

**COUNTY OF WARREN,
NEW YORK**

*Basic Financial Statements, Required Supplementary
Information, Supplementary Information and Federal
Awards Information for the Year Ended
December 31, 2019 and Independent Auditors' Reports*

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Board of Supervisors
County of Warren, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Warren, New York (the "County"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Warren County Local Development Corporation ("LDC"), a blended component unit, which represents the primary government's sole business-type activity. 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 LDC, is based solely on the reports of the other auditors. We also did not audit the financial statements of the Warren County Soil and Water Conservation District (the "District"), which is shown as a discretely presented component unit. The District's financial statements were unaudited for the year ended December 31, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinion on the governmental activities, business-type activities, major funds, and aggregate remaining fund information; and (2) a disclaimer of opinion on the Warren County Soil and Water Conservation District discretely presented component unit.

Basis for Disclaimer of Opinion on the Warren County Soil and Water Conservation District Discretely Presented Component Unit

The financial statements of the Warren County Soil and Water Conservation District have not been audited, and we were not engaged to audit the Warren County Soil and Water Conservation District's financial statements as part of our audit of the County's basic financial statements. The Warren County Soil and Water Conservation District's financial activities are included in the County's basic financial statements as a discretely presented component unit.

Disclaimer of Opinion on the Warren County Soil and Water Conservation District Discretely Presented Component Unit

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements of the Warren County Soil and Water Conservation District discretely presented component unit.

Unmodified Opinions on the Governmental Activities, Business-type Activities, Major Funds and the Aggregate Remaining Fund Information

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the Supplementary Information, as listed in the table of contents, and 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 August 31, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Drescher & Malecki LLP

August 31, 2020

COUNTY OF WARREN, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2019

As management of the County of Warren, New York (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2019. This document should be read 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 the close of the most recent fiscal year by \$55,361,892 (*net position*). This consists of \$76,764,507 net investment in capital assets, \$8,511,480 restricted for specific purposes, offset by an unrestricted net position of \$(140,637,879).
- The County's primary government net position decreased \$5,560,331 during the year ended December 31, 2019. Governmental activities decreased the net position by \$5,576,101, while the net position of the County's business-type activities increased by \$15,770 during the year ended December 31, 2019.
- At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$45,339,212, a decrease of \$591,108 in comparison with the prior year's fund balance of \$45,930,320.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$23,155,424, or approximately 16.4 percent of General Fund expenditures and transfers out. This total amount is *available for spending* at the County's discretion and constitutes approximately 65.0 percent of the General Fund's total fund balance of \$35,626,978 at December 31, 2019.
- The County's serial bonds outstanding decreased by \$2,725,000 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 in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the County's assets, liabilities and deferred inflows/outflows 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 are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government support, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services. The County reports the operations of the Warren County Local Development Corporation (“LDC”) as a business-type activity. The LDC is considered a blended component unit of the County.

The government-wide financial statements include not only the County and its blended component units (known as the *primary government*), but also the discretely presented component unit for which the County is financially accountable. Financial information for the County’s discretely presented component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13-14 of this report.

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

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

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary funds—The County maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses an enterprise fund to account for the operations of the Warren County LDC. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County’s various functions. The County uses internal service funds to account for the operation of the workers’ compensation and unemployment self-insurance programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The 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 two fiduciary funds, the Private Purpose Trust Fund and the Agency Fund.

The Private Purpose Trust Fund is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The County uses this fund to report money donated for specific projects and programs.

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

The fiduciary funds’ financial statements can be found on pages 22-23 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 24-51 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County’s net pension liability, the changes in the County’s total other post-employment benefits (“OPEB”) obligation, and the County’s budgetary comparisons for the General Fund and County Road Fund. Required Supplementary Information and a related note to the Required Supplementary Information can be found on pages 52-57 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, along with combining statements for the internal service funds, are presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 58-62.

Finally, the Federal Awards Information can be found on pages 63-73 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the County’s primary government, liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$55,361,892 at the close of the most recent fiscal year, as compared to \$49,801,561 at the close of the fiscal year ended December 31, 2018.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities		Business-type Activities		Total Primary Government	
	December 31,		December 31,		December 31,	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 79,223,258	\$ 82,436,539	\$ 1,736,965	\$ 1,729,528	\$ 80,960,223	\$ 84,166,067
Capital assets	117,187,012	127,583,564	-	-	117,187,012	127,583,564
Total assets	<u>196,410,270</u>	<u>210,020,103</u>	<u>1,736,965</u>	<u>1,729,528</u>	<u>198,147,235</u>	<u>211,749,631</u>
Deferred outflows of resources	27,198,915	17,463,190	-	-	27,198,915	17,463,190
Current liabilities	24,786,045	27,105,142	-	8,333	24,786,045	27,113,475
Noncurrent liabilities	175,694,929	216,492,875	-	-	175,694,929	216,492,875
Total liabilities	<u>200,480,974</u>	<u>243,598,017</u>	<u>-</u>	<u>8,333</u>	<u>200,480,974</u>	<u>243,606,350</u>
Deferred inflows of resources	80,227,068	35,408,032	-	-	80,227,068	35,408,032
Net position:						
Net investment in capital assets	76,764,507	82,422,069	-	-	76,764,507	82,422,069
Restricted	8,511,480	8,832,170	-	-	8,511,480	8,832,170
Unrestricted	<u>(142,374,844)</u>	<u>(142,776,995)</u>	<u>1,736,965</u>	<u>1,721,195</u>	<u>(140,637,879)</u>	<u>(141,055,800)</u>
Total net position	<u>\$ (57,098,857)</u>	<u>\$ (51,522,756)</u>	<u>\$ 1,736,965</u>	<u>\$ 1,721,195</u>	<u>\$ (55,361,892)</u>	<u>\$ (49,801,561)</u>

The largest portion of the County's net position, \$76,764,507, reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$8,511,480, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The remaining balance of the County's net position, \$(140,637,879), is considered to be unrestricted.

The following table presents the changes in net position for the years ended December 31, 2019 and December 31, 2018.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues	\$ 44,190,859	\$ 44,486,261	\$ 85,466	\$ 85,317	\$ 44,276,325	\$ 44,571,578
General revenues	113,214,973	109,698,095	-	-	113,214,973	109,698,095
Total revenues	<u>157,405,832</u>	<u>154,184,356</u>	<u>85,466</u>	<u>85,317</u>	<u>157,491,298</u>	<u>154,269,673</u>
Total expenses	<u>162,981,933</u>	<u>159,603,409</u>	<u>69,696</u>	<u>56,345</u>	<u>163,051,629</u>	<u>159,659,754</u>
Change in net position	(5,576,101)	(5,419,053)	15,770	28,972	(5,560,331)	(5,390,081)
Net position—beginning	<u>(51,522,756)</u>	<u>(46,103,703)</u>	<u>1,721,195</u>	<u>1,692,223</u>	<u>(49,801,561)</u>	<u>(44,411,480)</u>
Net position—ending	<u>\$ (57,098,857)</u>	<u>\$ (51,522,756)</u>	<u>\$ 1,736,965</u>	<u>\$ 1,721,195</u>	<u>\$ (55,361,892)</u>	<u>\$ (49,801,561)</u>

Governmental activities—Governmental activities decreased the County’s net position by \$5,576,101. Overall revenues of governmental activities increased 2.1 percent from the prior year. Total program expenses of governmental activities increased 2.1 percent from the prior year. A summary of revenues for governmental activities for the years ended December 31, 2019 and 2018 is presented below:

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2019	2018	Dollars	Percent (%)
Charges for services	\$ 15,767,815	\$ 14,136,397	\$ 1,631,418	11.5
Operating grants and contributions	26,278,864	27,030,328	(751,464)	(2.8)
Capital grants and contributions	2,144,180	3,319,536	(1,175,356)	(35.4)
Property taxes and tax items	46,152,898	44,679,917	1,472,981	3.3
Non-property tax items	62,799,232	61,348,971	1,450,261	2.4
Use of money and property	1,820,910	991,866	829,044	83.6
Miscellaneous	1,081,356	1,606,874	(525,518)	(32.7)
Sale of property and compensation for loss	709,284	310,620	398,664	128.3
Tobacco settlement revenue	651,293	759,847	(108,554)	(14.3)
Total revenues	<u>\$ 157,405,832</u>	<u>\$ 154,184,356</u>	<u>\$ 3,221,476</u>	2.1

The most significant source of revenues for governmental activities are non-property taxes, which account for \$62,799,232, or 39.9 percent of total revenues. The other significant sources of revenue include property taxes and tax items, which comprise \$46,152,898, or 29.3 percent of total revenues, and operating grants and contributions, which comprise \$26,278,864, or 16.7 percent of total revenues. Similarly, for the year ended December 31, 2018, the most significant source of revenues for governmental activities are non-property taxes, which account for \$61,348,971 or 39.8 percent of total revenues. The other significant sources of revenue include property taxes and tax items, which comprise \$44,679,917 or 29.0 percent of total revenues, and operating grants and contributions, which comprise \$27,030,328 or 17.5 percent of total revenues.

During the year ended December 31, 2019, total revenues increased by \$3,221,476, or 2.1 percent. This increase is primarily attributable to significant increases in charges for services due to an increase in state aid, partially offset by a decrease of capital grants and contributions incurred due to a decrease in federal grant revenue related to transportation as of December 31, 2019.

A summary of program expenses of governmental activities for the years ended December 31, 2019 and 2018 is presented below in Table 4.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2019	2018	Dollars	Percent (%)
General government support	\$ 55,523,342	\$ 43,330,782	\$ 12,192,560	28.1
Education	2,345,399	2,368,051	(22,652)	(1.0)
Public safety	30,449,430	30,861,739	(412,309)	(1.3)
Health	15,144,766	14,967,449	177,317	1.2
Transportation	13,765,902	20,601,696	(6,835,794)	(33.2)
Economic assistance and opportunity	42,114,185	41,949,180	165,005	0.4
Culture and recreation	315,062	1,676,512	(1,361,450)	(81.2)
Home and community services	1,234,475	1,669,653	(435,178)	(26.1)
Interest and fiscal charges	2,089,372	2,178,347	(88,975)	(4.1)
Total program expenses	<u>\$ 162,981,933</u>	<u>\$ 159,603,409</u>	<u>\$ 3,378,524</u>	2.1

The County’s most significant expense category for governmental activities is general government support of \$55,523,342, or 34.1 percent of program expenses. The other significant expenses include economic assistance and opportunity (primarily composed of social service costs) of \$42,114,185, or 25.8 percent of program expenses, and public safety expenses of \$30,449,430, or 18.7 percent of total expenses. Similarly, for the year ended December 31, 2018, the most significant expense category for governmental activities is general government support of \$43,330,782, or 27.2% of program expenses. The other significant expenses include economic assistance and opportunity (primarily composed of social service costs) of \$41,949,180, or 26.3 percent of program expenses, and public safety expenses of \$30,861,739, or 19.3 percent of total expenses.

During the year ended December 31, 2019, total program expenses increased \$3,378,524, or 2.1 percent from the prior year, primarily attributed to increases in general government support due to the completion of the court space expansion, partially offset by a decrease in transportation.

Business-type activities—Business-type activities increased the County’s net position by \$15,770. For the year ended December 31, 2019, revenues increased 0.2 percent and expenses increased by 23.7 percent. Expenses increased significantly from the prior year due to increased program administrative costs.

A summary source of revenues and expenses for the County’s business-type activities for the years ended December 31, 2019 and December 31, 2018 is presented below in Table 5.

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

	Year Ended December 31,		Increase/(Decrease)	
	2019	2018	Dollars	Percent (%)
Revenues:				
Interest and late fees on loans	\$ 35,159	\$ 33,511	\$ 1,648	4.9
Program service fees	307	1,806	(1,499)	(83.0)
Warren County support fee	50,000	50,000	-	-
Total revenues	<u>\$ 85,466</u>	<u>\$ 85,317</u>	<u>\$ 149</u>	0.2
Expenses:				
Administrative	\$ 69,696	\$ 56,345	13,351	23.7
Total expenses	<u>\$ 69,696</u>	<u>\$ 56,345</u>	<u>\$ 13,351</u>	23.7

The most significant source of revenue for business-type activities for the year ended December 31, 2019 was the Warren County support fee, which accounted for \$50,000, or 58.5 percent of total revenues. Similarly, for the year ended December 31, 2018, the most significant source of revenue was the Warren County support fee, which accounted for \$50,000, or 58.6 percent of total revenues.

The County only has one expense item within the business-type activities. This one item is administrative expenses representing total expenses of \$69,696 and 56,345, for the years ended December 31, 2019 and 2018, respectively.

Financial Analysis of Governmental Funds

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

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

or a group or individual that has been delegated authority to assign resources for particular purposes by the County Board of Supervisors.

At December 31, 2019, the County's governmental funds reported combined ending fund balances of \$45,339,212, a decrease of \$591,108 in comparison with the prior year. The County had fund balances totaling \$24,148,159, which constitutes *unassigned fund balance* and *assigned to specific use* in special revenue funds, which is available for spending at the County's discretion or amounts within special revenue funds that are not restricted or committed. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is: (1) not in spendable form, \$1,917,235; (2) restricted for particular purposes, \$16,443,831 or (3) assigned for other purposes, \$2,829,987.

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 \$23,155,424, while total fund balance was \$35,626,978. The General Fund fund balance increased \$200,338 from the prior year. The increase was due primarily to favorable sales tax received and budgetary savings experienced within major expense functions. 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 approximately 16.4 percent of General Fund expenditures and transfers out, while total fund balance represents 25.2 percent of that same amount.

