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.</p>		
		19,165
<p>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:</p>		
Repayment of serial bonds	\$ 1,200,000	
Amortization of premiums on serial bonds	110,660	
Change in compensated absences	(19,784)	
Principal payments on installment purchase contract	619,211	
SBITA issued	(430,271)	
Principal payments on SBITA	103,599	
Change in claims and judgments	218,583	
Change in other postemployment benefits	<u>(17,367,899)</u>	<u>(15,565,901)</u>
Change in net position of governmental activities		<u>\$ 33,568,832</u>

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

COUNTY OF JEFFERSON, NEW YORK
Statement of Net Position—Proprietary Fund
December 31, 2023

	<u>Business-type Activity— Enterprise Fund Solid Waste Management</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,118,000
Restricted cash and cash equivalents	90,943
Accounts receivable	461,003
Prepaid items	20,105
Total current assets	<u>1,690,051</u>
Noncurrent assets:	
Capital assets not being depreciated	365,162
Capital assets, net of accumulated depreciation	3,217,918
Total noncurrent assets	<u>3,583,080</u>
Total assets	<u>5,273,131</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pensions	408,107
Deferred outflows—relating to OPEB	1,070,207
Total deferred outflows of resources	<u>1,478,314</u>
LIABILITIES	
Current liabilities:	
Accounts payable	449,447
Accrued liabilities	29,783
Total current liabilities	<u>479,230</u>
Noncurrent liabilities:	
Compensated absences—due within one year	2,343
Compensated absences—due in more than one year	44,511
Other postemployment benefits obligation	6,666,106
Net pension liability	544,886
Total noncurrent liabilities	<u>7,257,846</u>
Total liabilities	<u>7,737,076</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pensions	59,631
Deferred inflows—relating to OPEB	2,475,434
Total deferred inflows of resources	<u>2,535,065</u>
NET POSITION	
Net investment in capital assets	3,583,080
Restricted for capital projects	90,943
Unrestricted	(7,194,719)
Total net position	<u>\$ (3,520,696)</u>

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

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

	<u>Business-type Activity— Enterprise Fund Solid Waste Management</u>
Operating revenues:	
Charges for services	\$ 3,868,261
Recycling income	653,525
Miscellaneous	91,881
Total operating revenues	<u>4,613,667</u>
Operating expenses:	
Salaries, wages and employee benefits	1,151,488
Tipping fees	2,826,635
Depreciation	196,772
Total operating expenses	<u>4,174,895</u>
Operating income	<u>438,772</u>
Nonoperating revenues (expenses):	
Interfund transfer in	25,763
Interest earnings	8,103
Loss on disposal of capital assets	(84,557)
Interest expense	(60)
Total nonoperating revenues (expenses)	<u>(50,751)</u>
Change in net position	388,021
Total net position—beginning	<u>(3,908,717)</u>
Total net position—ending	<u>\$ (3,520,696)</u>

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

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

	<u>Business-type Activity— Enterprise Fund Solid Waste Management</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from services provided	\$ 4,423,816
Receipts from other operating revenue	91,881
Payments to employees	(1,095,066)
Payments to suppliers	<u>(2,827,237)</u>
Net cash provided by operating activities	<u>593,394</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund transfers	<u>25,763</u>
Net cash provided by noncapital financing activities	<u>25,763</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital purchases	(629,250)
Payment on noncurrent interfund loan	<u>(300,000)</u>
Net cash used for capital and related financing activities	<u>(929,250)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>8,043</u>
Net cash provided by investing activities	<u>8,043</u>
Net decrease in cash and cash equivalents	(302,050)
Cash and cash equivalents—beginning	<u>1,510,993</u>
Cash and cash equivalents—ending	<u>\$ 1,208,943</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 438,772
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	196,772
(Increase) in accounts receivable	(97,970)
(Increase) in prepaid items	(3,038)
Decrease in deferred outflows of resources	51,313
Increase in accounts payable	2,436
Increase in accrued liabilities	12,830
Increase in other postemployment benefits	284,719
Increase in compensated absences	1,915
Change in net pension liability (asset)	739,480
(Decrease) in deferred inflows of resources	<u>(1,033,835)</u>
Total adjustments	<u>154,622</u>
Net cash provided by operating activities	<u>\$ 593,394</u>

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

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

	<u>Custodial Fund</u>
ASSETS	
Restricted cash and cash equivalents	\$ 6,516,415
Accounts receivable	<u>6,560</u>
Total assets	<u>6,522,975</u>
LIABILITIES	
Accounts payable and other liabilities	<u>6,282,840</u>
Total liabilities	<u>6,282,840</u>
NET POSITION	
Restricted for bail and other abandoned property	<u>240,135</u>
Total net position	<u>\$ 240,135</u>

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

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

	<u>Custodial Fund</u>
ADDITIONS	
Funds collected on behalf of individuals	\$ 685,804
Total additions	<u>685,804</u>
DEDUCTIONS	
Funds distributed on behalf of individuals	<u>1,559,911</u>
Total deductions	<u>1,559,911</u>
Change in fiduciary net position	(874,107)
Net position—beginning	<u>1,114,242</u>
Net position—ending	<u>\$ 240,135</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

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

Financial Reporting Entity

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

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

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

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

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

the fiscal year end for the College is August 31. The College includes four discretely presented component units, the Jefferson Community College Foundation, Inc., Faculty Student Association of Jefferson Community College, Inc., Student Association of Jefferson Community College, and New Student Services of Jefferson Community College.

The County budget for 2023 included an appropriation of \$5,367,423 in support of the College budget for the College fiscal year ended August 31, 2023. In addition to the funds contributed for the support of the College budget for 2022-2023, the General Fund budget supports the debt service on other college capital improvement bonds as outlined in the following paragraphs.

In 2015, the County issued \$7,000,000 in public improvement serial bonds for the Jefferson Community College Collaborative Learning Project. In 2023, the County paid \$474,875 in debt service on the 2015 debt issue. The principal payment was \$325,000, and interest was paid in the amount of \$149,875. Outstanding debt on this issue at December 31, 2023, was \$4,670,000.

In 2017, the County issued \$6,206,500 in public improvement serial bonds of which \$1,500,000 was on behalf of the College. Of this amount, \$1,448,400 was for the campus building reconstruction at Jefferson Community College and \$51,600 was for purchasing a loader. In 2023, the County paid \$98,306 in debt service on the 2017 debt issue. The principal payment was \$65,000, and interest was paid in the amount of \$33,306. Outstanding debt on this issue at December 31, 2023 was \$1,148,000.

In 2020, the County converted a \$9,000,000 bond anticipation notes (“BAN”) of which \$1,885,000 was for the purpose of additional work on the Jefferson Community College Learning Center to permanent financing. In 2023, the County paid \$182,569 in debt service on the 2020 debt issue. The principal payment was \$165,000, and interest was paid in the amount of \$17,569. Outstanding debt on this issue at December 31, 2023 was \$1,391,000.

Jefferson County paid \$524,915 to other New York State Community Colleges for its residents attending community colleges outside the County.

The College adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (“SBITA”), during the year ended August 31, 2023. The changes were incorporated into the College’s financial statements and had no significant affect on the beginning balance of net position.

Separate financial statements can be obtained by writing the College’s administration office, 1220 Coffeen Street, Watertown, New York 13601.

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

In addition, the Agency administers a \$1,250,248 revolving loan fund, a \$97,075 micro-enterprise loan program which provides loans to small businesses and a \$202,287 Watertown Economic Growth Fund which provides support to enterprises in the City of Watertown. These funds are used to provide loans to eligible businesses that save and create employment opportunities for residents of Jefferson County. The Agency works closely with Jefferson County Job Development Corporation (“JCJDC”) through funding of certain programs for economic development activities. The Agency has no staff; staff is supplied by the JCJDC under contract. The Agency includes two blended component units, the Jefferson County Local Development Corporation and the Jefferson County Civic Facilities Development Corporation.

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

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

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

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

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

Basis of Presentation—Government-wide Financial Statements

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

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

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

Basis of Presentation—Fund Financial Statements

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

The County reports the following major governmental funds:

- *General Fund*—This fund is the principal operating fund of the County and is used to account for all financial resources except those required to be accounted for in other funds.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment other than those financed by the enterprise fund. The County utilizes separate funds to account for capital projects benefiting the following programs: general government, public safety, transportation, sanitation, and recreation.

Additionally, the County reports the following nonmajor governmental funds:

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

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

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

The County reports the following major enterprise fund:

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

Additionally, the County reports the following fund type:

- *Fiduciary Fund*—The Custodial Fund is used to account for assets held by the County as an agent for other governments or individuals.

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Cash, Cash Equivalents and Investments—Cash and cash equivalents are considered to be cash on hand, certificates of deposits, demand deposits and short-term investments with original maturities of 90 days or less from the date of acquisition. State statutes and various resolutions of the Legislature govern the County’s investment policies. Permissible investments include obligations of the U.S. Treasury and U.S. Government Agencies, repurchase agreements and obligations of New York State or its localities. The County’s investments are recorded at fair value in accordance with GASB.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent unspent proceeds from debt, unearned revenues, amounts received for grants but not yet spent, amounts to support restricted fund balances, and amounts held on behalf of others.

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

Lease Receivable—The County is a lessor for a noncancellable lease of office space and a cell phone tower. The County recognizes a lease receivable and a deferred inflow of resources in the statement of net position and governmental fund financial statements. At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

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

Capital and Subscription-Based Information Technology Arrangements (“SBITA”) Assets—Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads and bridges) and SBITA assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County as assets with an initial, individual cost of more than \$5,000, or \$10,000 for heavy equipment, and an estimated useful life in excess of two years. For infrastructure (including buildings) assets, the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$25,000 are reported as capital assets. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value.

Land, right of way and easements, and construction in progress are not depreciated. The other capital assets of the primary government are depreciated/amortized using the straight-line method over the estimated useful lives as shown below:

Capitalization Threshold and Useful Lives		
Class of Asset	Threshold	Useful Life
Land	\$ 5,000	n/a
Works of art and historical treasures	5,000	n/a
Construction in progress	5,000	n/a
Land improvements	5,000	20
Buildings	25,000	50
Building improvements	5,000	20
Machinery and equipment:		
Office equipment	5,000	10
Furniture	5,000	10
Computer and computer equipment	5,000	5
Vehicles	5,000	7
Heavy equipment	10,000	7
Infrastructure		
Roads, network	25,000	25
Bridges (includes culverts)	25,000	40
Improvements other than land or buildings	5,000	7
SBITA assets	25,000	3-5

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 highway vehicle included as part of *expenditures—transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Unearned Revenue—Certain amounts received have not been spent or otherwise used to meet the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2023, the County reported unearned revenues of \$12,944,695 and \$71,812 within the General Fund and nonmajor funds, respectively. The County received cash in advance related to grants, donations and forfeited funds, but has not yet performed the services, and therefore recognizes a liability. Of this amount, \$9,711,657 is related to the American Rescue Plan Act.

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

In addition to liabilities, the statement of financial position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The primary government has four types of items, which qualify for reporting in this category. The first item is related to leases receivable reported on both the Statement of Net Position and governmental funds balance sheet, which is reported equal to the lease receivable at the present value of the remaining lease payments expected to be received during the lease term and amortized over the life of the lease. 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 statements. The third item represents the effects of the change in the County's proportion of the collective OPEB liability and difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability and is reported in the government-wide statements. Additionally, under the modified accrual basis of accounting, the governmental funds report unavailable revenues from two sources: property taxes and some nonexchange State aid that will more than likely not be realized within one year. These amounts are deferred and recognized in the period that the amounts become available. Accordingly, the items, *unavailable revenue*, are reported as deferred inflows of resources only in the governmental funds balance sheet.

Leases and Subscription-Based Information Technology Agreements (“SBITA”)—The County recognizes significant lease and SBITA liabilities. At the commencement of a lease/SBITA, the County initially measures the liability at the present value of any remaining payments expected to be made during the lease/SBITA term. Subsequently, the liability is reduced by the principal portion of the payments made, as applicable. As of December 31, 2023, the County reported \$326,672 of SBITA liabilities.

The County is a lessor for a noncancellable leases of office space and real property. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Leases receivable are discussed within Note 3.

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

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

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

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

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

Revenues and Expenses/Expenditures

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

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

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

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

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

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

In 2023, the County Attorney, as Tax Enforcement Officer, conducted the County's annual sale of properties acquired through tax foreclosure. Of 71 properties acquired through foreclosure, 66 were sold at auction, generating gross receipts of \$1,004,225.

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

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

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

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

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

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

At December 31, 2023, the total real property tax receivables relating to the County of \$9,051,977 are offset by an allowance for uncollectible taxes of \$3,566,717. Additionally, included in real property tax receivables are current year returned village and school taxes of \$4,432,334. The remaining portion of tax receivables is partially offset by deferred inflows of resources – property taxes of \$7,679,922 in the General Fund and represents an estimate of tax liens which will not be collected within the first sixty (60) days of the subsequent year.

A 4.0% sales tax is levied in and for the County under the general authority of Article 29 of the Tax Law and specific authority of local law. This tax is administered and collected by the State Sales Tax Commission in the same manner as the State imposed 4.0% sales and compensating use tax. Net collections, meaning monies collected after deducting them from expenses of administration and collection and amounts refunded or to be refunded, but inclusive of any applicable penalties and interest, are paid by the State to the County on a monthly basis. Of the total \$103,709,287 sales tax collected or accrued for the year ended December 31, 2023, \$54,965,923 was distributed to the towns, villages and the City of Watertown, of which, \$9,516,783 is recorded as liabilities to be distributed.

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

The County constitutional tax limit (per New York State statutes) for the fiscal year ended December 31, 2023 is computed below:

Five-year average full valuation of taxable real estate	<u>\$ 8,405,909,585</u>
Tax limit @ 1.5%	\$ 126,088,644
Tax levy subject to tax limit	<u>61,409,361</u>
Tax margin	<u>\$ 64,679,283</u>

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

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

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

The compensated absences liability for the primary government at year end totaled \$2,401,561 and is reported within governmental activities at \$2,354,707 and business-type activities at \$46,854. The College reports \$442,415 as its liability for compensated absences.

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

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

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

Regarding the County’s postemployment benefits, retirees’ and their survivor’s health care benefits are provided through an insurance company whose premiums are based on historic experience. Additionally the County finances the plan on a pay-as-you-go basis, and the cost of retiree group health insurance benefits is recognized as an expenditure/expense based on premiums paid during the year. During 2023, \$12,044,844 was paid by the County on behalf of eligible retirees, including their dependents and survivors. More information on other postemployment benefits is included in Note 7.

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

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, deferred outflows/inflows of resources, 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, 2023, the County implemented GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnerships arrangements (“PPPs”). GASB Statement No. 96 improves financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements (“SBITAs”) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and improves the consistency of authoritative literature related to GASB Statements No. 94 and 96. The implementation of GASB Statements No. 94, 96, and a portion of 99 did not have a material impact on the County’s financial position or results from operations

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting the remainder of GASB Statement No. 99, *Omnibus 2022*; No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024, and No. 102, *Certain Risk Disclosures*; and No. 103, *Financial Reporting Model Improvements*, effective for the year ending December 31, 2025. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 99, 100, 101, 102 and 103 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

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

The County’s annual procedures in establishing the budgetary data reflected in the basic financial statements are included below:

- No later than November 15, the budget officer submits a tentative budget to the Board of Legislators for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for the General Fund, County Road Fund, Road Machinery Fund and Debt Service Fund.
- After public hearings are conducted to obtain taxpayer comments, no later than December 20, the governing board adopts the budget.
- All amendments of the budget must be approved by the governing board. However, the County Administrator is authorized to transfer certain budgeted amounts within departments, upon request of the department head.
- Budgets are prepared for proprietary funds to establish the estimated contributions required from other funds and to control expenditures.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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 (including restricted amounts) at year-end consisted of:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Fiduciary Fund</u>	<u>Total Balance</u>
Petty cash (uncollateralized)	\$ 14,220	\$ 800	\$ -	\$ 15,020
Deposits	<u>77,113,445</u>	<u>1,208,143</u>	<u>6,516,415</u>	<u>84,838,003</u>
Total	<u>\$77,127,665</u>	<u>\$ 1,208,943</u>	<u>\$6,516,415</u>	<u>\$84,853,023</u>

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

	<u>Bank Balance</u>	<u>Carrying Amount</u>
FDIC insured	\$ 2,131,579	\$ 2,124,322
Uninsured:		
Collateral held by bank's agent in the County's name	<u>84,382,798</u>	<u>82,713,681</u>
Total	<u>\$86,514,377</u>	<u>\$ 84,838,003</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. For investments, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. By State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2023, the County's deposits were FDIC insured or collateralized. The County pools its cash from all funds, except for cash required by law to be segregated, into a concentration account for investment purposes.

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of deposits and investments. The County minimizes the risk by structuring the investment portfolio so that the deposits and investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell deposits and investments on the open market prior to maturity.

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

	Purpose	Amount
Governmental activities:		
General Fund	Workers' compensation	\$ 658,339
General Fund	Unemployment insurance	75,997
General Fund	Insurance	1,969,569
General Fund	Advanced fundings	3,233,037
General Fund	ARPA fundings	9,711,657
General Fund	Law enforcement and prosecution	515,003
General Fund	Wireless 911 Surcharge	771,076
General Fund	Opioid settlements	132,551
General Fund	Committed funds	6,283,255
Capital Projects Fund	Unspent bond proceeds	3,978,451
Nonmajor Funds:		
Road Machinery Fund	Highway equipment reserve	523,678
Special Grants Fund	Unspent grant proceeds	94,095
Debt Service Fund	Debt service	248,715
Total governmental activities		<u>28,195,423</u>
Business-type activities:		
Solid Waste Management Fund	Capital projects	90,943
Total primary government		<u>\$ 28,286,366</u>
Fiduciary Fund:		
Custodial Fund	Custodial liabilities	\$ 6,516,415
Total fiduciary fund		<u>\$ 6,516,415</u>

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

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

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the County has access at the measurement date.

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

The County has the following fair value measurements as of December 31, 2023:

- U.S. backed securities of \$35,868,743 are valued using quoted market prices for identical assets in active markets (level 1 input).

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

Discretely Presented Component Units

Jefferson Community College—The College and its component units had unrestricted deposits of \$4,395,219 and \$2,266,215, respectively. The College’s carrying value of cash and short-term investments subject to collateral requirements was \$4,393,819 at August 31, 2023, which included cash in checking accounts and interest-bearing savings accounts. Bank balances totaling \$4,450,480 were insured by the FDIC at August 31, 2023.

The Jefferson Community College Foundation, Inc. and the Jefferson FSA Auxiliary, LLC, component units of the College, have restricted cash totaling \$1,705,772, consisting of various reserve funds.

The primary institution of the College reports investments in the amount of \$5,483,400 as of August 31, 2023. Its component units had investments as of August 31, 2023 with a market value of \$8,248,273 and interest rate swap agreement of \$1,296,283. All investments held by the component unit are deemed to be observable in active markets and are therefore considered to be Level 1.

Jefferson County Industrial Development Agency—The Agency had unrestricted deposits of \$6,521,406 and restricted deposits of \$2,540,968 which were insured or collateralized by securities held by the pledging financial institution’s trust department or agent, but not in the Agency’s name.

3. RECEIVABLES

Taxes Receivable—Represents amounts due from County taxpayers that remain unpaid. At December 31, 2023, the County recorded \$9,355,733 related to taxes receivable. These amounts are reported net of an allowance for uncollectible taxes provision of \$3,566,717.

Accounts Receivable—Represents amounts due from various sources. The County’s accounts receivable as of December 31, 2023, are as follows:

Governmental Funds:	
General Fund:	
Various fees and charges	\$ 3,360,853
Less allowance for doubtful accounts	(39,341)
Nonmajor funds	<u>3,255</u>
Total governmental funds	<u>\$ 3,324,767</u>
Enterprise fund:	
Various fees and charges	<u>\$ 461,003</u>
Total enterprise fund	<u>\$ 461,003</u>
Fiduciary fund:	
Various fees and charges	<u>\$ 6,560</u>
Total fiduciary fund	<u>\$ 6,560</u>

Intergovernmental receivables as of December 31, 2023, are as follows:

Governmental Funds:	
General Fund:	
Due from State and Federal	\$ 24,319,489
Due from other governments	<u>1,518,035</u> \$ 25,837,524
Capital Projects Fund:	
Due from State and Federal	4,918,603
Nonmajor funds:	
Due from State and Federal	\$ 3,408,507
Due from other governments	<u>21,170</u> <u>3,429,677</u>
Total governmental funds	<u>\$ 34,185,804</u>

Leases Receivable—During the year ended December 31, 2023, the County began recognizing the leases of office space and real property to third parties. The leases have original maturities ranging from nine to twenty years and the County receives variable annual payments. The County recognized \$35,431 in lease revenue and \$22,570 in interest revenue during the current fiscal year related to this lease. As of December 31, 2023, the County’s receivable for lease payments was \$730,179. Also, the Town has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2023, the balance of the deferred inflow of resources was \$730,179.

Discretely Presented Component Units

Jefferson Community College—Significant receivables include amounts due from students for fees and tuitions. These receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated and recorded based on the College’s historical bad debt experience, and based on management’s judgment. At August 31, 2023, the College reported total accounts receivable of \$3,045,250, intergovernmental receivables of \$2,275,341 and notes receivable of \$373,228. In addition, the College is a lessor for various noncancellable leases. The College reported a lease receivable of \$163,790 as of August 31, 2023 and a corresponding deferred inflow of resources of \$163,790.

Jefferson County Industrial Development Agency—Significant receivables of the Agency include loans and notes receivable and intergovernmental receivables. The Agency had loans and notes receivable of \$1,567,129 and intergovernmental receivables of \$392,651 at December 31, 2023.

4. CAPITAL ASSETS

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

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
Capital assets, not being depreciated/amortized:				
Land	\$ 2,979,105	\$ -	\$ -	\$ 2,979,105
Construction in progress	<u>26,251,811</u>	<u>10,315,075</u>	<u>2,200,290</u>	<u>34,366,596</u>
Total capital assets, not being depreciated/amortized	<u>29,230,916</u>	<u>10,315,075</u>	<u>2,200,290</u>	<u>37,345,701</u>
Capital assets, being depreciated/amortized:				
Buildings and building improvements	100,330,364	653,529	-	100,983,893
Improvements other than buildings	1,407,921	-	-	1,407,921
Machinery and equipment	38,955,355	2,439,243	818,997	40,575,601
Infrastructure	138,392,988	3,416,731	-	141,809,719
Right-to-use SBITA assets	<u>-</u>	<u>430,271</u>	<u>-</u>	<u>430,271</u>
Total capital assets, being depreciated/amortized	<u>279,086,628</u>	<u>6,939,774</u>	<u>818,997</u>	<u>285,207,405</u>
Less accumulated depreciation/amortization for:				
Buildings and building improvements	49,454,224	2,642,170	-	52,096,394
Improvements other than buildings	1,280,765	5,266	-	1,286,031
Machinery and equipment	25,997,612	2,374,255	667,953	27,703,914
Infrastructure	64,150,549	4,674,151	27,008	68,797,692
Right-to-use SBITA assets	<u>-</u>	<u>103,599</u>	<u>-</u>	<u>103,599</u>
Total accumulated depreciation/amortization	<u>140,883,150</u>	<u>9,799,441</u>	<u>694,961</u>	<u>149,987,630</u>
Total capital assets, being depreciated/amortized, net	<u>138,203,478</u>	<u>(2,859,667)</u>	<u>124,036</u>	<u>135,219,775</u>
Governmental activities capital assets, net	<u>\$ 167,434,394</u>	<u>\$ 7,455,408</u>	<u>\$ 2,324,326</u>	<u>\$ 172,565,476</u>

Depreciation/amortization expense was charged to functions and programs of governmental activities as follows:

Governmental activities:	
General government support	\$ 894,203
Public safety	2,506,882
Health	35,579
Transportation	6,099,929
Economic assistance and opportunity	262,848
Total	<u>\$ 9,799,441</u>

Business-type activity—Capital asset activity for the primary government’s business-type activity (Enterprise Fund), for the year ended December 31, 2023, is presented below:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
Capital assets, not being depreciated:				
Land	\$ 12,415	\$ -	\$ -	\$ 12,415
Construction in progress	<u>277,035</u>	<u>75,712</u>	<u>-</u>	<u>352,747</u>
Total capital assets, not being depreciated	<u>289,450</u>	<u>75,712</u>	<u>-</u>	<u>365,162</u>
Capital assets, being depreciated:				
Buildings	3,173,672	-	-	3,173,672
Machinery and equipment	<u>3,185,614</u>	<u>553,538</u>	<u>449,808</u>	<u>3,289,344</u>
Total capital assets, being depreciated	<u>6,359,286</u>	<u>553,538</u>	<u>449,808</u>	<u>6,463,016</u>
Less accumulated depreciation for:				
Buildings	1,008,318	51,951	-	1,060,269
Machinery and equipment	<u>2,405,259</u>	<u>144,821</u>	<u>365,251</u>	<u>2,184,829</u>
Total accumulated depreciation	<u>3,413,577</u>	<u>196,772</u>	<u>365,251</u>	<u>3,245,098</u>
Total capital assets, being depreciated, net	<u>2,945,709</u>	<u>356,766</u>	<u>84,557</u>	<u>3,217,918</u>
Business-type activity capital assets, net	<u>\$ 3,235,159</u>	<u>\$ 432,478</u>	<u>\$ 84,557</u>	<u>\$ 3,583,080</u>