At December 31, 2019, the County Road Fund reported total ending fund balance of \$2,650,728, of which \$797,514 is assigned to specific use for the operations of the County Road Fund. The County Road Fund fund balance decreased \$857,227 from the prior year as a result of expenditures and transfers out exceeding revenues and transfers in.

The Capital Projects Fund reported restricted fund balance of \$5,282,281 to be used for future costs related to capital projects. Fund balance decreased \$165,225 from the prior year, primarily as a result of capital outlay expenditures exceeding state and federal aid and transfers in from other funds. The Capital Projects Fund also reported nonspendable fund balance in the amount of \$3,159.

Proprietary funds—The County's Internal Service Fund reports the County's administration of the workers' compensation and unemployment self-insurance plans. The Internal Service Funds reported total net position of \$1,136,881 at December 31, 2019, a decrease of \$131,368 due primarily to increased workers' compensation claims during the year.

Total net position of the Warren County LDC at December 31, 2019 totaled \$1,736,965 of unrestricted net position. The Warren County LDC net position increased \$15,770 during the year ended December 31, 2019 as a result of decreased program administrative costs.

General Fund Budgetary Highlights

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

A summary of the General Fund results of operations for the year ended December 31, 2019 is presented on the following page within Table 6.

Table 6—General Fund Budget

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and transfers in	\$ 136,637,986	\$ 140,234,159	\$ 141,576,067	\$ 1,341,908
Expenditures and transfers out	138,766,579	144,915,455	141,375,729	3,539,726
Excess (deficiency) of revenues and transfers in over (under) expenditures and transfers out	\$ (2,128,593)	\$ (4,681,296)	\$ 200,338	\$ 4,881,634

Original budget compared to final budget—The County increased total appropriations \$6,148,876 during the year ended December 31, 2019. The budget was amended upward within the following functions: general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services. These increases were funded with matching revenues (state and federal aid and other revenues) of \$3,596,173, while the remaining \$2,552,703 appropriated fund balance.

Final budget compared to actual results—The General Fund appropriations were under final budgetary appropriations by \$3,539,726. The largest budgetary savings was realized within health and public safety, primarily due to less than anticipated spending for contracted services.

Capital Assets and Debt Administration

Capital assets—The County’s investment in capital assets for its governmental activities as of December 31, 2019 amounted to \$117,187,012 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, vehicles and equipment, and infrastructure. The County’s business-type activities reported no capital assets at December 31, 2019. All depreciable capital assets were depreciated from acquisition date to the end of the current year, as outlined in the County’s capital asset policy.

Capital assets, net of depreciation, for governmental activities at the years ended December 31, 2019 and December 31, 2018 are presented in Table 7 below.

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

	Governmental Activities	
	December 31,	
	2019	2018
Land	\$ 6,408,337	\$ 6,408,337
Construction in progress	3,044,624	40,512,772
Land Improvements	3,490,651	-
Buildings and improvements	48,240,382	37,093,769
Vehicles and equipment	6,919,653	6,550,867
Infrastructure	49,083,365	37,017,819
Total	\$ 117,187,012	\$ 127,583,564

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

Long-term liabilities—At December 31, 2019, the County’s governmental activities had long-term liabilities outstanding of \$175,694,929, which was a decrease of \$40,797,946 from the prior year, as restated. The County’s business-type activities did not report any long-term debt at year-end.

A summary of the County’s long-term liabilities at December 31, 2019 and December 31, 2018 is presented below in Table 8.

Table 8—Summary of Long-Term Liabilities

	Governmental Activities	
	December 31,	
	2019	2018
Serial bonds	\$ 39,865,000	\$ 42,590,000
Premium on serial bonds	312,319	330,208
WTASC bonds and accreted interest	6,779,186	6,680,505
Noncurrent Compensated absences	3,016,017	3,107,873
Capital lease	847,790	1,098,991
Other postemployment benefits	110,832,114	155,672,744
Workers' compensation	1,859,000	1,624,000
Net pension liability	12,183,503	5,388,554
Total	<u>\$ 175,694,929</u>	<u>\$ 216,492,875</u>

Additional information on the County’s long-term debt can be found in Note 10 to the financial statements.

Economic Factors

The unemployment rate, not seasonally adjusted, for the County during December 2019 was 4.6 percent. This compares to New York State’s unemployment rate of 4.0 percent and the national unemployment rate of 3.6 percent.

The County considered current year operational expenses and estimated increases based on economic factors when establishing the 2020 budget. The County’s 2020 budget includes the appropriation of \$1,000,000 of fund balance in the General Fund, and the appropriation of \$590,030 of restricted fund balance.

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. The extent of the impact of COVID-19 on the County’s operational and financial performance will depend on further developments, including the duration and spread of the outbreak, impact on patients, employees and vendors all of which cannot be predicted.

Request for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the County’s finances and to show the County’s 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 County Treasurer’s Office, Warren County Municipal Center, 1340 State Route 9, Lake George, NY 12845-9803.

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BASIC FINANCIAL STATEMENTS

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COUNTY OF WARREN, NEW YORK
Statement of Net Position
December 31, 2019

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Soil and Water
	Activities	Activities		Conservation
				District
				(unaudited)
ASSETS				
Cash, cash equivalents and investments	\$ 25,931,908	\$ 1,140,120	\$ 27,072,028	\$ 29,209
Restricted cash and cash equivalents	18,334,810	-	18,334,810	66,202
Receivables, net of allowances:				
Taxes	11,550,296	-	11,550,296	-
Other	1,622,112	-	1,622,112	-
Intergovernmental receivables	19,181,517	-	19,181,517	-
Inventories	300,369	-	300,369	-
Prepaid items	1,622,202	-	1,622,202	-
Noncurrent receivables	680,044	596,845	1,276,889	-
Capital assets, not being depreciated	9,452,961	-	9,452,961	-
Capital assets, net of accumulated depreciation	107,734,051	-	107,734,051	-
Total assets	<u>196,410,270</u>	<u>1,736,965</u>	<u>198,147,235</u>	<u>95,411</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	9,910,959	-	9,910,959	-
Deferred outflows—relating to OPEB	17,287,956	-	17,287,956	-
Total deferred outflows of resources	<u>27,198,915</u>	<u>-</u>	<u>27,198,915</u>	<u>-</u>
LIABILITIES				
Accounts payable	6,273,188	-	6,273,188	-
Accrued liabilities	4,163,244	-	4,163,244	-
Intergovernmental payables	11,419,005	-	11,419,005	-
Due to Agency Fund	29,641	-	29,641	-
Unearned revenue	2,900,967	-	2,900,967	-
Noncurrent liabilities:				
Due within one year	4,024,663	-	4,024,663	-
Due in more than one year	171,670,266	-	171,670,266	-
Total liabilities	<u>200,480,974</u>	<u>-</u>	<u>200,480,974</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	6,476,642	-	6,476,642	-
Deferred inflows—relating to OPEB	73,750,426	-	73,750,426	-
Deferred inflows—unavailable revenue	-	-	-	30,518
Total deferred inflows of resources	<u>80,227,068</u>	<u>-</u>	<u>80,227,068</u>	<u>30,518</u>
NET POSITION				
Net investment in capital assets	76,764,507	-	76,764,507	-
Restricted for:				
Westmount legacy costs	4,543,377	-	4,543,377	-
Occupancy tax	2,350,233	-	2,350,233	-
Debt service	492,710	-	492,710	-
Other	1,125,160	-	1,125,160	-
Unrestricted	(142,374,844)	1,736,965	(140,637,879)	64,893
Total net position	<u>\$ (57,098,857)</u>	<u>\$ 1,736,965</u>	<u>\$ (55,361,892)</u>	<u>\$ 64,893</u>

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

COUNTY OF WARREN, NEW YORK
Statement of Activities
Year Ended December 31, 2019

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position						Component Unit
		Program Revenues			Primary Government			Soil and Water Conservation District (unaudited)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government support	\$ 55,523,342	\$ 3,665,875	\$ 1,697,147	\$ 730,878	\$ (49,429,442)	\$ -	\$ (49,429,442)	\$ -
Education	2,345,399	-	1,944,229	-	(401,170)	-	(401,170)	-
Public safety	30,449,430	1,382,574	735,244	-	(28,331,612)	-	(28,331,612)	-
Health	15,144,766	6,352,390	5,027,764	-	(3,764,612)	-	(3,764,612)	-
Transportation	13,765,902	1,739,223	2,250,828	1,028,717	(8,747,134)	-	(8,747,134)	-
Economic assistance and opportunity	42,114,185	2,546,304	14,446,378	-	(25,121,503)	-	(25,121,503)	-
Culture and recreation	315,062	64,868	138,207	384,585	272,598	-	272,598	-
Home and community services	1,234,475	16,581	39,067	-	(1,178,827)	-	(1,178,827)	-
Interest and other fiscal charges	2,089,372	-	-	-	(2,089,372)	-	(2,089,372)	-
Total governmental activities	162,981,933	15,767,815	26,278,864	2,144,180	(118,791,074)	-	(118,791,074)	-
Business-type activities:								
Warren County LDC	69,696	35,466	50,000	-	-	15,770	15,770	-
Total primary government	\$ 163,051,629	\$ 15,803,281	\$ 26,328,864	\$ 2,144,180	(118,791,074)	15,770	(118,775,304)	-
Component unit:								
Soil and Water Conservation District	\$ 836,582	\$ 77,100	\$ 661,706	\$ 105,927				8,151
General revenues:								
Property taxes					43,403,487	-	43,403,487	-
Property tax items					2,749,411	-	2,749,411	-
Non-property tax items					62,799,232	-	62,799,232	-
Use of money and property					1,820,910	-	1,820,910	116
Miscellaneous					1,081,416	-	1,081,416	2,724
Sale of property and compensation for loss					709,224	-	709,224	12,302
Tobacco settlement revenue					651,293	-	651,293	-
Total general revenues					113,214,973	-	113,214,973	15,142
Change in net position					(5,576,101)	15,770	(5,560,331)	23,293
Net position—beginning					(51,522,756)	1,721,195	(49,801,561)	41,600
Net position—ending					\$ (57,098,857)	\$ 1,736,965	\$ (55,361,892)	\$ 64,893

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

COUNTY OF WARREN, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2019

	General	County Road	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 20,983,775	\$ 508,005	\$ -	\$ 1,350,542	\$ 22,842,322
Restricted cash and cash equivalents	12,375,814	1,155,480	4,325,163	493,820	18,350,277
Receivables (net of allowances):					
Taxes	11,550,296	-	-	-	11,550,296
Other	1,571,851	14,504	339	35,418	1,622,112
Intergovernmental receivables	12,525,648	2,250,942	4,152,348	252,559	19,181,497
Due from other funds	4,547,596	119,601	1,628,605	4,888	6,300,690
Inventories	113,048	20,497	-	166,824	300,369
Prepaid items	<u>1,463,458</u>	<u>91,845</u>	<u>3,159</u>	<u>58,404</u>	<u>1,616,866</u>
Total assets	<u>\$ 65,131,486</u>	<u>\$ 4,160,874</u>	<u>\$ 10,109,614</u>	<u>\$ 2,362,455</u>	<u>\$ 81,764,429</u>
LIABILITIES					
Accounts payable	\$ 4,741,616	\$ 159,867	\$ 1,092,906	\$ 230,437	\$ 6,224,826
Accrued liabilities	3,484,377	251,627	1,628	86,111	3,823,743
Intergovernmental payables	11,384,682	-	18,086	195	11,402,963
Due to other funds	1,276,174	1,098,652	3,711,554	248,200	6,334,580
Unearned revenue	<u>2,877,921</u>	<u>-</u>	<u>-</u>	<u>21,446</u>	<u>2,899,367</u>
Total liabilities	<u>23,764,770</u>	<u>1,510,146</u>	<u>4,824,174</u>	<u>586,389</u>	<u>30,685,479</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	<u>5,739,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,739,738</u>
Total deferred inflows of resources	<u>5,739,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,739,738</u>
FUND BALANCES (DEFICIT)					
Nonspendable	1,576,506	112,342	3,159	225,228	1,917,235
Restricted	9,497,893	1,155,480	5,282,281	508,177	16,443,831
Assigned	1,397,155	1,382,906	-	1,053,572	3,833,633
Unassigned	<u>23,155,424</u>	<u>-</u>	<u>-</u>	<u>(10,911)</u>	<u>23,144,513</u>
Total fund balances (deficit)	<u>35,626,978</u>	<u>2,650,728</u>	<u>5,285,440</u>	<u>1,776,066</u>	<u>45,339,212</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 65,131,486</u>	<u>\$ 4,160,874</u>	<u>\$ 10,109,614</u>	<u>\$ 2,362,455</u>	<u>\$ 81,764,429</u>

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

COUNTY OF WARREN, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2019

Amounts reported for governmental activities in the statement of net position (page 13) are different because:

Fund balances—total governmental funds (page 15)	\$	45,339,212
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these assets is \$219,307,046 and the accumulated depreciation is \$102,120,034.		117,187,012
A long-term asset, due from New York State to WTASC, is not available to pay for current period expenditures and, therefore, is not reported in the funds.		680,044
Uncollected property taxes are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the fund statements.		5,739,738
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to employer contributions	\$ 4,194,480	
Deferred outflows related to experience, changes of assumptions and investment earnings	5,716,479	
Deferred inflows related to pension plans	<u>(6,476,642)</u>	3,434,317
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows relating to change in assumptions	\$ 17,287,956	
Deferred inflows related to OPEB liability	<u>(73,750,426)</u>	(56,462,470)
Internal service funds are used by management to charge the costs of workers' compensation and unemployment insurance to individual funds. The assets in excess of liabilities of the internal service funds are included within governmental activities on the statement of net position.		1,136,881
Net accrued interest expense for serial bonds is not reported in the funds.		(334,493)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	\$ (39,865,000)	
Premiums on serial bonds	(312,319)	
WTASC bonds and accreted interest	(6,779,186)	
Noncurrent compensated absences	(2,999,186)	
Capital leases	(847,790)	
Other post employment benefits obligation	(110,832,114)	
Net pension liability	<u>(12,183,503)</u>	<u>(173,819,098)</u>
Net position of governmental activities	\$	<u>(57,098,857)</u>

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

COUNTY OF WARREN, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
Year Ended December 31, 2019

	<u>General</u>	<u>County Road</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Real property taxes	\$ 34,379,011	\$ 8,094,164	\$ -	\$ 1,317,604	\$ 43,790,779
Real property tax items	2,749,411	-	-	-	2,749,411
Non-property tax items	62,799,232	-	-	-	62,799,232
Departmental income	10,695,594	-	-	9,802	10,705,396
Intergovernmental charges	1,079,059	84,661	152,914	-	1,316,634
Licenses and permits	231,985	-	-	-	231,985
Fines and forfeitures	329,940	-	-	-	329,940
Use of money and property	1,636,040	80,178	817	49,331	1,766,366
Sale of property and compensation for loss	577,671	2,691	-	128,862	709,224
Miscellaneous	1,078,644	205	-	-	1,078,849
Interfund revenues	-	174,228	-	1,185,976	1,360,204
State aid	14,889,157	2,250,828	966,538	-	18,106,523
Federal aid	10,535,505	2,055	1,018,314	754,893	12,310,767
Tobacco settlement revenue	-	-	-	696,249	696,249
Total revenues	<u>140,981,249</u>	<u>10,689,010</u>	<u>2,138,583</u>	<u>4,142,717</u>	<u>157,951,559</u>
EXPENDITURES					
Current:					
General government support	42,387,091	-	-	58,705	42,445,796
Education	2,393,564	-	-	-	2,393,564
Public safety	29,782,295	534,183	-	-	30,316,478
Health	15,438,508	-	-	-	15,438,508
Transportation	552,173	11,363,100	-	2,606,427	14,521,700
Economic assistance and opportunity	41,787,528	-	-	704,606	42,492,134
Culture and recreation	1,468,949	-	-	-	1,468,949
Home and community services	1,206,306	-	-	48,681	1,254,987
Employee benefits-unallocated	32,324	-	-	-	32,324
Debt service:					
Principal	251,200	-	-	2,880,000	3,131,200
Interest and fiscal charges	39,538	-	-	1,818,438	1,857,976
Capital outlay	-	-	3,189,051	-	3,189,051
Total expenditures	<u>135,339,476</u>	<u>11,897,283</u>	<u>3,189,051</u>	<u>8,116,857</u>	<u>158,542,667</u>
Excess (deficiency) of revenues over expenditures	<u>5,641,773</u>	<u>(1,208,273)</u>	<u>(1,050,468)</u>	<u>(3,974,140)</u>	<u>(591,108)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	594,818	912,361	1,497,297	4,888,241	7,892,717
Transfers out	<u>(6,036,253)</u>	<u>(561,315)</u>	<u>(612,054)</u>	<u>(683,095)</u>	<u>(7,892,717)</u>
Total other financing sources (uses)	<u>(5,441,435)</u>	<u>351,046</u>	<u>885,243</u>	<u>4,205,146</u>	<u>-</u>
Net change in fund balances	200,338	(857,227)	(165,225)	231,006	(591,108)
Fund balances—beginning	<u>35,426,640</u>	<u>3,507,955</u>	<u>5,450,665</u>	<u>1,545,060</u>	<u>45,930,320</u>
Fund balances—ending	<u>\$ 35,626,978</u>	<u>\$ 2,650,728</u>	<u>\$ 5,285,440</u>	<u>\$ 1,776,066</u>	<u>\$ 45,339,212</u>

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

COUNTY OF WARREN, 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, 2019

Amounts reported for governmental activities in the statement of activities (page 14) are different because:

Net change in fund balances—total governmental funds (page 17) \$ (591,108)

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

Capital asset additions	\$ 6,968,976	
Depreciation expense	(16,981,627)	
Loss on disposal of assets	<u>(383,901)</u>	(10,396,552)

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 statement of activities, however, is recognized regardless of when it is collected.

Change in deferred inflows - property taxes	\$ (387,292)	
Change in long-term receivable - tobacco settlement revenue	<u>(44,956)</u>	(432,248)

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

Country pension contributions	\$ 5,572,084	
Cost of benefits earned net of employee contributions	<u>(6,648,392)</u>	(1,076,308)

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in experience and changes in assumptions and other inputs. These amounts are shown net of current year amortization and are as follows:

Changes related to OPEB liability	\$ (58,089,909)	
Changes in experience and assumptions	<u>17,287,957</u>	(40,801,952)

Internal service funds are used by management to charge the costs of managing workers' compensation and unemployment to individual funds. The net expense of certain activities of internal service funds is reported within governmental activities. (131,368)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 22,285

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:

Repayment of serial bonds	\$ 2,725,000	
Amortization of premiums on serial bonds	17,889	
Repayment of WTASC bonds	155,000	
WTASC subordinate turbo CABs accretion	(253,681)	
Change in noncurrent compensated absences	95,112	
Repayment of capital leases	251,200	
Change in OPEB obligation	<u>44,840,630</u>	<u>47,831,150</u>

Change in net position of governmental activities \$ (5,576,101)

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

COUNTY OF WARREN, NEW YORK
Statement of Net Position—Proprietary Funds
December 31, 2019

	Business-Type Activities	Governmental Activities
	Warren County LDC	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,140,120	\$ 3,072,519
Restricted cash and cash equivalents	-	1,600
Receivables:		
Loans receivable, current	117,950	-
Other	50,000	-
Intergovernmental receivables	-	20
Due from other funds	-	34,545
Prepaid items	-	5,336
Total current assets	1,308,070	3,114,020
Noncurrent assets:		
Noncurrent loans receivable, net of allowance	428,895	-
Total noncurrent assets	428,895	-
Total assets	1,736,965	3,114,020
LIABILITIES		
Current liabilities:		
Accounts payable	-	48,362
Accrued liabilities	-	5,008
Intergovernmental payables	-	16,042
Due to other funds	-	30,296
Unearned revenue	-	1,600
Total current liabilities	-	101,308
Noncurrent liabilities:		
Due within one year:		
Compensated absences	-	16,831
Workers' compensation	-	1,859,000
Total noncurrent liabilities	-	1,875,831
Total liabilities	-	1,977,139
NET POSITION		
Unrestricted	1,736,965	1,136,881
Total net position	\$ 1,736,965	\$ 1,136,881

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

COUNTY OF WARREN, NEW YORK
Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Funds
Year Ended December 31, 2019

	Business-Type Activities	Governmental Activities
	Warren County LDC	Internal Service Funds
Operating revenues:		
Charges for services	\$ 35,466	\$ 1,455,936
County support fee	50,000	-
Total operating revenues	85,466	1,455,936
Operating expenses:		
Personal services	-	166,541
Contractual services	-	1,319,346
Administrative and general services	69,696	-
Employee benefits	-	140,639
Total operating expenses	69,696	1,626,526
Operating (loss)	15,770	(170,590)
Nonoperating revenues:		
Interest income	-	36,655
Other miscellaneous	-	2,567
Total nonoperating revenues	-	39,222
Change in net position	15,770	(131,368)
Net position—beginning	1,721,195	1,268,249
Net position—ending	\$ 1,736,965	\$ 1,136,881

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

COUNTY OF WARREN, NEW YORK
Statement of Cash Flows—Proprietary Funds
Year Ended December 31, 2019

	Business-Type Activities	Governmental Activities
	Warren County LDC	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from services provided	\$ 48,621	\$ 1,438,118
Payments to suppliers and service providers	-	(1,063,763)
Payments to employees for salaries and benefits	(64,949)	(306,205)
Net cash provided by (used for) operating activities	<u>(16,328)</u>	<u>68,150</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from loan payments	262,127	-
Interest earned on bank accounts	-	36,655
Other income	-	2,567
Net cash provided by investing activities	<u>262,127</u>	<u>39,222</u>
Net increase in cash and cash equivalents	245,799	107,372
Cash and cash equivalents—beginning	894,321	2,966,747
Cash and cash equivalents—ending	<u>\$ 1,140,120</u>	<u>\$ 3,074,119</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 15,770	\$ (170,590)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Increase in provisions for bad debts	4,747	-
(Increase) in receivables	(28,512)	-
Decrease in intergovernmental receivables	-	60
(Increase) in prepaid items	-	(1,049)
(Decrease) increase in accounts payable	(8,333)	10,762
Increase in accrued liabilities and intergovernmental payables	-	5,388
(Increase) in due to/from other funds	-	(13,021)
Increase in unearned revenue	-	1,600
Increase in workers' compensation	-	235,000
Total adjustments	<u>(32,098)</u>	<u>238,740</u>
Net cash used for operating activities	<u>\$ (16,328)</u>	<u>\$ 68,150</u>

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

COUNTY OF WARREN, NEW YORK
Statement of Net Position—Fiduciary Funds
December 31, 2019

	Private Purpose Trust	Agency
ASSETS		
Restricted cash and cash equivalents	\$ 36,480	\$ 8,227,945
Intergovernmental receivables	-	737,862
Due from other funds	-	346,490
Other assets	-	9,455
Total assets	36,480	\$ 9,321,752
LIABILITIES		
Agency liabilities	-	\$ 9,004,903
Other liabilities	177	-
Due to other funds	-	316,849
Total liabilities	177	\$ 9,321,752
NET POSITION		
Restricted for other purposes	\$ 36,303	

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

COUNTY OF WARREN, NEW YORK
Statement of Changes in Net Position—Fiduciary Funds
Year Ended December 31, 2019

	Private Purpose Trust
ADDITIONS	
Gifts and donations	\$ 26,233
Total additions	<u>26,233</u>
DEDUCTIONS	
Supplies and equipment	13,041
Employee benefits	<u>5,413</u>
Total deductions	<u>18,454</u>
Change in net position	7,779
Net position—beginning	<u>28,524</u>
Net position—ending	<u>\$ 36,303</u>

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

COUNTY OF WARREN, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County of Warren, New York (the “County”) have been prepared in conformity with accounting principles generally accepted in the United States of America 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 principles are described below.

Description of Government-wide Financial Statements

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

Reporting Entity

The County was established in 1813 and is governed by County Law and other laws of the State of New York and various local laws. The Board of Supervisors, which is the governing body responsible for the overall operation of the County, consists of twenty Supervisors. The Chairman of the Board of Supervisors serves as Chief Executive Officer and the County Treasurer serves as Chief Fiscal Officer of the County. The County provides the following basic services: general government support, public safety, education, health, social services, highway maintenance, culture and recreation programs, and waste management services.

The County’s financial statements include those entities for which the County has clear oversight responsibility. This responsibility is determined through a review of such factors as the selecting of governing boards, financial interdependency and the ability to influence management and operations on a continuing basis. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Unit—The component unit column in the government-wide financial statements include the financial data of the County’s discretely presented component unit.

Warren County Soil and Water Conservation District—The Warren County Soil and Water Conservation District (“SWCD”) was established under provisions of Article 3, Section 30, of the General Municipal Law. The SWCD is a nonprofit organization set up to coordinate state and federal conservation programs on a local level. The SWCD provides education and technical assistance on managing soil, water and related natural resources to municipalities, farmers, business owners and homeowners. The Soil and Water Conservation District is considered a component unit of the County and is discretely presented. The SWCD financial statements are not audited.

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

Warren County Local Development Corporation—(“LDC”) is a public benefit corporation organized under the Not-For-Profit Corporation Law of the State of New York to promote and provide job opportunities for low to moderate income residents of Warren County. The County contracts with the LDC to administer a revolving loan program funded by the repayments of low interest loans issued by the Warren County Community Development Program. The County Board of Supervisors assigned all loans to the LDC for no consideration. The LDC is considered a component unit of the County and is presented as a blended component unit. A copy of the financial statements for the LDC may be obtained from the Warren County Local Development Corporation, 1340 State Route 9, Lake George, New York, 12845.

Warren Tobacco Asset Securitization Corporation—(“WTASC”) is a special purpose local development corporation organized under the Not-For-Profit Corporation Law of the State of New York and is an instrumentality of, but separate and apart from the County. WTASC was incorporated for the sole purpose of issuing tobacco settlement asset backed bonds in order to provide funds to purchase from the County all of the County’s right, title, and interest in annual payments to be received in settlement of certain smoking-related litigation. Tobacco settlement bonds are payable only from the assets of WTASC and are not legal obligations of the County. Although legally separate and independent of the County, WTASC is considered an affiliated organization under GASB and reported as a component unit of the County for financial reporting purposes and, accordingly, is included in the County’s financial statements. A copy of the financial statements for WTASC may be obtained from the Treasurer’s Office, 1340 State Route 9, Lake George, New York, 12845.

Basis of Presentation—Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. As discussed earlier, the County has one discretely presented component unit, SWCD.