Discretely Presented Component Units

Jefferson Community College—Capital asset activity for Jefferson Community College for the year ended August 31, 2023 was as follows:

	Beginning Balance (as adjusted)	Additions	Deletions/ Reclassifications	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	\$ 145,000	\$ -	\$ -	\$ 145,000
Construction in progress	207,292	-	207,292	-
Total capital assets, not being depreciated/amortized	<u>352,292</u>	<u>-</u>	<u>207,292</u>	<u>145,000</u>
Capital assets, being depreciated/amortized:				
Land improvements and infrastructure	9,820,798	4,314,933	207,292	14,343,023
Buildings	45,495,463	80,469	-	45,575,932
Furniture and equipment	3,441,030	188,591	25,152	3,604,469
Lease assets	1,426,210	114,038	-	1,540,248
SBITA	2,529,788	65,644	64,992	2,530,440
Library books	5,105,843	16,143	-	5,121,986
Total capital assets, being depreciated/amortized	<u>67,819,132</u>	<u>4,779,818</u>	<u>297,436</u>	<u>72,716,098</u>
Less accumulated depreciation/amortization for:				
Land improvements and infrastructure	4,395,772	509,467	-	4,905,239
Buildings	20,801,498	1,521,381	-	22,322,879
Furniture and equipment	2,789,137	161,322	25,152	2,925,307
Lease assets	379,518	412,405	-	791,923
SBITA	-	447,840	64,992	382,848
Library books	5,052,186	23,096	-	5,075,282
Total accumulated depreciation/amortization	<u>33,418,111</u>	<u>3,075,511</u>	<u>90,144</u>	<u>36,403,478</u>
Total capital assets, being depreciated/amortized, net	<u>34,401,021</u>	<u>1,704,307</u>	<u>387,580</u>	<u>36,312,620</u>
Capital assets, net	<u>\$ 34,753,313</u>	<u>\$ 1,704,307</u>	<u>\$ -</u>	<u>\$ 36,457,620</u>

In addition to the capital assets reported above, the College reports net capital assets of its discretely presented component units in the amount of \$15,051,117.

Jefferson County Industrial Development Agency—Capital asset activity for the Jefferson County Industrial Development Agency for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated/amortized:				
Land and land improvements	\$ 1,274,094	\$ -	\$ -	\$ 1,274,094
Construction in progress	<u>587,992</u>	<u>54,925</u>	<u>-</u>	<u>642,917</u>
Total capital assets, not being depreciated/amortized	<u>1,862,086</u>	<u>54,925</u>	<u>-</u>	<u>1,917,011</u>
Capital assets, being depreciated/amortized:				
Equipment	96,314	-	-	96,314
Buildings	4,101,021	-	-	4,101,021
Right-to-use leased asset	<u>175,454</u>	<u>-</u>	<u>23,743</u>	<u>151,711</u>
Total capital assets, being depreciated/amortized:	<u>4,372,789</u>	<u>-</u>	<u>23,743</u>	<u>4,349,046</u>
Total accumulated depreciation/amortization	<u>1,233,103</u>	<u>150,427</u>	<u>-</u>	<u>1,383,530</u>
Total capital assets, being depreciated/amortized, net	<u>3,139,686</u>	<u>(95,502)</u>	<u>23,743</u>	<u>2,965,516</u>
Capital assets, net	<u>\$ 5,001,772</u>	<u>\$ 150,427</u>	<u>\$ 23,743</u>	<u>\$ 4,882,527</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by the County’s funds at December 31, 2023 were as follows:

	Governmental Funds			Enterprise Fund
	General	Nonmajor Funds	Total	Solid
			Governmental Funds	Waste Management
Salaries and employee benefits	<u>\$ 1,129,186</u>	<u>\$ 94,129</u>	<u>\$ 1,223,315</u>	<u>\$ 29,783</u>

6. PENSION PLANS

Plan Description and Benefits Provided

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

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

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

	ERS	
	Governmental Activities	Business-type Activity
Measurement date	March 31, 2023	
Net pension liability	\$ 33,298,988	\$ 544,886
County's portion of the Plan's total net pension liability	0.01578242%	0.0000169%

For the year ended December 31, 2023, the County recognized pension expense of \$11,200,327 and \$1,196,431 for the governmental and business-type activities, respectively. At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown in the chart below:

	ERS			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activity	Governmental Activities	Business-type Activity
Differences between expected and actual experiences	\$ 3,546,602	\$ 58,035	\$ 935,162	\$ 15,302
Changes of assumptions	16,172,136	264,632	178,732	2,925
Net difference between projected and actual earnings on pension plan investments	-	-	195,631	3,201
Changes in proportion and differences between the County's contributions and proportionate share of contributions	1,048,753	17,161	2,334,618	38,203
County contributions subsequent to the measurement date	4,172,661	68,279	-	-
Total	<u>\$ 24,940,152</u>	<u>\$ 408,107</u>	<u>\$ 3,644,143</u>	<u>\$ 59,631</u>

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activity</u>
2024	\$ 3,791,957	\$ 62,050
2025	(2,174,015)	(35,574)
2026	6,507,222	106,481
2027	8,998,184	147,240

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

	<u>ERS</u>
Measurement date	March 31, 2023
Actuarial valuation date	April 1, 2022
Interest rate	5.9%
Salary scale	4.4%
Decrement tables	April 1, 2015- March 31, 2020
Inflation rate	2.9%
Cost-of-living adjustments	1.4%

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

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

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the County’s proportionate share of the net pension liability calculated using the discount rate of 5.9%, 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 (4.9%) or one percentage-point higher (6.9%) than the current assumption.

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Governmental Activities:			
Employer's proportionate share of the net pension liability/(asset)	\$ 80,466,457	\$ 33,298,988	\$ (6,117,133)
Business-type Activity:			
Employer's proportionate share of the net pension liability/(asset)	\$ 1,316,709	\$ 544,886	\$ (100,097)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liabilities of the employers as of the valuation dates are summarized on the following page.

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

Discretely Presented Component Units

Jefferson Community College—The College participates in the ERS and the Teachers’ Retirement System (“TRS”).

Plan Description and Benefits Provided

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

Teachers’ Retirement System—The College participates in the New York State Teachers’ Retirement System (“TRS”). This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and the New York State Retirement and Social Security Law (“NYSRSSL”). TRS is governed by a 10 member Board of Trustees. TRS benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York State Public Schools and BOCES who elect to participate in TRS. Once a public employer elects to participate in TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS may be obtained by writing to the New York State Teachers’ Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYS TRS Comprehensive Annual Financial Report which can be found on TRS’ website at www.nystrs.org.

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

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At August 31, 2023, the College reported the following liabilities for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2023 for ERS and June 30, 2023 for TRS. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of April 1, 2022 for ERS and June 30, 2022 for TRS. The College’s proportion of the net pension liabilities was based on a projection of the College’s long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and TRS in reports provided to the College, as shown on the following page.

Measurement date	TRS	ERS
	June 30, 2023	March 31, 2023
Net pension liability	\$ 216,592	\$ 3,621,698
The College's portion of the Plan's total net pension liability	0.018940%	0.01689%

For the year ended August 31, 2023, the College recognized pension expense of \$617,082 for TRS and pension (income) of (\$16,301) for ERS. At August 31, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown below:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experiences of economic and demographic assumptions	\$ 525,177	\$ 385,739	\$ 1,298	\$ 101,711
Changes in assumptions	466,315	1,758,929	101,631	19,440
Net difference between projected and actual earnings on pension plan investments	110,717	-	-	21,277
Changes in proportion and differences between the College's contributions and proportionate share of contributions	356,845	114,065	8,003	253,920
College contributions subsequent to the measurement date	55,764	258,106	-	-
Total	<u>\$ 1,514,818</u>	<u>\$ 2,516,839</u>	<u>\$ 110,932</u>	<u>\$ 396,348</u>

The College's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ending August 31, 2024. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to ERS and TRS will be recognized as pension expense below:

Year Ending August 31,	TRS	ERS
2024	\$ 175,601	\$ 412,424
2025	(20,787)	(236,452)
2026	937,808	707,744
2027	115,835	978,669
2028	86,597	-
Thereafter	53,070	-

Actuarial Assumptions—The pension liability as of the measurement dates were determined by using actuarial valuation dates as noted below with update procedures used to roll forward the total pension liabilities to the measurement dates. The actuarial valuations used the following actuarial assumptions, as shown on the following page.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2023	March 31, 2023
Actuarial valuation date	June 30, 2022	April 1, 2022
Interest rate	6.95%	5.90%
Salary scale	1.95%-5.18%	4.40%
Decrement tables	July 1, 2015 - June 30, 2020	April 1, 2015 - March 31, 2015
Inflation rates	2.4%	2.9%
Cost-of-living adjustments	1.3%	1.3%

For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020, applied on a generational basis. Active member mortality rates are based on plan member experience. The actuarial assumptions were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. Best estimates of arithmetic real rates of return for each major asset class included in TRS' target asset allocation is summarized below:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
	<u>TRS</u>	
		<u>June 30, 2023</u>
Measurement date		
Asset class:		
Domestic equities	33.0 %	6.8 %
International equities	15.0	7.6
Global equities	4.0	7.2
Private equity	9.0	10.1
Real estate	11.0	6.3
Domestic fixed income securities	16.0	1.6
Global fixed income securities	1.0	0.8
High-yield fixed income securities	2.0	0.0
Private debt	2.0	6.0
Real estate debt	6.0	3.2
Cash	1.0	0.3
Total	<u>100.0 %</u>	

Discount Rate—The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.90% for ERS for the year ending August 31, 2023. 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 Liabilities to the Discount Rate Assumption—
The chart below presents the College’s proportionate share of the net pension liabilities calculated using the discount rate of 6.95% for TRS and 5.90% for ERS at August 31, 2023, as well as what the College’s proportionate share of the net pension liabilities would be if they were calculated using a discount rate that is one percentage-point lower (5.95% for TRS and 4.9% for ERS) or one percentage-point higher (7.95% for TRS and 6.9% for ERS) than the current rate.

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
Employer's proportionate share of the net pension liability/(asset)	\$ 3,298,801	\$ 216,592	\$ (2,375,680)
ERS			
Employer's proportionate share of the net pension liability/(asset)	\$ 8,752,084	\$ 3,621,695	\$ (665,341)

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

	(Dollars in Thousands)		
	TRS	ERS	Total
Valuation date	June 30, 2023	April 1, 2022	
Employers' total pension liability	\$ 138,365,122	\$ 232,627,259	\$ 370,992,381
Plan fiduciary net position	137,221,537	211,183,223	348,404,760
Employers' net pension liability	<u>\$ 1,143,585</u>	<u>\$ 21,444,036</u>	<u>\$ 22,587,621</u>
System fiduciary net position as a percentage of total pension liability	99.2%	90.8%	93.9%

7. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

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

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

- (2) *Management*—An employee must be eligible to retire under NYSERS and have at least 10 years of service with the County. For retirees hired prior to January 1, 1998, the County pays 100% of medical premiums for single and family coverage. For employees hired between January 1, 1998 and December 31, 2005, the County pays 50% of medical premiums for employees with between 10 and less than 15 years of service, 75% of premiums with 15 years but less than 20 years of service and 100% for employees with 20 or more years of service. For employees hired on or after January 1, 2006, the County pays medical premiums for 25% of the cost for those with 10 years of service but less than 15 years, 50% for those with 15 years of service but less than 20 years and 75% for those with 20 or more years of service.
- (3) *Deputy Sheriff*—An employee must be eligible to retire under NYSERS and have at least 10 years of service with the County. For retirees hired prior to January 1, 1998, the County pays 100% of medical premiums for single and family coverage. For employees hired between January 1, 1998 and December 31, 2006, the County pays 50% of medical premiums for employees with between 10 and less than 15 years of service, 75% of premiums with 15 years but less than 20 years of service and 90% for employees with 20 or more years of service. For employees hired on or after January 1, 2007, the County pays medical premiums for 20% of the cost for those with 10 years of service but less than 15 years, 30% for those with 15 years of service but less than 20 years and 70% for those with 20 or more years of service.
- (4) *Corrections/Dispatch*—An employee must be eligible to retire under NYSERS and have at least 10 years of service with the County. For retirees hired prior to January 1, 2001, the County pays 100% of medical premiums for single and family coverage. For employees hired between January 1, 2001 and December 31, 2007, the County pays 50% of medical premiums for employees with between 10 and less than 15 years of service, 75% of premiums with 15 years but less than 20 years of service and 90% for employees with 20 or more years of service. For employees hired on or after January 1, 2008, the County pays medical premiums for 25% of the cost for those with 10 years of service but less than 15 years, 50% for those with 15 years of service but less than 20 years and 75% for those with 20 or more years of service.

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

Inactive employees or beneficiaries currently receiving benefit payments	604
Active employees	<u>721</u>
Total	<u>1,325</u>

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

Total OPEB Liability

The County’s total OPEB liability for governmental activities and business-type activity of \$355,955,852 and \$6,666,106, respectively, was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2023.

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

In the January 1, 2023 actuarial valuation, the Entry Age Normal over a level percent of salary was used. The single discount rate changed from 4.31% to 4.00% effective December 31, 2023. The salary scale used is based on the New York State Employees Retirement System and Police and Fire Retirement System which vary by age. Mortality rates are based on the SOA Pub-2010 General Headcount Mortality Table fully generational using scale MP-2021 or Disabled Retiree Mortality Table fully generational using MP-2021. The 2020 New York State Employees Retirement System and Police and Fire Retirement System rates were used for turnover and retirement rates. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 8.0%, while the ultimate healthcare cost trend rate is 4.5%.

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 Activity
Balances at December 31, 2022	\$ 338,587,953	\$ 6,381,387
Changes for the year:		
Service cost	7,346,186	120,429
Interest	14,692,304	240,857
Changes of assumptions	20,335,808	333,373
Change of benefit terms	(1,429,400)	(23,433)
Differences between expected and actual experience	(11,726,426)	(192,236)
Contributions-employer	(11,850,573)	(194,271)
Net changes	17,367,899	284,719
Balances at December 31, 2023	<u>\$ 355,955,852</u>	<u>\$ 6,666,106</u>

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

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Governmental activities:			
OPEB liability	\$ 415,272,516	\$ 355,955,852	\$ 309,791,372
Business-type activity			
OPEB liability	\$ 6,807,732	\$ 6,666,106	\$ 5,078,537

Additionally, healthcare costs can be subject to considerable volatility over time. The table on the following page presents the effect on the OPEB liability of a 1% change in the initial (8.0%)/ ultimate (4.5%) healthcare cost trend rates.

	1% Decrease (7.0% / 3.5%)	Healthcare Cost Trend Rates (8.0% / 4.5%)	1% Increase (9.0% / 5.5%)
Governmental activities:			
OPEB liability	\$ 306,964,856	\$ 355,955,852	\$ 419,759,791
Business-type activity:			
OPEB liability	\$ 5,032,201	\$ 6,666,106	\$ 6,881,294

Funding Policy—Authorization for the County to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the County’s Board of Legislators. The County recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. County governmental activities and business-type activity contributed \$11,850,573 and \$194,271, respectively, for the fiscal year ended December 31, 2023.

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

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activity	Governmental Activities	Business-type Activity
Differences between expected and actual experiences	\$ 17,411,784	\$ 285,438	\$ 60,052,006	\$ 984,457
Changes of assumptions	47,870,948	784,769	90,949,766	1,490,977
Total	<u>\$ 65,282,732</u>	<u>\$ 1,070,207</u>	<u>\$ 151,001,772</u>	<u>\$ 2,475,434</u>

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

Year Ending December 31,	Governmental Activities	Business-type Activity
2024	\$ (20,878,359)	\$ (342,267)
2025	(13,827,405)	(226,678)
2026	(23,042,006)	(377,737)
2027	(29,406,168)	(482,067)
2028	1,434,896	23,522
Total	<u>\$ (85,719,042)</u>	<u>\$ (1,405,227)</u>

Discretely Presented Component Units

Jefferson Community College

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

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

Inactive employees or beneficiaries currently receiving benefit payments	139
Active employees	<u>157</u>
Total covered employees	<u>296</u>

Total OPEB Liability—The College’s total OPEB liability of \$51,471,503 was measured as of August 31, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumption—The total OPEB liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50%
Discount rate	4.13%
Healthcare cost trend rate	7.75% for pre-65 age and 4.50% for post-65 for 2023, decreasing to 4.037% in 2075.
Cost method	Entry Age Normal

The discount rate is based on an analysis of returns on the Fidelity General Obligation 20-Year AA Municipal Bond Index.

As of August 31, 2023, mortality rates are based on the sex-distinct and job category headcount-weighted Pub-210 base mortality tables for employees and healthy annuitants, adjusted for mortality improvements with Scale MP-2021 mortality scale on a fully generational basis.

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

	<u>Total OPEB Liability</u>
Balances at August 31, 2022	\$ 42,605,348
Changes for the year:	
Service cost	675,550
Interest	1,422,051
Changes in benefit terms	15,016,892
Difference between expected and actual experience	(6,118,882)
Changes in assumptions or other inputs	(544,600)
Contributions—employer	<u>(1,584,856)</u>
Net changes	<u>8,866,155</u>
Balances at August 31, 2023	<u>\$ 51,471,503</u>

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
OPEB liability	\$ 59,289,312	\$ 51,471,503	\$ 45,109,530

Additionally, healthcare costs can be subject to considerable volatility over time. The table on the following page presents the effect on the OPEB liability of a 1% change in the current rate of 5.75% of healthcare cost trend rates.

	1% Decrease (4.75%)	Health Care Cost Trend Rates (5.75%)	1% Increase (6.75%)
OPEB liability	\$ 44,250,888	\$ 51,471,503	\$ 60,547,037

Funding Policy—The obligations of the Plan members, employers and other entities are established by action of the College pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The College currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. For fiscal year 2023, the College contributed \$1,584,856 for current premiums. Plan members receiving benefits may be required to contribute to the Plan depending on date of hire. The costs of administering the plan are paid by the College.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—For the year ended August 31, 2023, the College recognized OPEB expense of \$1,044,155. At August 31, 2023, the College reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Differences between expected and actual experience	\$ 1,148,370	\$ 19,405,180
Changes in assumptions	7,647,498	8,968,463
Total	<u>\$ 8,795,868</u>	<u>\$ 28,373,643</u>

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

<u>Year ending August 31,</u>	
2024	\$ (4,247,033)
2025	(4,232,448)
2026	(4,766,206)
2027	(4,136,786)
2028	(2,173,175)
Thereafter	(22,127)

8. DEFERRED COMPENSATION PLAN

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

9. RISK MANAGEMENT

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

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

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

Claims and judgments reportable as part of the County’s governmental activities are recognized as expenditures and fund liabilities in the General Fund when payment is due. Claims and judgments are recorded as a governmental activities long-term liability instead of in the General Fund at December 31, 2023 because they did not meet the criteria for recognition as fund liabilities.

The changes since January 1, 2021 in the reported Governmental Activities for risk financing activities claims and judgments were as follows:

	Year Ended December 31,	Liability Beginning of Year	Claims and Adjustments	Claim Payments and Adjustments	Liability End of Year
▼	2023	\$ 2,877,871	\$ 948,681	\$ 1,167,264	\$ 2,659,288
▼	2022	3,002,602	800,903	925,634	2,877,871
▼	2021	3,233,368	653,494	884,260	3,002,602

10. INSTALLMENT PURCHASE CONTRACTS

In 2017, the County entered into an installment purchase contract with Bank of America Public Capital Corporation for the purpose of acquiring, installing and implementing equipment related to the emergency communications project. The original agreement amount was \$7,974,153. The agreement has a 10 year term with an interest rate of 2.14 percent with a maturity of April 14, 2027. The County has full ownership of the assets acquired with the proceeds of the installment purchase contact. As of December 31, 2023, the remaining balance on the agreement was \$2,274,018.

The future minimum payments are shown below:

Year Ending December 31,	Principal	Interest
2024	\$ 632,527	\$ 45,278
2025	646,130	31,675
2026	660,025	17,781
2027	335,336	3,564
Total	<u>\$ 2,274,018</u>	<u>\$ 98,298</u>

The County has purchased assets in the full amount of proceeds of the installment purchase contract. Accumulated depreciation has been recorded in the amount of \$1,116,381.

11. SBITA LIABILITY

The County is a subscriber of a County Clerk information technology agreement. Under GASB Statement No. 96, *Subscription Based Information Technology Agreements*, the County recognizes a SBITA liability and right-to-use SBITA asset in the government-wide financial statements. The County recognizes SBITA liabilities if they are considered significant, individually or in the aggregate, to the financial statements.

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

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

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

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

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

During the year ended December 31, 2023, the County entered into a subscription based information technology agreement for the use of a County Clerk software. As a result of the implementation of the GASB Statement No. 96, *Subscription Based Information Technology Agreements*, the County reports the present value of the minimum SBITA payments as a SBITA liability. As of December 31, 2023, the value of the SBITA liability was \$326,672 and is reported within governmental activities. The County is required to make annual principal and interest payments of \$114,000. The agreements have an interest rate of 3.0%. The value of the right-to-use SBITA assets as of the end of the current fiscal year was \$430,271 and reported accumulated amortization of \$103,599.

12. LONG-TERM LIABILITIES

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

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

The County's outstanding long-term liabilities include serial bonds, compensated absences, installment purchase contract, SBITA, claims and judgments, other postemployment benefits and net pension liability.

The following is a summary of changes in the County's long-term liabilities for the year ended December 31, 2023:

	Balance 1/1/2023	Additions	Decreases	Balance 12/31/2022	Due Within One Year
Governmental activities:					
Serial bonds	\$ 15,715,000	\$ -	\$ 1,200,000	\$ 14,515,000	\$ 1,225,000
Unamortized premium	196,196	-	110,660	85,536	8,850
Net bonds payable	15,911,196	-	1,310,660	14,600,536	1,233,850
Compensated absences	2,334,923	2,984,751	2,964,967	2,354,707	117,735
Installment purchase contract	2,893,229	-	619,211	2,274,018	632,527
SBITA liability	-	430,271	103,599	326,672	105,645
Claims and judgments	2,877,871	948,681	1,167,264	2,659,288	-
Other postemployment benefits	338,587,953	29,218,472	11,850,573	355,955,852	-
Net pension liability*	-	33,298,988	-	33,298,988	-
Total governmental activities	<u>\$ 362,605,172</u>	<u>\$ 66,881,163</u>	<u>\$ 18,016,274</u>	<u>\$ 411,470,061</u>	<u>\$ 2,089,757</u>
Business type activity:					
Compensated absences	\$ 44,939	\$ 55,130	\$ 53,215	\$ 46,854	\$ 2,343
Other postemployment benefits	6,381,387	478,990	194,271	6,666,106	-
Net pension liability*	-	544,886	-	544,886	-
Total business-type activity	<u>\$ 9,054,549</u>	<u>\$ 1,079,006</u>	<u>\$ 247,486</u>	<u>\$ 7,257,846</u>	<u>\$ 2,343</u>

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

A default will have occurred if the payment of principal or interest are not paid when due and payable. Upon default in payment in full of the principal or interest on the bonds, a holder of such defaulted bond has a contractual right to sue the County of the amount due thereon. The County does not have any lines of credit.

Bonds Payable—The County borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the statement of net position. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Description	Year of Issue/ Maturity	Amount of Original Issue	Interest Rate (%)	Balance 1/1/2023	Additions	Payments	Balance 12/31/2023
2017 Bond	2017/2037	\$ 4,706,500	2.25-3.00%	\$ 3,817,000	\$ -	\$ 207,000	\$ 3,610,000
2020 Bond	2020/2031	5,000,000	1.00-1.50%	4,135,000	-	440,000	3,695,000
Issued on behalf of Jefferson Community College:							
2015 Bond	2015/2035	7,000,000	2.00-3.50%	4,995,000	-	325,000	4,670,000
2017 Bond	2017/2037	1,500,000	2.00-3.50%	1,213,000	-	63,000	1,150,000
2020 Bond	2020/2031	1,885,000	1.00-1.50%	1,555,000	-	165,000	1,390,000
Total				<u>\$ 15,715,000</u>	<u>\$ -</u>	<u>\$ 1,200,000</u>	<u>\$ 14,515,000</u>

Premiums on Serial Bonds—The County’s premiums are being amortized on a straight-line basis over the life of the related bonds. The total unamortized premiums as of December 31, 2023 was \$85,536.

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

Installment Purchase Contract—As explained in Note 10, the County obtained an installment purchase contract for \$7,974,153. The installment purchase contract has a 10 year term with an interest rate of 2.14 percent with a maturity of April 14, 2027. The balance at December 31, 2023 was \$2,274,018.

Claims and Judgments—As further discussed in Note 9, the County is self-insured. Liabilities are established for workers’ compensation and general claims in accordance with GASB requirements. Estimated long-term contingent loss liabilities in the governmental fund types have been reported as long-term liabilities in the government-wide financial statements. The Proprietary Fund has no loss contingency liability except workers’ compensation which is recognized when invoiced from the County.