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 County. 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 funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- *General Fund*—The General Fund is the primary operating fund of the County and accounts for all financial resources of the general government, except those required to be accounted for in other funds. The principal sources of revenue for the General Fund are sales tax and real property taxes.
- *County Road Fund*—The County Road is used to record all revenues and expenditures related to road maintenance and construction throughout the County. The principal source of revenue for the County Road Fund is real property tax.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

The County reports the following fund types:

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

- *Workers' Compensation Fund*—The Workers' Compensation Fund is an internal service fund used to account for the County's self-insurance program for workers' compensation claims.
- *Unemployment Fund*—The Unemployment Fund is an internal service fund used to account for the County's self-insurance program for unemployment claims.

The County reports the following major proprietary fund:

Warren County Local Development Corporation ("LDC")—This fund accounts for the operations of the LDC, a blended component unit of the County. This fund presents the operations of the economic development programs administered by the LDC.

Additionally, the County reports the following fund types:

Fiduciary Funds—These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Private Purpose Trust Fund* and the *Agency Fund*. The Private Purpose Trust Fund reports all trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The County uses this fund to report money donated for specific grants and programs. The Agency Fund accounts for money received and held by the County in the capacity of trustee, custodian, or agent.

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/to other funds. While these balances are reported in the 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 are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

Measurement Focus and Basis of Accounting

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

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

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

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

The proprietary funds and the Private Purpose Trust Fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus, but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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

Cash, Cash Equivalents and Investments—Cash and cash equivalents include cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days or less from the date of acquisition. New York State statutes and various resolutions of the County Board of Supervisors 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. Investments are stated at fair value based on quoted market prices.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent amounts to support fund balance restrictions, debt proceeds set aside for a specific purpose, cash received from unearned revenue, and amounts held in custody for others.

Receivables—Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the County to reimburse it for expenditures incurred pursuant to state and federally funded programs.

Inventories—Inventories that are comprised of general supplies, sand and gasoline, are valued at the lower of cost or market on the first-in, first-out method.

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

Capital Assets—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets, except for buildings and building improvements, and infrastructure assets, are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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 estimated fair market value at the date of donation.

Land and construction in progress are not depreciated. The capital assets of the primary government are depreciated using a straight-line method over the following estimated useful lives:

Capital assets	Years
Land improvements	20
Buildings and improvements	40
Vehicles and equipment	5-10
Infrastructure	10-40

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

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2019, the County has two items that qualifies for reporting in this category. The first item represents the effect of the net change in the County’s proportion of the collective net pension liability, the difference during the measurement period between the County’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the County’s

proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2019 the primary government has three items that qualify for reporting in this category. The first item arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenue from property taxes that remain uncollected after 60 days after year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item represents the effect of the net change in the County's proportion of the collective net pension liability and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide financial statements. The final item represents the effects of the change in the County's proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability.

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

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

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

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

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The County Board of Supervisors has by resolution authorized the County Treasurer to assign fund balance. The County Board of Supervisors 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 on the previous page, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

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

Property Taxes—County real property taxes are levied annually no later than December 31st and become a lien on January 1st. Accordingly, property taxes are 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 of 60 days thereafter. Delinquent property taxes not collected at year-end (excluding collections in the 60 day subsequent period) are included in deferred inflows of resources in the fund financial statements. At December 31, 2019, the total real property tax receivable is recorded at \$11,675,296, which is offset by an allowance for uncollected taxes of \$125,000.

Unearned Revenue—Certain cash receipts have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2019, the County reported unearned revenues within the General Fund in the amount of \$2,877,921 and \$21,446 within its nonmajor governmental funds. The County recorded grant money received in advance but has not performed the related services, and therefore recognizes a liability.

Compensated Absences—Most County employees earn vacation, which vests annually on January 1st of each year for the following year's employment. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation at various rates subject to certain maximum limitations. It is the County's policy to accrue vested vacation time as a current liability in the fund financial statements.

In addition, most employees who retire and have accrued sick leave shall be entitled to payment of half of the accumulated sick leave to their credit, with a maximum of 70 days. These amounts have been accrued in the government-wide financial statements of the County.

Payment of sick time compensated absences recorded in the government-wide financial statements 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 compensated absences when such payments become due.

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

Other Postemployment Benefits—In addition to providing pension benefits, the County provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees at the time of retirement as discussed in Note 7.

Proprietary Funds Operating and Nonoperating Revenues and Expenses—Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Internal Service Funds are charges to other funds for unemployment and workers’ compensation costs. Operating expenses for the Internal Service Funds include payments of self-insurance unemployment and workers’ compensation claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Revenues—The County allocates costs incurred in the general administration of the County to other funds based on their proportionate benefit of the total costs allocated. In 2019, the County has reported interfund revenues of \$174,228 and \$1,185,976 in the Country Road Fund and Road Machinery Fund, respectively.

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 assets, deferred outflows/inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses/expenditures during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2019, the County implemented GASB Statements No. 83, *Certain Asset Retirement Obligations*; No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; and No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. Additionally, the County implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (“AROs”). GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. GASB Statement No. 90 improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing effective dates of certain provisions in Statements No. 84, 87, 89, 91, 92, 93, 94, 96, and 97. Other than matter discussed in Note 2, the implementation of GASB Statements No. 83, 84, 88, 90 and 95 did not have a material impact on the County’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 84, *Fiduciary Activities*, effective for the year ending December 31, 2020, No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending December 31, 2021, No. 87, *Leases*, No. 91, *Conduit Debt Obligations*; No. 92, *Omnibus 2020*; No. 93, *Replacement of Interbank Offered Rates*; and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for the year ending December 31, 2022, and No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023. The County is,

therefore, unable to disclose the impact that adopting GASB Statements No. 84, 87, 89, 91, 92, 93, 94, 96, and 97 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The County’s annual procedures in establishing the budgetary data reflected in the basic financial statements are as follows:

- No later than November 15th, the Budget Officer submits a tentative operating budget to the County Board of Supervisors for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing them for all funds, except the Capital Projects Fund, Special Grant Fund, WTASC Fund, and Workers’ Compensation Fund.
- A public hearing is conducted by the County to obtain public comment on the preliminary budget.
- After public hearings are conducted to obtain taxpayer comments, no later than December 20th, the County Board of Supervisors adopts the budget.
- The budgets are adopted on a generally accepted accounting principles (“GAAP”) basis under the modified accrual basis of accounting except that encumbrances, if any, are reported as a budgetary expenditure in the year of incurrence of the commitment for the purchase, as well when the actual expenditure occurs in the subsequent fiscal year. All unencumbered appropriations lapse at the end of the fiscal year. At January 1st, encumbrances carried forward from the prior year are re-established as budgeted appropriations and expenditures.
- Budgetary controls are also established for the Capital Projects Fund and Special Grants Fund through resolutions authorizing individual projects and grants, and remain in effect for the life of the project or grant. Budgetary controls for the Workers’ Compensation Fund are established through separate annual resolutions.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

Cash and cash equivalents and investments at December 31, 2019 are as follows:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 6,175	\$ -	\$ -	\$ 6,175
Deposits	40,759,161	4,214,239	8,264,425	53,237,825
Money market funds	21,790	-	-	21,790
Discount note (maturing within 90 days)	405,473	-	-	405,473
Total	<u>\$ 41,170,809</u>	<u>\$ 4,214,239</u>	<u>\$ 8,264,425</u>	<u>\$ 53,671,263</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2019 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 1,157,434	\$ 1,157,434
Uninsured:		
Collateral held by pledging bank's agent in the County's name	49,944,745	52,080,391
Total deposits	\$ 51,102,179	\$ 53,237,825

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. As noted above, by State Statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2019, the County’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the County’s name.

Restricted Cash and Cash Equivalents—The County reports restricted cash and cash equivalents, totaling \$18,350,277, within its governmental funds. These funds are set aside for future payments toward approved capital project spending, fund balance restrictions, unearned revenues and debt service in the amounts of \$12,375,814, \$1,155,480, \$4,325,163, \$29,644, \$21,446, \$15,467 and \$427,263 in the General Fund, Country Roads Fund, Capital Projects Fund, Debt Service Fund, Special Grant Fund, Road Machinery Fund and WTASC Fund, respectively. Total Private Purpose Fund and Agency Fund restricted cash and cash equivalents totals \$36,480 and \$8,227,945, respectively, and includes amounts held on the behalf of others. These deposits were fully covered by FDIC insurance or collateral held by escrow agents in the name of the County.

Investments—At December 31, 2019, the County had no investments.

Custodial Credit Risk—Investments—For investments, this is the risk that, in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Underlying securities must have a market value of at least the cost of the repurchase agreement.

Credit Risk—In compliance with the State law, County investments are limited to obligations of the Federal government, obligations guaranteed by the Federal government where the payment of principal and interest are guaranteed by the Federal government, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and certain joint or cooperative investment programs.

Concentration of Credit Risk—To promote competition in rates and service cost, and to limit the risk of institutional failure, County deposits and investments are placed with multiple institutions.

Interest Rate Risk—The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3. RECEIVABLES

Major revenues accrued by the governmental funds of the County at December 31, 2019 consisted of the following:

Taxes Receivable—Represents unpaid county, school and village taxes. At December 31, 2019, the total real property tax receivable is recorded at \$11,675,296, which is offset by an allowance for uncollected taxes of \$125,000.

Other Receivables—Represent amounts due from various sources. The County’s other receivables at December 31, 2019 are as follows:

Governmental Funds:	
General Fund	\$ 1,571,851
County Road Fund	14,504
Capital Projects Fund	339
Nonmajor governmental funds	<u>35,418</u>
Total governmental funds	<u>\$ 1,622,112</u>

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York, State, or other local governments. Amounts are net of related advances from New York State. Intergovernmental receivables at December 31, 2019 are as follows:

Governmental funds:	
General Fund:	
Due from New York State and Federal governments	\$ 11,989,810
Due from towns and cities	<u>535,838</u> \$ 12,525,648
County Road Fund:	
Due from New York State and Federal governments	\$ 2,250,828
Due from towns and cities	<u>114</u> 2,250,942
Capital Projects Fund:	
Due from New York State and Federal governments	\$ 3,024,372
Due from towns and cities	<u>1,127,976</u> 4,152,348
Nonmajor governmental funds:	
Due from New York State and Federal governments	\$ 76,239
Due from towns and cities	<u>176,320</u> 252,559
Total governmental funds	<u>\$ 19,181,497</u>
Proprietary fund:	
Workers Compensation Fund	
Due from towns and cities	<u>\$ 20</u>
Fiduciary fund:	
Agency Fund	
Due from towns and cities	<u>\$ 737,862</u>

Blended Component Unit—Local Development Corporation

Receivables—The LDC reported \$50,000 of miscellaneous receivables due from various sources. Additionally, the LDC maintains a loan program. The loans have varying interest rates ranging from 3.0% to 6.0% and have repayment terms ranging from 3 to 15 years. The loans are collateralized by a priority security interest in any equipment, machinery, furnishings, or fixtures refinanced or purchased from loan proceeds. Loans receivable total \$729,403, and an allowance for doubtful accounts of \$182,558 has been established as of December 31, 2019.

Loans receivable are stated at principal plus accrued interest, if any. Such receivables are placed on non-accrual status when management believes, after considering economic conditions and collection efforts, that the loan is impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on non-accrual loans is recognized on to the extent cash payments are received. Interest on loans is recognized over the term of the loan and is calculated using the compounded-interest method on principal amounts outstanding. Expected repayment on the loans receivable is presented in the table below.

	<u>Year Ending December 31,</u>	
	2020	\$ 117,950
	2021	56,974
	2022	73,736
	2023	57,236
	2024	58,637
	2025-thereafter	<u>364,870</u>
Total		729,403
Less: current portion and allowance		<u>(300,508)</u>
Noncurrent loans receivable, net of allowance		<u>\$ 428,895</u>

4. CAPITAL ASSETS

Capital asset activity for the primary government's governmental activities for the year ended December 31, 2019 was as follows:

	<u>Balance</u> 1/1/2019	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 12/31/2019
Capital assets not being depreciated:				
Land	\$ 6,408,337	\$ -	\$ -	\$ 6,408,337
Construction in progress	<u>40,512,772</u>	<u>1,915,781</u>	<u>39,383,929</u>	<u>3,044,624</u>
Total capital assets, not being depreciated	<u>46,921,109</u>	<u>1,915,781</u>	<u>39,383,929</u>	<u>9,452,961</u>
Capital assets being depreciated:				
Land improvements	362,210	4,384,884	109,840	4,637,254
Buildings and improvements	62,273,995	13,491,571	861,511	74,904,055
Vehicles and equipment	23,731,000	2,078,899	730,850	25,079,049
Infrastructure	<u>80,751,957</u>	<u>24,481,770</u>	<u>-</u>	<u>105,233,727</u>
Total capital assets, being depreciated	<u>167,119,162</u>	<u>44,437,124</u>	<u>1,702,201</u>	<u>209,854,085</u>
Less accumulated depreciation:				
Land improvements	362,210	894,233	109,840	1,146,603
Buildings and improvements	25,180,226	2,009,328	525,881	26,663,673
Vehicles and equipment	17,180,133	1,661,842	682,579	18,159,396
Infrastructure	<u>43,734,138</u>	<u>12,416,224</u>	<u>-</u>	<u>56,150,362</u>
Total accumulated depreciation	<u>86,456,707</u>	<u>16,981,627</u>	<u>1,318,300</u>	<u>102,120,034</u>
Total capital assets, being depreciated, net	<u>80,662,455</u>	<u>27,455,497</u>	<u>383,901</u>	<u>107,734,051</u>
Governmental activities capital assets, net	<u>\$ 127,583,564</u>	<u>\$ 29,371,278</u>	<u>\$ 39,767,830</u>	<u>\$ 117,187,012</u>

During the year ended December 31, 2019, the County completed the court expansion project, contributing to a large portion of the infrastructure and buildings and improvement capital asset increases.