Other Postemployment Benefits (“OPEB”) Obligation—As explained in Note 7, the County provides health insurance coverage for retirees. The County’s annual postemployment benefit (“OPEB”) cost is calculated based in the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The long-term OPEB liability is estimated to be \$355,955,852 and \$6,666,106 for governmental activities and business type activity, respectively, at December 31, 2023.

Constitutional Debt Limit—Outstanding bond indebtedness aggregated \$14,515,000, all of which was subject to the constitutional debt limit and represented approximately 0.17% of its debt limit.

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

Year Ending December 31,	Governmental Activities								
	Serial Bonds	Unamortized Premium	Compensated Absences	Installment Purchase Contract	SBITA	Claims and Judgments	Other Postemployment Benefits	Net Pension Liability	Total
2024	\$ 1,225,000	\$ 8,850	\$ 117,735	\$ 632,527	\$ 105,645	\$ -	\$ -	\$ -	\$ 2,089,757
2025	1,250,000	8,850	-	646,130	108,858	-	-	-	2,013,838
2026	1,275,000	8,850	-	660,025	112,169	-	-	-	2,056,044
2027	1,300,000	8,850	-	335,336	-	-	-	-	1,644,186
2028	1,330,000	8,850	-	-	-	-	-	-	1,338,850
2029-2033	5,680,000	34,743	-	-	-	-	-	-	5,714,743
2034-2038	2,455,000	6,543	-	-	-	-	-	-	2,461,543
Thereafter	-	-	2,236,972	-	-	2,659,288	355,955,852	33,298,988	394,151,100
	<u>\$ 14,515,000</u>	<u>\$ 85,536</u>	<u>\$ 2,354,707</u>	<u>\$ 2,274,018</u>	<u>\$ 326,672</u>	<u>\$ 2,659,288</u>	<u>\$ 355,955,852</u>	<u>\$ 33,298,988</u>	<u>\$ 411,470,061</u>

Interest requirements on serial bonds, installment purchase contract and SBITA are as follows:

Year Ending December 31,	Serial Bonds	Installment Purchase Contract	SBITA	Total
2024	\$ 332,518	\$ 45,278	\$ 8,355	\$ 386,151
2025	309,156	31,675	5,142	345,973
2026	285,206	17,781	1,831	304,818
2027	260,657	3,564	-	264,221
2028	235,507	-	-	235,507
2029-2033	740,463	-	-	740,463
2034-2037	127,238	-	-	127,238
Total	<u>\$ 2,290,745</u>	<u>\$ 98,298</u>	<u>\$ 15,328</u>	<u>\$ 2,404,371</u>

Discretely Presented Component Units

Jefferson Community College—The College and its component units' long-term debt balances for the year ended August 31, 2023 were as follows:

	Balance 9/1/2022 (as adjusted)	Additions	Decreases	Balance 8/31/2023	Due Within One Year
Compensated absences	\$ 441,578	\$ 837	\$ -	\$ 442,415	\$ -
Reserve payable	63,964	-	57,618	6,346	-
Bonds payable	19,401,244	-	430,086	18,971,158	480,000
Notes payable	792,568	-	219,156	573,412	235,142
Lease liability	1,205,578	486,564	390,417	1,301,725	447,969
SBITA liability	2,529,788	163,212	578,248	2,114,752	313,443
Pledges payable	-	1,570,062	-	1,570,062	160,000
Other postemployment benefits	42,605,348	17,114,493	8,248,338	51,471,503	-
Net pension liability	432,776	3,405,514	-	3,838,290	-
Total	<u>\$ 67,472,844</u>	<u>\$ 22,740,682</u>	<u>\$ 9,923,863</u>	<u>\$ 80,289,663</u>	<u>\$ 1,636,554</u>

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

Notes Payable—Notes payable reported by the College represent various lease/purchase agreements.

Lease Liability—The College leases space, vehicles, and equipment under agreements that have various inception dates with remaining terms of one to four years, with discount rates ranging from 1.67% to 5.60%.

SBITA Liability—The College has multiple subscriptions which are considered to be SBITAs. The SBITAs have various inception dates with remaining terms of 12 - 48 months. The SBITAs do not contain renewal options. The interest rate/discount rate associated with the SBITA is 1.84%.

The future minimum obligations under notes payable, lease liability and SBITA liability at August 31, 2023 are presented on the following page.

Year Ending	Bonds Payable	Notes Payable	Lease Liability		SBITA Liability	
	Principal*	Principal	Principal	Interest	Principal	Interest
August 31,						
2024	\$ 480,000	\$ 235,142	\$ 273,286	\$ 99,741	\$ 313,443	\$ 82,497
2025	490,000	113,069	219,183	78,843	320,125	69,943
2026	515,000	33,084	206,496	42,293	258,833	57,489
2027	540,000	34,904	49,360	26,197	275,984	47,185
2028	570,000	36,823	-	-	287,347	36,199
Thereafter	16,815,000	120,390	-	-	659,020	45,819
Total	<u>\$ 19,410,000</u>	<u>\$ 573,412</u>	<u>\$ 748,325</u>	<u>\$ 247,074</u>	<u>\$ 2,114,752</u>	<u>\$ 339,132</u>

*Bonds payable are reported on the financial statements net of unamortized bond issuance costs of \$438,842.

Other Postemployment Benefits—As explained in Note 7, the College provides health insurance coverage for retirees. The College’s annual postemployment benefit (“OPEB”) cost is calculated based in the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*. The estimated long-term OPEB liability is estimated to be \$51,471,503 at August 31, 2023.

Jefferson County Industrial Development Agency— The Agency and its component units’ long-term debt balances for the fifteen months ended December 31, 2023 were as follows:

	Balance 1/1/2023	Addition	Decreases	Balance 12/31/2023	Due Within One Year
Notes payable	\$ 180,160	\$ -	\$ -	\$ 180,160	\$ -
Lease liability	203,436	-	1,358	202,078	10,398
Total	<u>\$ 383,596</u>	<u>-</u>	<u>\$ 1,358</u>	<u>\$ 382,238</u>	<u>\$ 10,398</u>

Notes payable—Grant repayment of 40% of the Industrial Access project due to the New York State Department of Transportation. Payments to start five years from project completion; however, project is partially completed and extended as of December 31, 2023. Secured notes payable due to the Local Development Corporation of the City of Watertown, interest is due quarterly at 4.0%.

New York State Department of Transportation	<u>\$ 180,160</u>
Total notes payable, long-term	<u>\$ 180,160</u>

Lease Liability—A component unit of the Agency leases space under an agreement with remaining terms of 6.75 years, with a discount rate of 3.0%.

The future minimum obligations under the lease liability at December 31, 2023 are as follows:

Year Ending	Principal	Interest	Total
December 31,			
2024	\$ 10,398	\$ 5,980	\$ 16,378
2025	38,118	5,121	43,239
2026	39,277	3,962	43,239
2027	40,473	2,766	43,239
2028	41,703	1,536	43,239
Thereafter	32,109	321	32,430
Total	<u>\$ 202,078</u>	<u>\$ 19,686</u>	<u>\$ 221,764</u>

13. NET POSITION AND FUND BALANCE

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

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

Governmental Activities	
Capital assets, net of accumulated depreciation/amortization	\$ 172,565,476
Related debt:	
Serial bonds issued	\$ (14,515,000)
Unamortized bond premium	(85,536)
Installment purchase contract	(2,274,018)
SBITA liability	(326,672)
Capital Projects Fund accounts payable	(2,978,590)
Retainages payable	(396,197)
Less: Serial bonds issued on behalf of	
Jefferson Community College	7,210,000
Less: Unamortized bond premium on serial	
bonds issued on behalf of Jefferson Community College	36,492
Less: Unspent serial bond proceeds	3,978,451
	(9,351,070)
Net investment in capital assets	\$ 163,214,406
Business-Type Activity	
Capital assets, net of accumulated depreciation	\$ 3,583,080
Net investment in capital assets	\$ 3,583,080

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

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

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

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

- **Nonspendable**—Amount of assets that cannot be spent in the current period because of their form or because they must be maintained intact. As of December 31, 2023, the County had \$1,563,990 of prepaid expenses and \$87,668 of inventory that were classified as nonspendable funds.
- **Restricted**—Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. As of December 31, 2023, the County had the restricted fund balances listed below:

	Nonmajor Funds					Total
	General Fund	Capital Projects Fund	Road Machinery Fund	Special Grant Fund	Debt Service Fund	
Restricted for:						
Workers' compensation	\$ 658,339	\$ -	\$ -	\$ -	\$ -	\$ 658,339
Unemployment insurance	75,997	-	-	-	-	75,997
Insurance	1,969,569	-	-	-	-	1,969,569
Law enforcement and prosecution	515,004	-	-	-	-	515,004
Wireless 911 surcharges	771,076	-	-	-	-	771,076
Opioid funding	132,551	-	-	-	-	132,551
Highway equipment	-	-	523,678	-	-	523,678
Capital projects	-	4,528,451	-	-	-	4,528,451
Grants	-	-	-	74,718	-	74,718
Debt service	-	-	-	-	248,715	248,715
Total restricted fund balance	\$ 4,122,536	\$ 4,528,451	\$ 523,678	\$ 74,718	\$ 248,715	\$ 9,498,098

- **Committed**—Amounts that are subject to a purpose constraint imposed by a formal action of the County’s highest level of decision-making authority, or by their designated body or official. As of December 31, 2023, the Jefferson County reported \$6,283,255 of committed fund balance for contingencies and tax stabilization.
- **Assigned**—Amounts that are subject to a purpose constraint that represents an intended use established by the County Legislature, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. As of December 31, 2023, the balances presented on the following page were considered to be assigned.

	General Fund	Capital Projects Fund	County Road Fund	Road Machinery Fund	Total
Assigned for:					
Temporary assistance for needy families reserve	\$ 643,653	\$ -	\$ -	\$ -	\$ 643,653
Workers' compensation	3,000,000	-	-	-	3,000,000
Compensated absences	2,354,707	-	-	-	2,354,707
Risk retention	3,000,000	-	-	-	3,000,000
Encumbrances	1,721,756	5,128,266	500	959,077	7,809,599
Appropriated for subsequent year's expenditures	10,370,222	-	-	-	10,370,222
Capital projects	-	8,430,353	-	-	8,430,353
Specific use	-	-	8,711,827	3,979,441	12,691,268
Total assigned fund balance	<u>\$ 21,090,338</u>	<u>\$ 13,558,619</u>	<u>\$ 8,712,327</u>	<u>\$ 4,938,518</u>	<u>\$ 48,299,802</u>

Unassigned—Represents the residual classification of the government’s General Fund, and could report a surplus or deficit. As of December 31, 2023, the unassigned fund balance of the General Fund represented a surplus totaling \$69,770,525.

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

Minimum Fund Balance—It is the intention of the Board of Legislators to maintain adequate reserves in the General Fund assigned and unassigned fund balance equal to two months of General Fund operating expenditures (approximately 16.67% of operating expenditures), net of local sales tax distribution. If the General Fund’s unrestricted fund balance should fall 10% above or below (between 6.67% and 26.67% of operating expenditures) the level set by the policy, the County Administrator shall recommend increasing or decreasing the use of fund balance appropriated in the following year’s budget, such that in his estimation over the course of no more than three years, the fund balance will be again within the level set by the fund balance policy. At December 31, 2023, the County’s assigned and unassigned General Fund balance was 36.9% of General Fund annual operating expenditures, which exceeds the 10% of the level set by the policy.

14. INTERFUND BALANCES AND ACTIVITY

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

Transfers are used primarily to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute of budget required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the fund making payments when due, and (3) move residual cash from closed capital projects.

Interfund receivables, payables, and transfers of the County as of, and for the year ended December 31, 2023 are presented below:

	Interfund			
	Receivables	Payables	Transfers In	Transfers Out
Governmental Funds:				
General Fund	\$ 86,262	\$ -	\$ 393,000	\$ 23,844,873
Capital Projects Fund	-	-	10,901,586	393,000
Other nonmajor funds	-	86,262	16,838,274	3,920,750
Enterprise Fund:				
Solid Waste Management Fund	-	-	25,763	-
Total	<u>\$ 86,262</u>	<u>\$ 86,262</u>	<u>\$ 28,158,623</u>	<u>\$ 28,158,623</u>

15. COMMITMENTS

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

The County considers encumbrances significant if they are in excess of \$100,000. As of December 31, 2023, the significant encumbrances of the County are shown below:

Fund	Purpose	Amount Encumbered
Governmental Funds:		
General Fund	Automotive Equipment	\$ 167,427
General Fund	Hazard Mitigation Plan	175,432
General Fund	Airport Ground Service Equipment	183,332
Road Machinery Fund	Pickup Truck Replacement	308,406
Road Machinery Fund	Dump Truck Replacement	454,745
Capital Projects Fund	Radio Communication System	236,739
Capital Projects Fund	Public Safety Facility Improvements	166,947
Capital Projects Fund	Road and Bridge Repairs	104,625
Capital Projects Fund	Airport Improvement Projects	2,342,851
Capital Projects Fund	Airport Terminal	940,603
Capital Projects Fund	Snow Removal Equipment	194,000

16. JOINT VENTURE/LONG-TERM RECEIVABLE

The County has entered into an intermunicipal agreement with the City of Watertown, New York (the “City”) for the operation of a Public Safety Facility. The County receives a minimum lease payment annually from the City based on the prorated share of square footage utilized by the City. For its prorated share of costs for operation and maintenance in 2023, the City was billed \$159,308 for the lease agreement as well as \$21,537 for joint services. These payments are offset by a percentage of eligible costs incurred by the City.

17. TAX ABATEMENTS

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

Abatements are generally for the purpose of reducing the real estate tax burden during the construction period of building residential units as well as a reduction during the early years while occupancy is low. Abatements are usually fifty percent of the actual tax and progresses on a sliding scale over a period of fifteen years until 100% is reached. In commercial and manufacturing, the abatements of real estate taxes range from five to twenty years while the business is being developed. Under agreements made through JCIDA, the following amounts were abated and collected as payments in lieu of taxes in 2023:

	Taxes Abated	Payments in Lieu of Taxes
Residential housing projects	\$ 321,385	\$ 185,714
Commercial endeavors	614,909	277,570
Manufacturing	261,269	62,481
Totals	<u>\$ 1,197,563</u>	<u>\$ 525,765</u>

18. CONTINGENCIES

Sales Tax Audits—The State of New York periodically audits its distribution of sales tax revenues to counties throughout the State. Subsequent revisions to the revenues recorded as of December 31, 2023, if any, would be reflected in the operations statement in the year they are calculated.

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

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

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 30, 2024 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.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

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

	Year Ended August 31,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Jefferson County Community College ("JCC"):									
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2015	June 30, 2014
JCC's proportion of the net pension liability (asset)	0.018940%	0.022554%	0.023487%	0.025940%	0.027423%	0.030171%	0.029436%	0.031981%	0.030745%
JCC's proportionate share of the net pension liability (asset)	\$ 216,592	\$ 432,776	\$ (4,070,064)	\$ 716,818	\$ (712,461)	\$ (545,565)	\$ (223,744)	\$ 342,530	\$ (3,193,443)
JCC's covered payroll	\$ 3,696,573	\$ 4,108,190	\$ 4,085,769	\$ 4,532,830	\$ 4,919,470	\$ 5,077,016	\$ 4,851,815	\$ 4,850,948	\$ 4,576,270
JCC's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(5.86%)	(10.53%)	99.62%	(15.81%)	14.48%	10.75%	4.61%	(7.06%)	(69.78%)
Plan fiduciary net position as a percentage of the total pension liability	99.2%	98.6%	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%

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

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

	Year Ended August 31,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Jefferson County Community College ("JCC"):									
Contractually required contribution	\$ 359,944	\$ 391,553	\$ 379,912	\$ 390,106	\$ 486,121	\$ 481,618	\$ 546,698	\$ 654,380	\$ 809,595
Contributions in relation to the contractually required contribution	<u>(359,944)</u>	<u>(391,553)</u>	<u>(379,912)</u>	<u>(390,106)</u>	<u>(486,121)</u>	<u>(481,618)</u>	<u>(546,698)</u>	<u>(654,380)</u>	<u>(809,595)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
JCC's covered payroll	\$ 3,696,573	\$ 4,108,190	\$ 4,085,769	\$ 4,532,830	\$ 4,919,470	\$ 5,077,016	\$ 4,851,815	\$ 4,850,948	\$ 4,576,270
Contributions as a percentage of covered payroll	9.7%	9.5%	9.3%	8.6%	9.9%	9.5%	11.3%	13.5%	17.7%

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

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

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Jefferson County - Business-type Activity:										
Proportion of the net pension liability (asset)	0.0000169%	0.0000122%	0.0000274%	0.0025744%	0.0024175%	0.0023423%	0.0023985%	0.0025081%	0.0024650%	0.0024650%
Proportionate share of the net pension liability (asset)	\$ 544,886	\$ (194,594)	\$ 2,454	\$ 606,810	\$ 171,291	\$ 75,598	\$ 224,793	\$ 402,557	\$ 83,272	\$ 111,388
Covered payroll	\$ 633,683	\$ 621,258	\$ 609,076	\$ 578,640	\$ 576,320	\$ 577,362	\$ 558,729	\$ 563,104	\$ 575,774	\$ 568,155
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	86.0%	(31.9%)	0.4%	104.9%	29.7%	13.1%	40.2%	87.1%	17.8%	24.5%
Jefferson County - Governmental Activities:										
County's proportion of the net pension liability (asset)	0.0157824%	0.0156598%	0.01766743%	0.1756567%	0.1606118%	0.1556141%	0.1593473%	0.1666266%	0.1637608%	0.1637608%
County's proportionate share of the net pension liability (asset)	\$ 33,298,988	\$ (12,607,623)	\$ 158,196	\$ 41,404,429	\$ 11,379,829	\$ 5,022,358	\$ 14,934,244	\$ 26,744,025	\$ 5,532,242	\$ 7,400,122
County's covered payroll	\$ 42,112,281	\$ 41,286,550	\$ 39,257,157	\$ 39,482,291	\$ 38,288,079	\$ 38,357,265	\$ 37,119,434	\$ 37,410,024	\$ 38,251,778	\$ 37,745,637
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	79.1%	(30.5%)	0.4%	104.9%	29.7%	13.1%	40.2%	71.5%	14.5%	19.6%
County's plan fiduciary net position as a percentage of its covered payroll	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%
	Year Ended August 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Jefferson Community College ("JCC"):										
JCC's proportion of the net pension liability (asset)	.0168900%	.0168800%	.0180780%	0.0195818%	0.0197379%	0.0183342%	0.0185125%	0.0198426%	0.0195013%	n/a
JCC's proportionate share of the net pension liability (asset)	\$ 3,621,698	\$ (1,380,064)	\$ 18,001	\$ 5,185,380	\$ 1,398,566	\$ 591,727	\$ 1,739,478	\$ 3,184,794	\$ 658,804	n/a
JCC's covered payroll	\$ 5,009,050	\$ 4,734,943	\$ 4,688,644	\$ 5,077,843	\$ 5,110,419	\$ 4,615,902	\$ 4,486,774	\$ 4,412,165	\$ 4,409,421	n/a
JCC's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	72.30%	(29.2%)	99.95%	102.12%	27.37%	12.82%	38.77%	72.18%	14.94%	n/a

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

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

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Jefferson County - Governmental Activities:										
Contractually required contributions	\$ 5,265,434	\$ 7,018,782	\$ 5,743,066	\$ 5,613,338	\$ 5,660,535	\$ 5,704,344	\$ 5,589,269	\$ 6,396,434	\$ 6,880,026	\$ 7,901,592
Contributions in relation to the contractually required contribution	<u>(5,265,434)</u>	<u>(7,018,782)</u>	<u>(5,743,066)</u>	<u>(5,613,338)</u>	<u>(5,660,535)</u>	<u>(5,704,344)</u>	<u>(5,589,269)</u>	<u>(6,396,434)</u>	<u>(6,880,026)</u>	<u>(7,901,592)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 45,231,333	\$ 43,255,202	\$ 39,700,124	\$ 39,459,368	\$ 38,784,057	\$ 38,357,851	\$ 38,147,156	\$ 37,576,991	\$ 37,336,151	\$ 38,406,682
Contributions as a percentage of covered payroll	11.6%	16.2%	14.5%	14.2%	14.6%	14.9%	14.7%	14.5%	15.7%	18.5%
Jefferson County - Business-type Activity:										
Contractually required contributions	\$ 86,161	\$ 108,332	\$ 89,104	\$ 82,267	\$ 85,204	\$ 85,863	\$ 84,131	\$ 96,280	\$ 103,560	\$ 118,936
Contributions in relation to the contractually required contribution	<u>(86,161)</u>	<u>(108,332)</u>	<u>(89,104)</u>	<u>(82,267)</u>	<u>(85,204)</u>	<u>(85,863)</u>	<u>(84,131)</u>	<u>(96,280)</u>	<u>(103,560)</u>	<u>(118,936)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 740,141	\$ 667,627	\$ 615,949	\$ 578,304	\$ 583,786	\$ 577,370	\$ 574,199	\$ 565,617	\$ 561,992	\$ 578,105
Contributions as a percentage of covered payroll	11.6%	16.2%	14.5%	14.2%	14.6%	14.9%	14.7%	17.0%	18.4%	20.6%
	Year Ended August 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Jefferson Community College ("JCC"):										
Contractually required contributions	\$ 581,934	\$ 693,532	\$ 654,064	\$ 702,218	\$ 695,165	\$ 645,916	\$ 651,958	\$ 768,765	\$ 868,711	n/a
Contributions in relation to the contractually required contribution	<u>(581,934)</u>	<u>(693,532)</u>	<u>(654,064)</u>	<u>(702,218)</u>	<u>(695,165)</u>	<u>(645,916)</u>	<u>(651,958)</u>	<u>(768,765)</u>	<u>(868,711)</u>	n/a
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a
JCC's covered payroll	\$ 5,009,050	\$ 4,734,943	\$ 4,688,644	\$ 5,077,843	\$ 5,110,419	\$ 4,615,902	\$ 4,486,774	\$ 4,412,165	\$ 4,409,421	n/a
Contributions as a percentage of covered payroll	11.6%	14.6%	13.9%	13.8%	13.6%	14.0%	14.5%	17.4%	19.7%	n/a

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

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

	Year Ended December 31,						
	2023	2022	2021	2020	2019	2018	2017
Jefferson County - Governmental Activities:							
Total OPEB liability							
Service cost	\$ 7,346,186	\$ 14,856,305	\$ 13,400,321	\$ 9,531,274	\$ 10,349,198	\$ 12,058,234	\$ 11,917,964
Interest	14,692,304	11,682,169	9,913,006	12,668,360	15,720,088	14,828,158	14,179,187
Changes of assumptions	20,335,808	(130,493,673)	3,364,332	80,564,966	8,502,861	(28,191,299)	19,555,529
Change of benefit terms	(1,429,400)	-	-	-	-	-	730,329
Differences between expected and actual experience	(11,726,426)	(54,727,452)	34,853,688	(16,365,780)	(18,749,497)	(21,058,663)	(4,543,321)
Contributions—employer	(11,850,573)	(11,819,805)	(11,017,839)	(10,721,804)	(10,014,085)	(9,929,532)	(9,139,399)
Net changes in total OPEB liability	17,367,899	(170,502,456)	50,513,508	75,677,016	5,808,565	(32,293,101)	32,700,288
Total OPEB liability—beginning	338,587,953	509,090,409	458,576,901	382,899,885	377,091,320	409,384,422	376,684,133
Total OPEB liability—ending (a)	\$ 355,955,852	\$ 338,587,953	\$ 509,090,409	\$ 458,576,901	\$ 382,899,885	\$ 377,091,320	\$ 409,384,422
Plan fiduciary net position							
Contributions—employer	\$ 11,850,573	\$ 11,819,805	\$ 11,017,839	\$ 10,721,804	\$ 10,014,085	\$ 9,929,532	\$ 9,139,399
Benefit payments	(11,850,573)	(11,819,805)	(11,017,839)	(10,721,804)	(10,014,085)	(9,929,532)	(9,139,399)
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-
Plan fiduciary net position—ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's net OPEB liability—ending (a) - (b)	\$ 355,955,852	\$ 338,587,953	\$ 509,090,409	\$ 458,576,901	\$ 382,899,885	\$ 377,091,320	\$ 409,384,422
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 40,082,697	\$ 39,310,406	\$ 32,471,582	\$ 31,832,186	\$ 31,393,231	\$ 35,785,396	\$ 34,912,582
County's net OPEB liability as a percentage of covered-employee payroll	888.05%	861.32%	1567.80%	1440.61%	1219.69%	1053.76%	1172.60%
Jefferson County - Business-type Activities:							
Total OPEB liability							
Service cost	\$ 120,429	\$ 229,301	\$ 207,906	\$ 139,687	\$ 192,448	\$ 224,229	\$ 221,620
Interest	240,857	180,310	153,801	185,664	292,323	275,737	263,669
Changes of assumptions	333,373	(2,014,118)	52,198	1,180,735	158,115	(524,231)	363,644
Change of benefit terms	(23,433)	-	-	-	-	-	13,581
Differences between expected and actual experience	(192,236)	(844,697)	540,756	(239,852)	(348,656)	(391,596)	(84,485)
Contributions—employer	(194,271)	(182,434)	(170,942)	(157,135)	(186,217)	(184,644)	(169,952)
Net changes in total OPEB liability	284,719	(2,631,638)	783,719	1,109,099	108,013	(600,506)	608,078
Total OPEB liability—beginning	6,381,387	9,013,025	8,229,306	7,120,207	7,012,194	7,612,699	7,004,622
Total OPEB liability—ending (a)	\$ 6,666,106	\$ 6,381,387	\$ 9,013,025	\$ 8,229,306	\$ 7,120,207	\$ 7,012,194	\$ 7,612,699
Plan fiduciary net position							
Contributions—employer	\$ 194,271	\$ 182,434	\$ 170,942	\$ 157,135	\$ 186,217	\$ 184,644	\$ 169,952
Benefit payments	(194,271)	(182,434)	(170,942)	(157,135)	(186,217)	(184,644)	(169,952)
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-
Plan fiduciary net position—ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's net OPEB liability—ending (a) - (b)	\$ 6,666,106	\$ 6,381,387	\$ 9,013,025	\$ 8,229,306	\$ 7,120,207	\$ 7,012,194	\$ 7,612,699
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 657,092	\$ 606,741	\$ 1,493,059	\$ 466,523	\$ 583,772	\$ 665,447	\$ 649,216
County's net OPEB liability as a percentage of covered-employee payroll	1014.49%	1051.75%	603.66%	1763.97%	1219.69%	1053.76%	1172.60%