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

Governmental activities:	
General government support	\$ 833,351
Public safety	1,290,567
Health	31,729
Transportation	13,452,183
Economic assistance and opportunity	509,226
Culture and recreation	843,154
Home and community services	21,417
Total governmental activities	<u>\$ 16,981,627</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by the County’s governmental and propriety funds at December 31, 2019 were as follows:

	Governmental Funds					Proprietary Fund
	General Fund	County Road Fund	Capital Projects Fund	Nonmajor Funds	Governmental Funds	Workers' Compensation Fund
Salaries and employee benefits	\$ 985,743	\$ 92,889	\$ 1,628	\$ 26,002	\$ 1,106,262	\$ 5,008
Current compensated absences	2,456,495	158,738	-	60,109	2,675,342	16,831
Overpayments	42,139	-	-	-	42,139	-
Total	<u>\$ 3,484,377</u>	<u>\$ 251,627</u>	<u>\$ 1,628</u>	<u>\$ 86,111</u>	<u>\$ 3,823,743</u>	<u>\$ 21,839</u>

6. PENSION OBLIGATIONS

Plan Description and Benefits Provided

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

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

used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2019, the County reported the liability as outlined below for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of April 1, 2018, 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.

	<u>ERS</u>
Measurement date	<u>March 31, 2019</u>
Net pension liability	\$ 12,183,503
County's portion of the Plan's total net pension liability	0.1719545%

For the year ended December 31, 2019, the County recognized pension expense of \$6,676,526. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 2,399,187	\$ 3,126,960
Changes in assumptions	3,062,435	-
Net difference between projected and actual earnings on pension plan investments	-	2,531,826
Changes in proportion and differences between the County's contributions and proportionate share of contributions	254,857	817,856
County contributions subsequent to the measurement date	<u>4,194,480</u>	<u>-</u>
Total	<u>\$ 9,910,959</u>	<u>\$ 6,476,642</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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>ERS</u>
2020	\$ 1,544,294
2021	(3,085,916)
2022	(673,310)
2023	1,454,769

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

	ERS
Measurement date	March 31, 2019
Actuarial valuation date	April 1, 2018
Interest rate	7.00%
Salary scale	3.80%
Decrement tables	April 1, 2010- March 31, 2015
Inflation rate	2.5%
Cost-of-living adjustments	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2014. The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
	March 31, 2019	
Measurement date		
Asset class:		
Domestic equities	36.0 %	4.6 %
International equities	14.0	6.4
Private equity	10.0	7.5
Real estate	10.0	5.6
Absolute return strategies	2.0	3.8
Opportunistic portfolio	3.0	5.7
Real assets	3.0	5.3
Bonds and mortgages	17.0	1.3
Cash	1.0	(0.3)
Inflation-indexed bonds	4.0	1.3
Total	<u>100.0 %</u>	

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset) - ERS	\$ 53,268,218	\$ 12,183,503	\$ (22,330,573)

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

	(Dollars in Thousands)
	ERS
Valuation date	April 1, 2018
Employers' total pension liability	\$ 189,803,429
Plan fiduciary net position	<u>182,718,124</u>
Employers' net pension liability	<u>\$ 7,085,305</u>
System fiduciary net position as a percentage of total pension liability	96.3%

7. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description—The County provides certain healthcare benefits for retired employees of the County through a Retirement Benefits Plan (the “Plan”). The Plan is a single-employer defined benefit healthcare Plan administered by the County. The Plan provides medical, dental, and life insurance benefits to eligible retirees and their spouses. Substantially all of the County’s employees may become eligible for this benefit if they retire with twenty-five years of service to the County. The Plan does not issue a standalone financial report.

Employees Covered by Benefit Terms—At January 1, 2018, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	638
Active employees	<u>684</u>
Total	<u><u>1,322</u></u>

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

Total OPEB Liability

The County’s total OPEB liability for governmental activities of \$110,832,114, was measured as of December 31, 2019, and was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions and Other Inputs—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time

of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2018 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 4.11% effective January 1, 2019 to 2.74% effective December 31, 2019. Salary increases range from 3.00% to 8.00% and 3.30% to 27.00% for Non-PBA and PBA employees, respectively. Mortality rates were based on RP-2014 Headcount-Weighted Total Dataset Mortality Table projected fully-generationally using MP-2018 mortality improvement scale for employees and healthy annuitants. To estimate the change in the cost of healthcare, the actuaries' initial healthcare cost trend rate used ranged from 3.84% to 5.40%. An inflation rate of 2.20% was assumed for developing the rate of increase in healthcare costs. The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial valuation as of January 1, 2018 using census data and health care costs information.

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

	Governmental Activities
Balance at December 31, 2018	\$ 155,672,744
Changes for the year:	
Service cost	5,539,596
Interest	6,562,728
Differences between expected and actual experience	(73,466,414)
Changes in assumptions	20,745,547
Change of benefit terms	(1,120,323)
Benefit payments	(3,101,764)
Net changes	(44,840,630)
Balance at December 31, 2019	\$ 110,832,114

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

	1% Decrease (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
Governmental Activities:			
Total OPEB Liability	\$ 130,983,332	\$ 110,832,114	\$ 95,053,974

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the net OPEB liability of a 1% change in the initial (5.40%)/ultimate (3.84%) healthcare cost trend rates.

	1% Decrease (4.40/2.84%)	Healthcare Cost Trend Rates (5.40/3.84%)	1% Increase (6.40/4.84%)
Governmental Activities:			
Total OPEB Liability	\$ 90,900,944	\$ 110,832,114	\$ 137,331,714

Funding Policy—The contribution requirements of Plan are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required premium contribution rates of retirees range from 0.0% to 20.0%, depending on when the employee was hired. The County’s required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2019, the County governmental activities contributed \$3,101,764 to the Plan for current premiums. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

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 the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The table below presents the County’s deferred outflows of resources and deferred inflows of resources at December 31, 2019.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 17,287,956	\$ 73,750,426
Total	<u>\$ 17,287,956</u>	<u>\$ 73,750,426</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:

<u>Year ending December 31,</u>	<u>Governmental Activities</u>
2020	\$ (11,918,915)
2021	(11,918,915)
2022	(11,918,915)
2023	(11,918,912)
2024	(8,786,813)

8. RISK MANAGEMENT

The County is exposed to various risks of loss related to property damage and destruction of assets, vehicle liability, and injuries to employees. The County purchases commercial insurance to cover such potential risks. The County purchases insurance for general liability, property, automobile, building, law enforcement, crime, earthquake, flood and miscellaneous liability. The general liability insurance is limited to \$1 million per occurrence and an aggregate \$3 million limit. All other policies have limits ranging from \$1 million to \$20 million. The County has not incurred claims over the respective coverage limits in any of the last three fiscal years.

The County assumes the liability for most risk for workers’ compensation and unemployment losses associated with the self-insurance plans. Asserted and incurred but not reported claims and judgments are recorded, when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonable estimated. Such recording is consistent with the requirements of GASB.

The County sponsors and participates in a Workers’ Compensation Fund pursuant to Workers’ Compensation Law to finance the liability and risks related to workers’ compensation claims. The workers’ compensation plan is a municipal risk sharing pool, which is administered by the County and insures workers’ compensation for all employees of the participants. In addition to the County, participation in the plan includes 42 entities. The County is responsible for the administration of the plan and its reserves.

Participant contributions are financed on an estimated claim basis with excess contributions transferred to the reserve at the end of the fiscal year.

The changes since January 1, 2018 in risk financing activities for workers' compensation claims are presented below:

Year Ended December 31,	Liability, Beginning of Year	Claims and Adjustments	Claim Payments and Adjustments	Liability, End of Year
2019	\$ 1,624,000	\$ 815,932	\$ 580,932	\$ 1,859,000
2018	1,775,000	95,440	246,440	1,624,000

9. LEASE OBLIGATIONS

Capital Leases—During the years ended December 31, 2006 and 2007, the County entered into long-term capital leases for various capital improvements to the County Countryside adult home and County municipal center. Total minimum lease payments at December 31, 2019 are \$909,399, of which \$61,608 represents imputed interest costs. A \$847,790 long-term liability has been recorded within the County's governmental activities. The assets acquired through the capital leases are presented below:

	Governmental Activities
Assets:	
Buildings and improvements	\$ 2,824,099
Less: accumulated depreciation	(818,719)
Total	<u>\$ 2,005,380</u>

Payments on the leases commenced in 2005, 2006 and 2007 and are due monthly, quarterly, and annually, respectively. Total payments range between \$6,886 and \$290,236, with the final payment due December 1, 2022. The interest rates range from 2.85% to 4.35%. The obligation under the lease can be summarized in the table below.

Year Ending December 31,	Governmental Activities
2020	\$ 300,739
2021	310,739
2022	<u>297,921</u>
Total minimum lease payments	909,399
Less: amount representing imputed interest	<u>(61,608)</u>
Present value of minimum lease payments	<u>\$ 847,791</u>

10. LONG-TERM LIABILITIES

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. 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, WTASC bonds payable and accreted interest, compensated absences, capital leases, other postemployment benefits ("OPEB") obligation, workers' compensation, and net pension liability. The serial bonds of the County are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the County's long-term debt for the year ended December 31, 2019 is presented below:

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019	Due Within One Year
Governmental activities:					
Serial bonds	\$ 42,590,000	\$ -	\$ 2,725,000	\$ 39,865,000	\$ 2,755,000
Premium on serial bonds	330,208	-	17,889	312,319	17,889
Bonds payable	42,920,208	-	2,742,889	40,177,319	2,772,889
WTASC bonds and accreted interest	6,680,505	253,681	155,000	6,779,186	755,000
Noncurrent compensated absences	3,107,873	11,517	103,373	3,016,017	226,774
Capital leases	1,098,991	-	251,201	847,790	270,000
OPEB obligation	155,672,744	32,847,871	77,688,501	110,832,114	-
Workers' compensation	1,624,000	815,932	580,932	1,859,000	-
Net pension liability*	5,388,554	6,794,949	-	12,183,503	-
Total governmental activities	<u>\$ 216,492,875</u>	<u>\$ 40,723,950</u>	<u>\$ 81,521,896</u>	<u>\$ 175,694,929</u>	<u>\$ 4,024,663</u>

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

Serial Bonds—The County issues bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the County.

Principal is paid annually, interest is paid semi-annually and are recorded in the Debt Service Fund and WTASC Debt Service Fund. A summary of additions and reductions for the year ended December 31, 2019 is shown below:

Description	Original Issue	Issue/ Maturity	Interest Rate (%)	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019	Due Within One Year
Governmental activities - County:								
Public improvement bonds	\$ 21,480,000	2009/2034	2.6	\$ 16,265,000	\$ -	\$ 695,000	\$ 15,570,000	\$ 725,000
Public improvement refunding bonds	11,340,000	2012/2023	2.0-5.0	5,430,000	-	1,105,000	4,325,000	1,085,000
Court expansion bonds	8,000,000	2015/2035	2.0-3.3	7,325,000	-	345,000	6,980,000	355,000
Court expansion and NSTEM bonds	14,263,765	2017/2037	3.0	13,570,000	-	580,000	12,990,000	590,000
Total governmental activities - County				<u>\$ 42,590,000</u>	<u>\$ -</u>	<u>\$ 2,725,000</u>	<u>\$ 39,865,000</u>	<u>\$ 2,755,000</u>

Premiums on Serial Bonds—Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized within governmental activities. The premiums are being amortized on a short-line annual basis over the life of the bonds. The unamortized premiums outstanding at December 31, 2019 is \$312,319 for the County.

Warren Tobacco Asset Securitization Corporation (“WTASC”)—Changes in WTASC’s long-term debt for the year ended December 31, 2019 are as follows:

Description	Balance 1/1/2019	Increase	Decrease	Balance 12/31/2019	Due Within One Year*
Tobacco Settlement Bonds:					
Series 2001	<u>\$ 2,825,000</u>	<u>\$ -</u>	<u>\$ 155,000</u>	<u>\$ 2,670,000</u>	<u>\$ 755,000</u>

*Actual amounts due within one year may vary based on receipt of TSRs and WTASC’s ability to make the payment of principal and interest.

Subordinate Turbo CABs—Interest on the subordinate turbo CABs is compounded semiannually on June 1 and December 1, but is not payable until bond maturity. Interest accretes until both principal and accreted interest are paid. Future interest accretion has been recorded as bond discount and amortized as the current interest accretes. The accrued interest on the subordinate turbo CABs is reflected within the subordinate turbo CABs liability.

	Interest Rate	Original Principal	Beginning Balance 1/1/2019	Annual Net Interest Accretion	Turbo Redemption Payments	Ending Balance 12/31/2019
Subordinate	6.00% -					
Turbo CABs	7.15%	\$ 1,852,507	<u>\$ 3,855,505</u>	<u>\$ 253,681</u>	<u>\$ -</u>	<u>\$ 4,109,186</u>

Redemption of the Subordinate Turbo CABs as outlined in the New York Counties Tobacco Trust V Tobacco Settlement Pass-Through Bonds, Series 2004 official statement totals \$1,852,507 with interest rates ranging from 6.00% to 7.15%. During the year ended December 31, 2019, WTASC did not make any redemption payments.