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

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

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

	Year Ended August 31,					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 675,550	\$ 1,407,899	\$ 1,283,727	\$ 2,071,776	\$ 1,579,263	\$ 1,474,246
Interest	1,422,051	1,048,041	1,180,761	1,755,477	2,135,025	1,781,419
Differences between expected and actual experience	(6,118,882)	-	(20,983,936)	(6,557,525)	3,571,095	-
Changes of assumptions	(544,600)	(11,385,138)	2,081,365	10,143,542	5,914,791	(2,319,023)
Change of benefit terms	15,016,892	-	-	-	517,361	2,531,456
Benefit payments	(1,584,856)	(1,606,451)	(1,595,136)	(1,830,916)	(1,670,147)	(1,075,293)
Net changes in total OPEB liability	8,866,155	(10,535,649)	(18,033,219)	5,582,354	12,047,388	2,392,805
Total OPEB liability—beginning	42,605,348	53,140,997	71,174,216	65,591,862	53,544,474	51,151,669
Total OPEB liability—ending (a)	<u>\$ 51,471,503</u>	<u>\$ 42,605,348</u>	<u>\$ 53,140,997</u>	<u>\$ 71,174,216</u>	<u>\$ 65,591,862</u>	<u>\$ 53,544,474</u>
Plan fiduciary net position						
Contributions—employer	\$ 1,584,856	\$ 1,606,451	\$ 1,595,136	\$ 1,830,916	\$ 1,670,147	\$ 1,075,293
Benefit payments	(1,584,856)	(1,606,451)	(1,595,136)	(1,830,916)	(1,670,147)	(1,075,293)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-
Plan fiduciary net position—ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
JCC's OPEB liability—ending (a) - (b)	<u>\$ 51,471,503</u>	<u>\$ 42,605,348</u>	<u>\$ 53,140,997</u>	<u>\$ 71,174,216</u>	<u>\$ 65,591,862</u>	<u>\$ 53,544,474</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 10,736,000	\$ 11,259,000	\$ 10,949,000	\$ 12,675,000	\$ 12,875,107	\$ 13,220,846
JCC's OPEB liability as a percentage of covered-employee payroll	479.43%	378.41%	485.35%	561.53%	509.45%	405.00%

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

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

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes	\$ 62,556,720	\$ 62,556,720	\$ 62,569,399	\$ 12,679
Real property tax items	2,600,000	2,600,000	3,146,561	546,561
Non-property tax items	86,005,683	95,865,223	104,850,431	8,985,208
Departmental income	11,931,617	12,650,029	11,788,876	(861,153)
Intergovernmental charges	3,234,842	3,293,105	3,294,336	1,231
Use of money and property	656,000	1,530,818	5,181,785	3,650,967
Licenses and permits	30,000	30,000	30,073	73
Fines and forfeitures	204,180	204,180	226,509	22,329
Sale of property and compensation for loss	1,356,625	1,414,903	1,525,033	110,130
Miscellaneous	4,739,957	6,083,939	4,495,103	(1,588,836)
State aid	27,952,852	33,790,277	35,651,324	1,861,047
Federal aid	21,313,229	29,268,328	30,381,568	1,113,240
Total revenues	222,581,705	249,287,522	263,140,998	13,853,476
EXPENDITURES				
Current:				
General government support	68,924,461	82,550,982	80,475,454	2,075,528
Education	11,810,683	11,981,989	11,935,617	46,372
Public safety	28,314,001	33,024,291	27,603,568	5,420,723
Health	17,047,592	21,777,051	19,601,369	2,175,682
Transportation	3,214,592	3,914,975	3,314,943	600,032
Economic assistance and opportunity	71,949,798	72,514,554	68,100,010	4,414,544
Culture and recreation	286,236	316,201	313,776	2,425
Home and community services	1,037,348	1,154,612	1,022,541	132,071
Employee benefits	13,348,966	14,203,310	11,687,350	2,515,960
Debt service:				
Principal	-	103,599	103,599	-
Interest and fiscal charges	-	10,401	10,401	-
Total expenditures	215,933,677	241,551,965	224,168,628	17,383,337
Excess of revenues over expenditures	6,648,028	7,735,557	38,972,370	31,236,813
OTHER FINANCING SOURCES (USES)				
Transfers in	-	393,000	393,000	-
Transfers out	(21,580,274)	(23,844,873)	(23,844,873)	-
SBITA issued	-	430,271	430,271	-
Total other financing sources (uses)	(21,580,274)	(23,021,602)	(23,021,602)	-
Net change in fund balances*	(14,932,246)	(15,286,045)	15,950,768	31,236,813
Fund balances—beginning	86,833,300	86,833,300	86,833,300	-
Fund balances—ending	\$ 71,901,054	\$ 71,547,255	\$ 102,784,068	\$ 31,236,813

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

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

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

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

1. OPEB LIABILITY

Changes of Assumptions—Changes in assumptions reflect the effects of changes in the long-term discount rate, and the healthcare trend rate. The discount rate changed from 4.32% at December 31, 2022 to 4.00% at December 31, 2023. The healthcare trend rate used is 8.0% while the ultimate healthcare trend rate is 4.5%

Jefferson Community College (“JCC”)—The discount rate changed from 3.91% at August 31, 2022 to 4.13% at August 31, 2023. The healthcare trend rate increased from 3.78% for the year ended August 31, 2022 to 4.50% at August 31, 2023, respectively.

2. BUDGETARY INFORMATION

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

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

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

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

SUPPLEMENTARY INFORMATION

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

COUNTY OF JEFFERSON, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2023

	County Road	Road Machinery	Special Grant	Debt Service	Total Nonmajor Funds
ASSETS					
Cash and cash equivalents	\$ 7,991,279	\$ 4,831,946	\$ -	\$ -	\$12,823,225
Restricted cash and cash equivalents	-	523,678	94,095	248,715	866,488
Accounts receivable, net of allowances	3,255	-	-	-	3,255
Intergovernmental receivables	2,621,974	261,662	546,041	-	3,429,677
Prepaid items	97,903	14,465	21,876	-	134,244
Total assets	<u>\$10,714,411</u>	<u>\$ 5,631,751</u>	<u>\$ 662,012</u>	<u>\$ 248,715</u>	<u>\$17,256,889</u>
LIABILITIES					
Accounts payable	\$ 1,840,823	\$ 142,905	\$ 388,758	\$ -	\$ 2,372,486
Accrued liabilities	63,358	12,185	18,586	-	94,129
Due to other funds	-	-	86,262	-	86,262
Unearned revenue	-	-	71,812	-	71,812
Total liabilities	<u>1,904,181</u>	<u>155,090</u>	<u>565,418</u>	<u>-</u>	<u>2,624,689</u>
FUND BALANCES					
Nonspendable	97,903	14,465	21,876	-	134,244
Restricted	-	523,678	74,718	248,715	847,111
Assigned	8,712,327	4,938,518	-	-	13,650,845
Total fund balances	<u>8,810,230</u>	<u>5,476,661</u>	<u>96,594</u>	<u>248,715</u>	<u>14,632,200</u>
Total liabilities and fund balances	<u>\$10,714,411</u>	<u>\$ 5,631,751</u>	<u>\$ 662,012</u>	<u>\$ 248,715</u>	<u>\$17,256,889</u>

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

	County Road	Road Machinery	Special Grant	Debt Service	Total Nonmajor Funds
REVENUES					
Departmental income	\$ -	\$ -	\$ 595,924	\$ -	\$ 595,924
Intergovernmental charges	13,695	37,904	-	-	51,599
Use of money and property	197,434	142,199	119,827	4,544	464,004
Licenses and permits	2,125	-	-	-	2,125
Sale of property and compensation for loss	13,734	13,513	-	-	27,247
Miscellaneous	-	-	-	186,751	186,751
Interfund revenues	50,293	205,619	-	-	255,912
State aid	7,635,289	257,635	-	677,805	8,570,729
Federal aid	-	-	3,853,230	-	3,853,230
Total revenues	<u>7,912,570</u>	<u>656,870</u>	<u>4,568,981</u>	<u>869,100</u>	<u>14,007,521</u>
EXPENDITURES					
Current:					
Transportation	15,915,208	2,834,364	-	-	18,749,572
Economic assistance and opportunity	-	-	2,541,211	-	2,541,211
Home and community services	-	-	2,000,311	-	2,000,311
Debt service:					
Principal	-	-	-	1,819,211	1,819,211
Interest and fiscal charges	-	-	-	412,313	412,313
Total expenditures	<u>15,915,208</u>	<u>2,834,364</u>	<u>4,541,522</u>	<u>2,231,524</u>	<u>25,522,618</u>
Excess (deficiency) of revenues over expenditures	<u>(8,002,638)</u>	<u>(2,177,494)</u>	<u>27,459</u>	<u>(1,362,424)</u>	<u>(11,515,097)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	12,448,048	3,023,259	-	1,366,967	16,838,274
Transfers out	<u>(3,920,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,920,750)</u>
Total other financing sources (uses)	<u>8,527,298</u>	<u>3,023,259</u>	<u>-</u>	<u>1,366,967</u>	<u>12,917,524</u>
Net change in fund balances	524,660	845,765	27,459	4,543	1,402,427
Fund balances—beginning	8,285,570	4,630,896	69,135	244,172	13,229,773
Fund balances—ending	<u>\$ 8,810,230</u>	<u>\$ 5,476,661</u>	<u>\$ 96,594</u>	<u>\$ 248,715</u>	<u>\$ 14,632,200</u>

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

FEDERAL AWARDS INFORMATION

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

Federal Grantor/Pass Through Grantor/Program Cluster Title (1a)	Federal Assistance Listing Number (1b)	Entity Identifying Number (1c)	Passed Through to Sub- recipients	Total Federal Expenditures (1d)
U.S. Department of Agriculture:				
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	\$ -	\$ 2,236,136
<i>Total SNAP Cluster</i>			-	2,236,136
Total U.S. Department of Agriculture			-	2,236,136
U.S. Department of Housing and Urban Development:				
Direct Programs:				
<i>Home Investment Partnerships Program</i>				
Home Investment Partnerships Program	14.239	M-19-DC-36-0512	221,857	221,857
Home Investment Partnerships Program	14.239	M-20-DC-36-0512	142,325	142,325
Home Investment Partnerships Program	14.239	M-21-DC-36-0512	246,781	246,781
Home Investment Partnerships Program	14.239	M-22-DC-36-0512	52,737	52,737
Home Investment Partnerships Program	14.239	M-23-DC-36-0512	45,000	45,000
Home Investment Partnerships Program - ARP	14.239	M-21-DP-36-0512	21,547	21,547
<i>Total Home Investment Partnership Program</i>			730,247	730,247
<i>Continuum of Care Program</i>				
Continuum of Care Program	14.267	NY0712U2C222112	-	79,471
Continuum of Care Program	14.267	NY0713U2C222112	-	519,567
Continuum of Care Program	14.267	NY0712U2C222213	-	36,327
Continuum of Care Program	14.267	NY0713U2C222213	-	144,931
Continuum of Care Program	14.267	NY1217U2C222103	-	86,057
Continuum of Care Program	14.267	NY1217U2C222204	-	41,594
<i>Total Continuum of Care Program</i>			-	907,947
Passed through NYS Homes & Community Renewal:				
<i>Community Development Block Grants Program:</i>				
Community Development Block Grants	14.228	581HR116-20	-	355,980
Community Development Block Grants	14.228	581HR304-21	-	899,246
<i>Total Community Development Block Grants</i>			-	1,255,226
Passed through NYS Office of Temporary and Disability Assistance:				
COVID-19 Emergency Solutions Grant Program	14.231	C00629GG	-	240,193
Total U.S. Department of Housing and Urban Development			730,247	3,133,613
U.S. Department of Justice:				
Direct Program:				
State Criminal Alien Assistance Program	16.606	N/A	-	32,876
Total U.S. Department of Justice			-	32,876
U.S. Department of Labor:				
Passed through NYS Department of Labor:				
Trade Adjustment Assistance	17.245	N/A	-	142,577
National Emergency Grants	17.277	N/A	-	50,000
<i>WIOA Cluster:</i>				
WIOA Adult Program	17.258	N/A	121,648	860,726
WIOA Youth Activities	17.259	N/A	39,267	388,638
WIOA Dislocated Worker Formula Grants	17.278	N/A	29,200	80,906
WIOA Dislocated Worker Formula Grants	17.278	N/A	-	57,264
<i>Total WIOA Cluster</i>			190,115	1,387,534
Total U.S. Department of Labor			190,115	1,580,111

(continued)

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

Federal Grantor/Pass Through Grantor/Program Cluster Title (1a)	Federal Assistance Listing Number (1b)	Entity Identifying Number (1c)	Passed Through to Sub- recipients	Total Federal Expenditures (1d)
U.S. Department of Transportation:				
Direct Programs:				
<i>Airport Improvement Program:</i>				
Airport Improvement Program	20.106	3-36-0120-056-2020	-	33,013
Airport Improvement Program	20.106	3-36-0120-066-2022	-	7,200
Airport Improvement Program	20.106	3-36-0120-058-2020	-	40,191
Airport Improvement Program	20.106	3-36-0120-064-2021	-	386,128
Airport Improvement Program	20.106	3-36-0120-061-2021	-	11,400
Airport Improvement Program	20.106	3-36-0120-067-2022	-	73,240
Airport Improvement Program	20.106	3-36-0120-068-2022	-	208,415
Airport Improvement Program	20.106	3-36-0120-069-2022	-	202,349
Airport Improvement Program	20.106	3-36-0120-070-2022	-	1,222,237
Airport Improvement Program	20.106	3-36-0120-071-2023	-	2,788,610
Airport Improvement Program	20.106	3-36-0120-073-2023	-	5,207
Airport Improvement Program	20.106	3-36-0120-074-2023	-	142,560
<i>Total Airport Improvement Program</i>			-	5,120,550
Passed through NYS Department of Transportation:				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	D040169; PIN 7753.59	-	27,471
Highway Planning and Construction	20.205	D036280; PIN 7753.85	-	243,171
Highway Planning and Construction	20.205	D036474; PIN 7753.77	-	32,075
Highway Planning and Construction	20.205	D040156; PIN 7753.93	-	90,540
Highway Planning and Construction	20.205	D040442; PIN 7754.03	-	116,601
Highway Planning and Construction	20.205	D040443; PIN 7754.04	-	28,347
<i>Total Highway Planning and Construction Cluster</i>			-	538,205
<i>Highway Safety Cluster:</i>				
Passed through NYS Governor's Traffic Safety Committee:				
National Priority Safety Programs	20.616	CPS-2023-JC SO-00075-(023)	-	1,263
Passed through NYS Stop DWI Foundation, Inc.:				
National Priority Safety Programs	20.616	HS1-2023-DWI FDN-00203-(088)	-	9,146
National Priority Safety Programs	20.616	HS1-2024-DWI FDN-00199-(088)	-	5,233
Passed through NYS Division of Criminal Justice Services:				
National Priority Safety Programs	20.616	HS1-2023-NYS DCJ-00222-(099)	-	10,167
National Priority Safety Programs	20.616	HS1-2024-NYS DCJ-00234-(099)	-	4,774
<i>Total Highway Safety Cluster</i>			-	30,583
Total U.S. Department of Transportation			-	5,689,338
U.S. Department of the Treasury:				
Direct Programs:				
Equitable Sharing Program	21.016	N/A	-	98,334
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	4,633,006	6,264,789
Passed through New York State Office of Temporary and Disability Assistance:				
Emergency Rental Assistance Program (ERAP) CARES Act	21.023	CC00629GG	-	30,120
Total U.S. Department of the Treasury			4,633,006	6,393,243
U.S. Environmental Protection Agency:				
Passed through the NYS Department of Health:				
State Indoor Radon Grants	66.032	T37367GG	-	4,238
Total U.S. Environmental Protection Agency			-	4,238
U.S. Department of Education:				
Passed through Jefferson Community College:				
Career and Technical Education—Basic Grants to States (Perkins V)	84.048	N/A	-	14,680
Passed through NYS Department of Health:				
Special Education - Grants for Infants and Families	84.181	C36410GG	-	78,437
Total U.S. Department of Education			-	93,117

(continued)

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

Federal Grantor/Pass Through Grantor/Program Cluster Title (1a)	Federal Assistance Listing Number (1b)	Entity Identifying Number (1c)	Passed Through to Sub- recipients	Total Federal Expenditures (1d)
U.S. Department of Health and Human Services:				
Passed through NYS Office for the Aging:				
<i>Aging Cluster:</i>				
Special Programs for Aging, Title III, Part B—Grants for Supportive Services and Senior Centers	93.044	Title III-B	-	101,828
Special Programs for Aging, Title III, Part C—Nutrition Services	93.045	Title III-C	-	270,144
Nutrition Services Incentive Program	93.053	NSIP	-	6,581
<i>Total Aging Cluster</i>			-	378,553
Special Programs for Aging Title III , Part D—Disease Prevention and Health Promotion Services	93.043	Title III-D	-	6,215
COVID-19 Special Programs for Aging, Title IV & Title II Discretionary Projects	93.048	N/A	-	9,897
Natonal Family Caregiver Support Title III, Part E	93.052	Title III-E	-	49,358
Medicare Enrollment Research Program	93.071	MIPPA/ADRC	-	15,394
Passed through the Health Research Institute:				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6852-01	-	1,638,174
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	6952-01	-	381,001
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	7502-01	-	53,029
Passed through NYS Department of Health:				
<i>Immunization Cooperative Agreements:</i>				
Immunization Cooperative Agreements	93.268	C32522GG	-	8,903
Immunization Cooperative Agreements	93.268	C36936GG	-	67,474
<i>Total Immunization Cooperative Agreements</i>			-	76,377
Passed through NYS Office of Temporary and Disability Assistance:				
Child Support Enforcement	93.563	N/A	-	795,945
Low Income Home Energy Assistance	93.568	N/A	-	6,459,178
Passed through the Office of Children and Family Services:				
Kinship Guardianship Assistance	93.090	N/A	-	66,698
Promoting Safe and Stable Families	93.556	N/A	-	15,637
<i>CCDF Cluster:</i>				
Child Care and Development Block Grant	93.575	N/A	-	3,434,003
<i>Total CCDF Cluster</i>			-	3,434,003
Stephanie Tubbs Jones Child Welfare Service Program	93.645	N/A	-	54,905
<i>Foster Care Program:</i>				
Foster Care—Title IV-E	93.658	N/A	-	2,532,308
COVID-19 Foster Care—Title IV-E	93.658	N/A	-	97,821
<i>Total Foster Care Program</i>			-	2,630,129
<i>Adoption Assistance Program:</i>				
Adoption Assistance	93.659	N/A	-	2,595,084
COVID-19 Adoption Assistance	93.659	N/A	-	67,011
<i>Total Adoption Assistance Program</i>			-	2,662,095
Social Services Block Grant	93.667	N/A	-	3,597,596
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	N/A	-	4,249
Elder Abuse Prevention Interventions Program	93.747	N/A	-	31,789

(continued)

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

(concluded)

Federal Grantor/Pass Through Grantor/Program Cluster Title (1a)	Federal Assistance Listing Number (1b)	Entity Identifying Number (1c)	Passed Through to Sub- recipients	Total Federal Expenditures (1d)
Passed through NYS Department of Health:				
Maternal and Child Health Services Block Grant to the States	93.994	C35721GG	-	60,548
<i>Medicaid Cluster:</i>				
Passed through NYS Department of Health:				
Medical Assistance Program	93.778	N/A	-	1,430,872
Passed through NYS Office of Mental Health:				
Medical Assistance Program	93.778	Medicaid Admin	-	170,992
<i>Total Medicaid Cluster</i>			-	1,601,864
<i>TANF:</i>				
Passed through NYS Office of Temporary and Disability Assistance:				
Temporary Assistance to Needy Families	93.558	N/A	-	8,277,074
Temporary Assistance to Needy Families	93.558	SYEP	-	278,087
<i>Total TANF</i>			-	8,555,161
Total U.S. Department of Health and Human Services			-	32,577,795
U.S. Social Security Administration:				
Passed through Research Foundation for Mental Hygiene, Inc:				
Social Security-Work Incentives Planning and Assistance Program	96.008	Ticket-to-Work	-	2,938
Total U.S. Social Security Administration			-	2,938
U.S. Department of Homeland Security:				
Passed through NYS Division of Homeland Security and Emergency Services:				
Emergency Management Performance Grant	97.042	T185023	-	48,826
<i>Homeland Security Grant Program:</i>				
Homeland Security Grant Program	97.067	C173489	-	22,207
Homeland Security Grant Program	97.067	C971199	-	27,268
Homeland Security Grant Program	97.067	C971109	-	52,815
Homeland Security Grant Program	97.067	T835919	-	676
Homeland Security Grant Program	97.067	T971102	-	15,032
Homeland Security Grant Program	97.067	T835911	-	4,409
Homeland Security Grant Program	97.067	C835998	-	17,011
Homeland Security Grant Program	97.067	C160011	-	10,663
Homeland Security Grant Program	97.067	C971190	-	15,320
Homeland Security Grant Program	97.067	C971100	-	44,276
Homeland Security Grant Program	97.067	C835910	-	2,206
Homeland Security Grant Program	97.067	C190130	-	17,028
Homeland Security Grant Program	97.067	T190131	-	9,590
<i>Total Homeland Security Grant Program</i>			-	238,501
Direct Program:				
Law Enforcement Officer Reimbursement Agreement Program	97.090	70T02021T6114N010	-	43,800
Total U.S. Department of Homeland Security			-	331,127
Total Expenditures of Federal Awards (1e)			\$ 5,553,368	\$ 52,074,532

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

COUNTY OF JEFFERSON, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the County of Jefferson, New York (the “County”) under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a select portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County. The following notes were identified on the schedule of expenditures of federal awards:

- (a) Includes all federal award programs of the County of Jefferson, New York. The federal expenditures of the Jefferson Community College and Jefferson County Industrial Development Agency have not been included.
- (b) Source: Assistance Listing Numbers, previously known as the Catalog of Federal Domestic Assistance.
- (c) Pass-through entity identifying numbers are presented where available.
- (d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- (e) A reconciliation to the financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. MATCHING COSTS

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

4. DEPARTMENT OF SOCIAL SERVICES – ADMINISTRATIVE COSTS

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

5. AMOUNTS PROVIDED TO SUBRECIPIENTS

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

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Jefferson, New York (the "County") as of and for the year ended December 31, 2023 (with the Jefferson Community College for the fiscal year ended August 31, 2023), and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 30, 2024. Our report includes a reference to other auditors who audited the financial statements of the Jefferson Community College and Jefferson County Industrial Development Agency, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Brecher & Malucki, LLC

July 30, 2024

DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Federal Program

We have audited the County of Jefferson, New York's (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2023. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of Jefferson Community College (the "College") and Jefferson County Industrial Development Agency (the "Agency"), which received \$9,447,476 and \$3,341,567 in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards for the year ended December 31, 2023. Our audit, described below, did not include the operations of the College and the Agency because other auditors were engaged to perform such audits in accordance with the Uniform Guidance.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Drescher & Malucki LLC

July 30, 2024

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

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued: Unmodified*
 *(which report includes a reference to other auditors)

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ None reported

Noncompliance material to the financial statements noted? _____ Yes ✓ No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ None reported

Type of report the auditor issued on compliance for major federal programs: Unmodified

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

Identification of major federal programs:

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.563	Child Support Enforcement
93.658	Foster Care
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs? \$ 1,562,236

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

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

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

Section II. FINANCIAL STATEMENT FINDINGS

No findings noted.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

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

No findings were reported.