Any debt service amounts not paid in accordance with the Subordinate Turbo CABs redemption payments schedule will be due and payable on the following maturity dates:

Series 2005 S1	June 1, 2038
Series 2005 S2	June 1, 2050
Series 2005 S3	June 1, 2055
Series 2005 4A	June 1, 2060

Compensated Absences—As explained in Note 1, the County records the value of compensated absences (primarily accrued vacation and sick time benefits) in long-term liabilities of the governmental activities. The annual budget of the operating funds provides funding for the current portion of these benefits. The value recorded at December 31, 2019 for governmental activities is \$3,016,017 for accrued sick and vacation time. Management estimates that \$2,675,342 and \$16,831 of vacation time is due within one year and is included within governmental funds’ accrued liabilities and internal service funds’ noncurrent liabilities due within one year, respectively. Additionally, management estimates \$226,774 of long-term sick time benefits to be due within one year.

Capital Leases—The County entered into long-term capital leases for various capital improvements. The outstanding balance at December 31, 2019 was \$847,790. Refer to Note 9 for additional information related to the County’s leases.

OPEB Obligation—As explained in Note 7, the County provides medical, dental, and life insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The County’s annual OPEB cost is calculated based on the annual required contributions of the employer, an

amount actuarially determined in accordance with GASB. The County's long-term OPEB obligation is estimated to be \$110,832,114 at December 31, 2019.

Workers' Compensation—As explained in Note 8, the County reports a workers' compensation liability from administering their self-insurance plan within its governmental activities. The total workers' compensation liability outstanding at December 31, 2019 is \$1,859,000.

Net Pension Liability—The County reports a liability for its proportionate share of the net pension liability for the Employee Retirement System. The County's net pension liability is estimated to be \$12,183,503. Refer to Note 6 for additional information related to the County's net pension liability.

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

Governmental Activities									
Year ending December 31,	Serial Bonds	Premium on Serial Bonds	WTASC Bonds	Compensated Absences	Capital Leases	OPEB Obligation	Workers' Compensation	Net Pension Liability	Total
2020	\$ 2,755,000	\$ 17,889	\$ 755,000	\$ 226,774	\$ 270,000	\$ -	\$ -	\$ -	\$ 4,024,663
2021	2,810,000	17,889	360,000	-	280,000	-	-	-	3,467,889
2022	2,865,000	17,889	385,000	-	297,790	-	-	-	3,565,679
2023	2,940,000	17,889	405,000	-	-	-	-	-	3,362,889
2024	1,920,000	17,889	425,000	-	-	-	-	-	2,362,889
2025-2029	10,695,000	89,445	340,000	-	-	-	-	-	11,124,445
2030-2034	12,750,000	89,445	-	-	-	-	-	-	12,839,445
2035-thereafter	3,130,000	43,984	4,109,186	2,789,243	-	110,832,114	1,859,000	12,183,503	134,947,030
Total	<u>\$ 39,865,000</u>	<u>\$ 312,319</u>	<u>\$ 6,779,186</u>	<u>\$ 3,016,017</u>	<u>\$ 847,790</u>	<u>\$ 110,832,114</u>	<u>\$ 1,859,000</u>	<u>\$ 12,183,503</u>	<u>\$ 175,694,929</u>

Interest requirements on governmental activities serial bonds are as follows:

Year Ending December 31,	County Interest	WTASC Interest	Capital Leases Interest	Total
2020	\$ 1,581,833	\$ 131,475	\$ 30,480	\$ 1,743,788
2021	1,486,498	99,762	20,722	1,606,982
2022	1,368,507	78,344	10,406	1,457,257
2023	1,247,452	55,632	-	1,303,084
2024	1,123,271	31,769	-	1,155,040
2025-2029	4,461,288	9,775	-	4,471,063
2030-2034	2,145,654	-	-	2,145,654
2035-2039	127,263	-	-	127,263
Total	<u>\$ 13,541,766</u>	<u>\$ 406,757</u>	<u>\$ 61,608</u>	<u>\$ 14,010,131</u>

11. NET POSITION AND FUND BALANCE

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

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

Capital assets, net of accumulated depreciation		\$ 117,187,012
Related debt:		
Serial bonds—County	\$ (39,865,000)	
Unamortized bond premiums	(312,319)	
Bonds payable—WTASC	(2,670,000)	
Capital leases	(847,790)	
Unspent proceeds of debt	<u>3,272,604</u>	<u>(40,422,505)</u>
Net investment in capital assets		<u>\$ 76,764,507</u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The total restricted component of net position of \$8,511,480 is restricted for Westmount legacy costs, occupancy tax, debt service, and other purposes (forfeitures crime, probation, environmental testing, and STOP DWI) in the amounts of \$4,543,377, \$2,350,233, \$492,710 and \$1,125,160, respectively.
- **Unrestricted Net Position**—This category represents net position of the County not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the County at December 31, 2019 includes:

- **Prepaid Items**—Represents amounts prepaid to the retirement system that are applicable to future accounting periods. The General Fund, County Road Fund, Capital Projects, Special Grant, and Road Machinery Fund reported amounts of \$1,463,458, \$91,845, \$3,159, \$10,911, and \$47,493, respectively, at December 31, 2019.
- **Inventory**—Represents inventory held by the County that are not in spendable form. The General Fund, County Road Fund, and Road Machinery Fund reported amounts of \$113,048, \$20,497, and \$166,824, respectively, at December 31, 2019.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. As of December 31, 2019, the County reported the following restricted fund balances:

	Westmount Legacy Costs	Capital	Occupancy Tax	Debt Service	Insurance/ Employee Benefits	Other			Total Restricted	
						Forfeitures Crime	Probation	Environmental Testing		STOP DWI
General Fund	\$ 4,527,910	\$ 1,494,590	\$ 2,350,233	\$ -	\$ 100,000	\$ 608,208	\$ 2,902	\$ 240,197	\$ 173,853	\$ 9,497,893
County Road Fund	-	1,155,480	-	-	-	-	-	-	-	1,155,480
Capital Projects Fund	-	5,282,281	-	-	-	-	-	-	-	5,282,281
Nonmajor funds:										
Road Machinery Fund	-	15,467	-	-	-	-	-	-	-	15,467
Debt Service Fund	-	-	-	29,920	-	-	-	-	-	29,920
WTASC Fund	-	-	-	462,790	-	-	-	-	-	462,790
Total	<u>\$ 4,527,910</u>	<u>\$ 7,947,818</u>	<u>\$ 2,350,233</u>	<u>\$ 492,710</u>	<u>\$ 100,000</u>	<u>\$ 608,208</u>	<u>\$ 2,902</u>	<u>\$ 240,197</u>	<u>\$ 173,853</u>	<u>\$ 16,443,831</u>

- **Restricted for Westmount Legacy Costs**—Represents amounts which will be used to pay future costs associated with the County’s former nursing home facility.
- **Restricted for Capital**—Represents amounts which will be used to pay for the costs of capital expenditures.

- **Restricted for Occupancy Tax**—Represents amounts which will be used to fund future costs related to tourism. A portion of this amount, \$590,030, has been appropriated within the 2020 General Fund budget.
- **Restricted for Debt Service**—Represents amounts that are restricted for the reduction of future debt service requirements.
- **Restricted for Insurance/Employee Benefits**—Represents amounts that are restricted to pay future costs associated with insurance and employee benefits.
- **Restricted for Other**—Represents amounts restricted for future costs related to forfeitures crime, probation, environmental testing, and STOP DWI programs.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the County’s highest level of decision-making authority. As of December 31, 2019, the County had no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the County Board of Supervisors, 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 may represent the residual amount of fund balance.

As of December 31, 2019, the County reported the following fund balance assignments:

	<u>Encumbrances</u>	Subsequent Year's <u>Expenditures</u>	Specific <u>Use</u>	Total <u>Assigned</u>
General Fund	\$ 347,155	\$ 1,000,000	\$ 50,000	\$ 1,397,155
County Road Fund	75,392	510,000	797,514	1,382,906
Nonmajor funds:				
Road Machinery Fund	452,440	395,000	169,121	1,016,561
Sewer Fund	-	-	37,011	37,011
Total	<u>\$ 874,987</u>	<u>\$ 1,905,000</u>	<u>\$ 1,053,646</u>	<u>\$ 3,833,633</u>

- **Assigned to Encumbrances**—Represents commitments related to unperformed contracts or purchase orders for goods or services.
- **Assigned to Subsequent Year’s Expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2020 fiscal year.
- **Assigned to Specific Use**—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignments’ purpose relates to each fund’s operations and represents the remaining amounts within funds that are not restricted or committed.

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

12. 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. The composition of interfund balances as of December 31, 2019 is presented below:

Fund	Receivable	Payable
General	\$ 4,547,596	\$ 1,276,174
County Road	119,601	1,098,652
Capital Projects	1,628,605	3,711,554
Nonmajor funds:		
Special Grant	2,844	88,159
Road Machinery	1,768	160,041
Debt Service	276	-
Total governmental funds	6,300,690	6,334,580
Workers' Compensation	7,435	30,296
Unemployment	27,110	-
Total proprietary funds	34,545	30,296
Agency	346,490	316,849
Total	<u>\$ 6,681,725</u>	<u>\$ 6,681,725</u>

The County made the following transfers during the year ended December 31, 2019:

Fund	Transfers In	Transfers Out
General	\$ 594,818	\$ 6,036,253
County Road	912,361	561,315
Capital Projects	1,497,297	612,054
Nonmajor funds:		
Road Machinery	502,000	334,970
Debt Service	4,386,241	-
WTASC	-	348,125
Total governmental funds	<u>\$ 7,892,717</u>	<u>\$ 7,892,717</u>

Transfers are used primarily to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or 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 projects.

Interfund Revenues—The County allocates County Road Fund and Road Machinery Fund costs incurred in the road maintenance of the County to other funds based on their proportionate benefit of the total costs allocated. In 2019, the County has reported interfund revenues of \$174,228 and \$1,185,976 in the County Road Fund and Road Machinery Fund, respectively. The amounts are reported as transportation expenditures in the County Road Fund and Road Machinery Fund, as well as in the benefitting funds.

13. AGENCY FUNDS

The Agency Fund exists for employee withholding and temporary deposit funds. A summary of changes in the assets and liabilities for the year ended December 31, 2019 is presented below:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
ASSETS				
Cash and cash equivalents	\$ 6,815,844	\$ 93,752,273	\$ 92,340,172	\$ 8,227,945
Intergovernmental receivables	717,869	838,484	818,491	737,862
Due from other funds	450,468	60,474,121	60,578,099	346,490
Other assets	17,826	95,417	103,973	9,270
Total assets	<u>\$ 8,002,007</u>	<u>\$ 155,160,295</u>	<u>\$ 153,840,735</u>	<u>\$ 9,321,567</u>
LIABILITIES				
Agency liabilities	\$ 7,775,886	\$ 128,386,431	\$ 127,157,599	\$ 9,004,718
Due to other funds	226,121	435,605	344,877	316,849
Total liabilities	<u>\$ 8,002,007</u>	<u>\$ 128,822,036</u>	<u>\$ 127,502,476</u>	<u>\$ 9,321,567</u>

14. JOINTLY GOVERNED ORGANIZATIONS

SUNY Adirondack—The operation of SUNY Adirondack is undertaken jointly with Washington County, under the provisions of Article 126 of Education Law, and is excluded from the County’s financial statements. Separate financial statements are issued for the college. The County’s share of the operating costs for the year ended December 31, 2019 was \$2,007,585.

Lake Champlain-Lake George Regional Planning Board—The operation of the Lake Champlain-Lake George Regional Planning Board is undertaken jointly with the counties of Essex, Clinton, Hamilton, and Washington under Article 12-6, Section 239-b of the General Municipal Law and is excluded from the County’s financial statements. Separate financial statements are issued for the board. The County’s share of the operating costs for the year ended December 31, 2019 was \$12,954.

Lake Champlain-Lake George Regional Development Corporation—The operation of the Lake Champlain-Lake George Regional Development Corporation is undertaken jointly with the counties of Essex, Clinton, Hamilton, and Washington under Section 402 and 1411 of the Not-for-Profit Corporation Laws of New York State and is excluded from the County’s financial statements. Separate financial statements are issued for the corporation. The County’s share of the operating costs for the year ended December 31, 2019 was \$0.

Counties of Warren and Washington Industrial Development Agency—The Agency was created in 1971 by the Warren and Washington Boards of Supervisors under the provisions of Chapter 862 of 1971 Laws of New York State for the purpose of encouraging economic growth in the Counties of Warren and Washington and is excluded from the County’s financial statements. The County’s share of the operating costs for the year ended December 31, 2019 was \$0.

15. LABOR CONTRACTS

The County’s employees operate under five collective bargaining units, with the balance governed by County rules and regulations. The contracts of the following were all settled as of December 31, 2019: the CSEA Unit 857, the Warren County Police Benevolent Association, the Warren County Sheriff’s Employees Alliance, Warren County PSBA, and the Warren County Correctional Supervisors Association.

16. TAX ABATEMENTS

The County is subject to tax abatements granted by the Town of Queensbury (the “Town”) and the Counties of Warren and Washington Industrial Development Agency (the “IDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the Town and IDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the County, the abatements have resulted in reductions of property taxes, which the County administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the Town and IDA, the County collected \$129,140 during 2019 in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$235,594 in property taxes.

17. CONTINGENCIES

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

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

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

18. 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 to be significant for amounts that are encumbered in excess of \$200,000. As of December 31, 2019, the County reported the following significant encumbrances:

Purpose	Amount
Road and Bridge Improvement - Capital Project Fund	\$ 618,308
Court expansion - Capital Project Fund	576,793
Airport Equipment - Capital Project Fund	407,598
Automotive equipment - Road Machinery Fund	233,866
Total	<u>\$ 1,836,565</u>

19. RELATED PARTIES

Warren County Tobacco Asset Securitization Corporation (“WTASC”)—The County provides WTASC with administrative services. WTASC paid the County \$30,000 and \$0 for administrative expenses for the years ended December 31, 2019 and December 31, 2018, respectively.

Warren County Local Development Corporation (“LDC”)—An agreement between the LDC and the County requires the County to pay a support fee for services rendered in administrating the development grants of the County. The support fee revenue amounted to \$50,000 for the years ended December 31, 2019 and 2018. The LDC contracts for administrative and management services with Economic Development Corporation (“EDC”) Warren County at a cost of \$50,000 per year. These costs are included in the unrestricted expenses - administrative on the statements of activities.

20. SUBSEQUENT EVENTS

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and resulted in a severe disruption of operations for organizations. The extent of the impact of COVID-19 on the County’s operational and financial performance will depend on further developments, including the duration and spread of the outbreak, impact on patients, employees and vendors all of which cannot be predicted.

On February 26, 2020, the County issued \$13,070,000 in public improvement refunding (serial) bonds with an interest rate ranging between 4.0-6.879 percent. The bonds are being issued to refund \$15,570,000 of the outstanding principal of the County’s portion of the \$31,290,000 State of New York Municipal Bond Bank Agency Recovery Act Bonds Series 2009 B. The bonds mature on December 1, 2034.

Management has evaluated subsequent events through August 31, 2020, which is the date the financial statements are available for issuance, and have determined, except as disclosed above, there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF WARREN, NEW YORK
Schedule of the County's Proportionate Share of the
Net Pension Liability—Employees' Retirement System
Last Six Fiscal Years*

	Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
County's proportion of the net pension liability	0.1719545%	0.1669605%	0.1724930%	0.1771672%	0.1769295%	0.1769295%
County's proportionate share of the net pension liability	<u>\$ 12,183,503</u>	<u>\$ 5,388,556</u>	<u>\$ 16,207,822</u>	<u>\$ 28,435,828</u>	<u>\$ 5,977,113</u>	<u>\$ 7,995,198</u>
County's covered payroll	\$ 35,775,635	\$ 34,831,898	\$ 33,915,407	\$ 34,958,438	\$ 36,422,592	\$ 36,783,105
County's proportionate share of the net pension liability as a percentage of its covered payroll	34.1%	15.5%	47.8%	81.3%	16.4%	21.7%
Plan fiduciary net position as a percentage of the total pension liability	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

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

COUNTY OF WARREN, NEW YORK
Schedule of the County's Contributions—
Employees' Retirement System
Last Six Fiscal Years*

	Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 5,572,084	\$ 5,520,418	\$ 5,610,011	\$ 5,896,377	\$ 6,420,262	\$ 6,973,699
Contributions in relation to the contractually required contribution	<u>(5,572,084)</u>	<u>(5,520,418)</u>	<u>(5,610,011)</u>	<u>(5,896,377)</u>	<u>(6,420,262)</u>	<u>6,973,699</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 37,104,312	\$ 35,541,525	\$ 34,526,552	\$ 33,829,391	\$ 37,965,481	\$ 35,733,201
Contributions as a percentage of covered-employee payroll	15.0%	15.5%	16.2%	17.4%	16.9%	19.5%

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

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

Governmental activities:

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 5,539,596	\$ 6,454,563
Interest	6,562,728	5,867,223
Differences between expected and actual experience	(73,466,414)	-
Changes of assumptions	20,745,547	(18,792,621)
Change of benefit terms	(1,120,323)	-
Benefit payments	<u>(3,101,764)</u>	<u>(3,888,449)</u>
Net changes in total OPEB liability	<u>(44,840,630)</u>	<u>(10,359,284)</u>
Total OPEB liability—beginning	<u>155,672,744</u>	<u>166,032,028</u>
Total OPEB liability—ending	<u>\$ 110,832,114</u>	<u>\$ 155,672,744</u>
Plan fiduciary net position		
Contributions—employer	3,101,764	3,888,449
Benefit payments	(3,101,764)	(3,888,449)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>
OPEB Liability—ending	<u>\$ 110,832,114</u>	<u>\$ 155,672,744</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered-employee payroll	\$ 39,792,111	\$ 32,698,047
County's net OPEB liability as a percentage of covered-employee payroll	278.53%	476.09%

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

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

COUNTY OF WARREN, NEW YORK
Schedule of Revenues, Expenditures, and Changes in
Fund Balances—Budget and Actual—General Fund
Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 34,272,067	\$ 34,272,067	\$ 34,379,011	\$ 106,944
Real property tax items	2,125,560	2,125,560	2,749,411	623,851
Non-property tax items	58,811,376	58,811,376	62,799,232	3,987,856
Departmental income	10,874,663	10,876,163	10,695,594	(180,569)
Intergovernmental charges	881,656	1,157,152	1,079,059	(78,093)
Licenses and permits	665,196	665,196	231,985	(433,211)
Fines and forfeitures	250,524	250,524	329,940	79,416
Use of money and property	944,564	944,564	1,636,040	691,476
Sale of property and compensation for loss	8,950	557,370	577,671	20,301
Miscellaneous	523,714	532,714	1,078,644	545,930
State aid	15,744,923	18,153,826	14,889,157	(3,264,669)
Federal aid	11,186,668	11,337,634	10,535,505	(802,129)
Total revenues	<u>136,289,861</u>	<u>139,684,146</u>	<u>140,981,249</u>	<u>1,297,103</u>
EXPENDITURES				
Current:				
General government support	41,454,791	41,829,618	42,387,091	(557,473)
Education	2,332,585	2,393,564	2,393,564	-
Public safety	27,892,838	30,650,737	29,782,295	868,442
Health	16,366,840	17,068,267	15,438,508	1,629,759
Transportation	668,356	668,356	552,173	116,183
Economic assistance and opportunity	42,216,666	42,493,627	41,787,528	706,099
Culture and recreation	1,451,478	1,591,072	1,468,949	122,123
Home and community services	1,376,034	1,347,222	1,206,306	140,916
Employee benefits	60,000	60,000	32,324	27,676
Debt service:				
Principal	251,201	251,201	251,200	1
Interest and fiscal charges	39,539	39,539	39,538	1
Total expenditures	<u>134,110,328</u>	<u>138,393,203</u>	<u>135,339,476</u>	<u>3,053,727</u>
Excess (deficiency) of revenues over expenditures	<u>2,179,533</u>	<u>1,290,943</u>	<u>5,641,773</u>	<u>4,350,830</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	348,125	550,013	594,818	44,805
Transfers out	<u>(4,656,251)</u>	<u>(6,522,252)</u>	<u>(6,036,253)</u>	<u>485,999</u>
Total other financing sources (uses)	<u>(4,308,126)</u>	<u>(5,972,239)</u>	<u>(5,441,435)</u>	<u>530,804</u>
Net change in fund balances *	(2,128,593)	(4,681,296)	200,338	4,881,634
Fund balances—beginning	-	-	-	-
Fund balances—ending	<u>\$ (2,128,593)</u>	<u>\$ (4,681,296)</u>	<u>\$ 200,338</u>	<u>\$ 4,881,634</u>

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

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

COUNTY OF WARREN, NEW YORK
Schedule of Revenues, Expenditures, and Changes in
Fund Balances—Budget and Actual—County Road Fund
Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 8,094,163	\$ 8,094,163	\$ 8,094,164	\$ 1
Intergovernmental charges	124,625	124,625	84,661	(39,964)
Use of money and property	22,000	22,000	80,178	58,178
Sale of property and compensation for loss	-	-	2,691	2,691
Miscellaneous	-	-	205	205
Interfund revenues	175,800	175,800	174,228	(1,572)
State aid	2,023,855	2,254,603	2,250,828	(3,775)
Federal aid	2,254	2,254	2,055	(199)
Total revenues	<u>10,442,697</u>	<u>10,673,445</u>	<u>10,689,010</u>	<u>15,565</u>
EXPENDITURES				
Current:				
Public safety	639,353	595,061	534,183	60,878
Transportation	10,147,481	12,811,102	11,363,100	1,448,002
Total expenditures	<u>10,786,834</u>	<u>13,406,163</u>	<u>11,897,283</u>	<u>1,508,880</u>
Excess (deficiency) of revenues over expenditures	<u>(344,137)</u>	<u>(2,732,718)</u>	<u>(1,208,273)</u>	<u>1,524,445</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	912,340	912,361	21
Transfers out	(198,470)	(563,810)	(561,315)	2,495
Total other financing sources (uses)	<u>(198,470)</u>	<u>348,530</u>	<u>351,046</u>	<u>2,516</u>
Net change in fund balances*	(542,607)	(2,384,188)	(857,227)	1,526,961
Fund balances—beginning	<u>3,507,955</u>	<u>3,507,955</u>	<u>3,507,955</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,965,348</u>	<u>\$ 1,123,767</u>	<u>\$ 2,650,728</u>	<u>\$ 1,526,961</u>

* 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.

COUNTY OF WARREN, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2019

1. OPEB LIABILITY

Changes of Assumptions—Significant changes in assumptions reflect the effects of changes in the long-term discount rate, and the healthcare trend rate. The discount rate changed from 4.11% at December 31, 2018 to 2.74% at December 31, 2019, contributing to the decrease in the County’s OPEB liability. The health care trend rate decreased from 5.40% at December 31, 2018 to 3.84% at December 31, 2019.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Capital Projects Fund, Special Grant Fund, WTASC Fund, and Workers’ Compensation Fund. These funds are appropriated on a project-length basis; appropriations are approved through a County resolution at the project’s inception and lapse upon completion/termination of the project.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the County Board of Supervisors, with certain exceptions that can be approved by the County Administrator. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the year except if they have related encumbrances that will be carried over to the subsequent year.

Actual results of operations presented in accordance with GAAP and the County’s accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. Significant encumbrances are disclosed in the notes to the financial statements.

Excess of Expenditures over Appropriations—For the year ended December 31, 2019, the County’s General Fund had expenditures in excess of the final budgeted amount within general government support in the amount of \$557,473 as a result of higher than anticipated expenditures.

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SUPPLEMENTARY INFORMATION

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COUNTY OF WARREN, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2019

	<u>Special Revenue</u>					<u>Total Nonmajor Funds</u>
	<u>Special Grant</u>	<u>Road Machinery</u>	<u>Sewer</u>	<u>Debt Service</u>	<u>WTASC</u>	
ASSETS						
Cash and cash equivalents	\$ 40,743	\$ 1,238,526	\$ 35,746	\$ -	\$ 35,527	\$ 1,350,542
Restricted cash and cash equivalents	21,446	15,467	-	29,644	427,263	493,820
Receivables (net of allowances):						
Other	-	34,153	1,265	-	-	35,418
Intergovernmental receivables	76,239	176,320	-	-	-	252,559
Due from other funds	2,844	1,768	-	276	-	4,888
Inventory	-	166,824	-	-	-	166,824
Prepaid items	10,911	47,493	-	-	-	58,404
Total assets	<u>\$ 152,183</u>	<u>\$ 1,680,551</u>	<u>\$ 37,011</u>	<u>\$ 29,920</u>	<u>\$ 462,790</u>	<u>\$ 2,362,455</u>
LIABILITIES						
Accounts payable	\$ 14,999	\$ 215,438	\$ -	\$ -	\$ -	\$ 230,437
Accrued liabilities	27,579	58,532	-	-	-	86,111
Intergovernmental payables	-	195	-	-	-	195
Due to other funds	88,159	160,041	-	-	-	248,200
Unearned revenue	21,446	-	-	-	-	21,446
Total liabilities	<u>152,183</u>	<u>434,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>586,389</u>
FUND BALANCES (DEFICIT)						
Nonspendable	10,911	214,317	-	-	-	225,228
Restricted	-	15,467	-	29,920	462,790	508,177
Assigned	-	1,016,561	37,011	-	-	1,053,572
Unassigned	(10,911)	-	-	-	-	(10,911)
Total fund balances (deficit)	<u>-</u>	<u>1,246,345</u>	<u>37,011</u>	<u>29,920</u>	<u>462,790</u>	<u>1,776,066</u>
Total liabilities and fund balances (deficit)	<u>\$ 152,183</u>	<u>\$ 1,680,551</u>	<u>\$ 37,011</u>	<u>\$ 29,920</u>	<u>\$ 462,790</u>	<u>\$ 2,362,455</u>

COUNTY OF WARREN, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended December 31, 2019

	<u>Special Revenue</u>				<u>WTASC</u>	<u>Total Nonmajor Funds</u>
	<u>Special Grant</u>	<u>Road Machinery</u>	<u>Sewer</u>	<u>Debt Service</u>		
REVENUES						
Real property taxes	\$ -	\$ 1,313,866	\$ 3,738	\$ -	\$ -	\$ 1,317,604
Departmental income	-	-	9,802	-	-	9,802
Use of money and property	-	18,560	46	3,465	27,260	49,331
Sale of property and compensation for loss	-	128,862	-	-	-	128,862
Interfund revenues	-	1,185,976	-	-	-	1,185,976
Federal aid	743,673	11,220	-	-	-	754,893
Tobacco settlement revenue	-	-	-	-	696,249	696,249
Total revenues	<u>743,673</u>	<u>2,658,484</u>	<u>13,586</u>	<u>3,465</u>	<u>723,509</u>	<u>4,142,717</u>
EXPENDITURES						
Current:						
General government support	-	-	-	-	58,705	58,705
Transportation	-	2,606,427	-	-	-	2,606,427
Economic Assistance and opportunity	704,606	-	-	-	-	704,606
Home and community services	39,067	-	9,614	-	-	48,681
Debt service:						
Principal	-	-	-	2,725,000	155,000	2,880,000
Interest and fiscal charges	-	-	-	1,661,241	157,197	1,818,438
Total expenditures	<u>743,673</u>	<u>2,606,427</u>	<u>9,614</u>	<u>4,386,241</u>	<u>370,902</u>	<u>8,116,857</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>52,057</u>	<u>3,972</u>	<u>(4,382,776)</u>	<u>352,607</u>	<u>(3,974,140)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	502,000	-	4,386,241	-	4,888,241
Transfer out	-	(334,970)	-	-	(348,125)	(683,095)
Total other financing sources (uses)	<u>-</u>	<u>167,030</u>	<u>-</u>	<u>4,386,241</u>	<u>(348,125)</u>	<u>4,205,146</u>
Net change in fund balances	-	219,087	3,972	3,465	4,482	231,006
Fund balances—beginning	-	1,027,258	33,039	26,455	458,308	1,545,060
Fund balances—ending	<u>\$ -</u>	<u>\$ 1,246,345</u>	<u>\$ 37,011</u>	<u>\$ 29,920</u>	<u>\$ 462,790</u>	<u>\$ 1,776,066</u>

COUNTY OF WARREN, NEW YORK
Combining Statement of Net Position—Internal Service Funds
December 31, 2019

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u>	<u>Total</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,986,385	\$ 86,134	\$ 3,072,519
Resctricted cash and cash equivalents	1,600	-	1,600
Intergovernmental receivables	20	-	20
Due from other funds	7,435	27,110	34,545
Prepaid items	5,336	-	5,336
Total current assets	<u>3,000,776</u>	<u>113,244</u>	<u>3,114,020</u>
Total assets	<u>3,000,776</u>	<u>113,244</u>	<u>3,114,020</u>
LIABILITIES			
Current liabilities:			
Accounts payable	48,362	-	48,362
Accrued liabilities	5,008	-	5,008
Intergovernmental payables	-	16,042	16,042
Due to other funds	30,296	-	30,296
Unearned revenue	1,600	-	1,600
Total current liabilities	<u>85,266</u>	<u>16,042</u>	<u>101,308</u>
Noncurrent liabilities:			
Due within one year:			
Compensated absences	16,831	-	16,831
Workers' compensation	1,859,000	-	1,859,000
Total noncurrent liabilities	<u>1,875,831</u>	<u>-</u>	<u>1,875,831</u>
Total liabilities	<u>1,961,097</u>	<u>16,042</u>	<u>1,977,139</u>
NET POSITION			
Unrestricted	<u>1,039,679</u>	<u>97,202</u>	<u>1,136,881</u>
Total net position	<u>\$ 1,039,679</u>	<u>\$ 97,202</u>	<u>\$ 1,136,881</u>

COUNTY OF WARREN, NEW YORK
Combining Statement of Revenues, Expenses, and Changes in Net Position—
Internal Service Funds
Year Ended December 31, 2019

	Workers'	Unemployment	Total
	Compensation	Unemployment	Internal
			Service
			Funds
Operating revenues:			
Charges for services	\$ 1,406,077	\$ 49,859	\$ 1,455,936
Total operating revenues	1,406,077	49,859	1,455,936
Operating expenses:			
Personal services	166,541	-	166,541
Contractual services	1,319,346	-	1,319,346
Employee benefits	90,780	49,859	140,639
Total operating expenses	1,576,667	49,859	1,626,526
Operating (loss)	(170,590)	-	(170,590)
Nonoperating revenues:			
Interest income	36,565	90	36,655
Other miscellaneous	2,567	-	2,567
Total nonoperating revenues	39,132	90	39,222
Change in net position	(131,458)	90	(131,368)
Net position—beginning	1,171,137	97,112	1,268,249
Net position—ending	\$ 1,039,679	\$ 97,202	\$ 1,136,881

COUNTY OF WARREN, NEW YORK
Combining Statement of Cash Flows—Internal Service Funds
Year Ended December 31, 2019

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u>	<u>Total</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from services provided	\$ 1,400,302	\$ 37,816	\$ 1,438,118
Payments to suppliers and service providers	(1,063,763)	-	(1,063,763)
Payments to employees for salaries and benefits	(257,321)	(48,884)	(306,205)
Net cash provided by (used for) operating activities	<u>79,218</u>	<u>(11,068)</u>	<u>68,150</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on bank accounts	36,565	90	36,655
Other income	2,567	-	2,567
Net cash provided by investing activities	<u>39,132</u>	<u>90</u>	<u>39,222</u>
Net increase (decrease) in cash and cash equivalents	118,350	(10,978)	107,372
Cash and cash equivalents—beginning	2,869,635	97,112	2,966,747
Cash and cash equivalents—ending	<u>\$ 2,987,985</u>	<u>\$ 86,134</u>	<u>\$ 3,074,119</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (170,590)	\$ -	\$ (170,590)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Decrease in intergovernmental receivables	60	-	60
(Increase) in prepaid items	(1,049)	-	(1,049)
(Decrease) increase in accounts payable	10,762	-	10,762
Increase in accrued liabilities and intergovernmental payables	4,413	975	5,388
(Increase) in due to/from other funds	(978)	(12,043)	(13,021)
Increase in unearned revenue	1,600	-	1,600
Increase in workers' compensation	235,000	-	235,000
Total adjustments	<u>249,808</u>	<u>(11,068)</u>	<u>238,740</u>
Net cash provided by (used for) operating activities	<u>\$ 79,218</u>	<u>\$ (11,068)</u>	<u>\$ 68,150</u>

FEDERAL AWARDS INFORMATION

COUNTY OF WARREN, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title (1a)</u>	<u>Federal CFDA Number (1b)</u>	<u>Pass-Through Identifying Number (1c)</u>	<u>Passed- Through to Subrecipients</u>	<u>Total Federal Expenditures (1d)</u>
U.S. Department of Agriculture:				
Passed through NYS Department of Health: Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C025807	\$ -	\$ 1,058,201
Passed through NYS Office of Temporary and Disability Assistance: <i>SNAP Cluster:</i> State Administrative Matching Grants for the Supplemental Nutrition Assistance Program <i>Total SNAP Cluster</i>	10.561	N/A	-	604,439
			-	604,439
Total U.S. Department of Agriculture			-	1,662,640
U.S. Department of Housing and Urban Development:				
Passed through NYS Housing Trust Fund: Community Development Block Grants/ Entitlement Grants	14.218	1197CP66-17	-	39,067
Total U.S. Department of Housing and Urban Development			-	39,067
U.S. Department of Justice:				
Passed through NYS Division of Criminal Justice Services: Law Enforcement Assistance Narcotics and Dangerous Drugs Training	16.004	N/A	-	72,657
Total U.S. Department of Justice			-	72,657
U.S. Department of Labor:				
Direct Programs: <i>WIA/WIOA Cluster:</i> WIA/WIOA Adult Program WIA/WIOA Youth Activities WIA/WIOA Dislocated Workers Formula Grants <i>Total WIA/WIOA Cluster</i>	17.258 17.259 17.278	N/A N/A N/A	- - -	283,547 160,888 139,172
			-	583,607
Total U.S. Department of Labor			-	583,607
U.S. Department of Transportation:				
Direct Programs: Airport Improvement Program	20.106	N/A	-	155,044
Passed through NYS Department of Transportation: <i>Highway Planning and Construction Cluster:</i> Highway Planning and Construction <i>Total Highway Planning and Construction Cluster</i>	20.205	See Note 5	-	375,135
			-	375,135
Total U.S. Department of Transportation			-	530,179

(continued)

COUNTY OF WARREN, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

(concluded)

Federal Grantor/Pass-Through Grantor Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
U.S. Department of Education:				
Passed through NYS Department of Health:				
Special Education—Grants for Infants and Families with Disabilities	84.181	C-027516	-	19,787
Total U.S. Department of Education			-	19,787
U.S. Department of Health and Human Services:				
Direct Programs:				
National Family Caregiver Support, Title III, Part E <i>Aging Cluster:</i>	93.052	N/A	-	20,541
Special Programs for the Aging, Title III, Part D	93.043	N/A	-	2,949
Special Programs for the Aging, Title III, Part B	93.044	N/A	-	88,319
Special Programs for the Aging, Title III, Part C	93.045	N/A	-	187,895
Nutrition Services Incentive Program	93.053	N/A	-	246,997
<i>Total Aging Cluster</i>			-	526,160
Guardianship Assistance	93.090	N/A	-	645
Temporary Assistance for Needy Families	93.558	N/A	-	2,518,884
Child Support Enforcement	93.563	N/A	-	346,593
Low-Income Home Energy Assistance	93.568	N/A	-	3,060,613
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	-	52,065
Foster Care, Title IV-E	93.658	N/A	-	754,523
Adoption Assistance	93.659	N/A	-	785,434
Social Services Block Grant	93.667	N/A	-	1,397,458
Child Abuse and Neglect State Grants	93.669	N/A	-	37,552
Medical Assistance Program	93.778	N/A	-	1,320,092
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	N/A	-	58,598
Passed through Health Research Inc.:				
Public Health Emergency Preparedness	93.069	1628-10	-	38,038
Passed through NYS Department of Health:				
Preventive Health and Health Services Block Grant	93.991	C-026544	-	17,363
Maternal and Child Health Services Block Grant to the States	93.994	C-024650	-	20,299
Passed through NYS Office of Children and Family Services:				
Promoting Safe and Stable Families	93.556	581-A-030	-	33,441
Passed through NYS Office of Alcoholism and Substance Abuse Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	-	306,270
Total U.S. Department of Health and Human Services			-	11,294,569
U.S. Department of Homeland Security:				
Passed through NYS Division of Homeland Security and Emergency Services:				
Hazardous Materials Emergency Planning Grant	97.039	C000724	-	488,135
State Homeland Security Program (SHSP)	97.067	See Note 5	-	254,268
Total U.S. Department of Homeland Security			-	742,403
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 14,944,909

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

COUNTY OF WARREN, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the County of Warren, New York (the “County”) under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County. The following notes were identified on the Schedule:

- a) Includes all federal award programs of the County. The federal expenditures of the Warren County Local Development Corporation and the Warren County Soil and Water District have not been included.
- b) Source: Catalog of Federal Domestic Assistance.
- c) Pass-through entity identifying numbers are presented when 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 County’s financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has not elected to use the 10 percent de minimus 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. NON-MONETARY FEDERAL PROGRAM

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements, termed “nonmonetary programs.” New York State makes payments of benefits directly to vendors, primarily utility companies, on behalf of eligible persons participating in the Low-Income Home Energy Assistance Program (CFDA Number 93.568).

5. DETAIL OF CFDA 20.205 AND CFDA 97.067 FEDERAL PROGRAMS

Detail of the Highway Planning and Construction and State Homeland Security Program (SHSP) pass-through identifying numbers for the year ended December 31, 2019 are as follows:

	<u>Pass-Through Identifying Number</u>	<u>Total Federal Expenditures</u>
CFDA No. 20.205:		
	D031509	\$ 134,460
	D033375	38,041
	D034951	79,628
	D035355	<u>123,006</u>
	Total	<u>\$ 375,135</u>
CFDA No. 97.067:		
	T974242	\$ 9,168
	C974260	18,270
	C974269	<u>226,830</u>
	Total	<u>\$ 254,268</u>

Certified Public Accountants

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

Honorable Board of Supervisors
County of Warren, New York:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Warren, New York (the "County") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 31, 2020 (which report includes a disclaimer of opinion on the Warren County Soil and Water Conservation District discretely presented component unit). Our report includes a reference to other auditors who audited the financial statements of the Warren County Local Development Corporation, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Drescher & Malecki LLP

August 31, 2020

Certified Public Accountants

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

Honorable Board of Supervisors
County of Warren, New York:

Report on Compliance for Each Major Federal Program

We have audited the County of Warren, New York's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2019. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Warren Tobacco Asset Securitization Corporation ("WTASC"), the Warren County Local Development Corporation ("LDC"), and the Warren County Soil and Water District (the "District"), which received \$0, \$996,277 and \$27,151 in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2019. Our compliance audit, described below, did not include the operations of WTASC, LDC, or the District. Other auditors were engaged to perform such audits on LDC in accordance with Uniform Guidance, as applicable, while the District was unaudited during the year ended December 31, 2019.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Drescher & Malecki LLP

August 31, 2020

COUNTY OF WARREN, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued: Unmodified*
 (*which report includes a disclaimer of opinion on the Warren County Soil and Water Conservation District discretely presented component unit, and 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 auditors' report issued on compliance for major federal programs: Unmodified

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.659	Adoption Assistance
93.667	Social Services Block Grant

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

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

Section II. FINANCIAL STATEMENT FINDINGS

No findings noted.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

COUNTY OF WARREN, NEW YORK
Summary Schedule of Prior Audit Findings and Corrective Action Plan
Year Ended December 31, 2019
(Follow-Up on December 31, 2018 Findings)

No findings were reported.