

**COUNTY OF WARREN,
NEW YORK**

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

COUNTY OF WARREN, NEW YORK
Table of Contents
Year Ended December 31, 2020

	<u>Page</u>
Independent Auditors' Report.....	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet—Governmental Funds	16
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds to the Government-wide Statement of Activities	19
Statement of Net Position—Proprietary Funds.....	20
Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Funds	21
Statement of Cash Flows—Proprietary Funds.....	22
Statement of Fiduciary Net Position—Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position—Fiduciary Funds	24
Notes to the Financial Statements	25
Required Supplementary Information:	
Schedule of the County's Proportionate Share of the Net Pension Liability—Employees' Retirement System.....	53
Schedule of the County's Contributions—Employees' Retirement System	54

(continued)

COUNTY OF WARREN, NEW YORK
Table of Contents
Year Ended December 31, 2020

(concluded)

	<u>Page</u>
Schedule of Changes in the County's Total OPEB Liability and Related Ratios	55
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—General Fund.....	56
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—County Road Fund	57
Notes to the Required Supplementary Information.....	58
Supplementary Information:	
Combining Balance Sheet—Nonmajor Governmental Funds.....	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds	60
Combining Statement of Net Position—Internal Service Funds.....	61
Combining Statement of Revenues, Expenditures, and Changes in Net Position—Internal Service Funds	62
Combining Statement of Cash Flows—Internal Service Funds	63
Federal Awards Information:	
Schedule of Expenditures of Federal Awards	64
Notes to the Schedule of Expenditures of Federal Awards	66
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 <i>Government Auditing Standards</i>	68
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance.....	70
Schedule of Findings and Questioned Costs	72
Summary Schedule of Prior Audit Findings and Corrective Action Plan	73

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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the 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 not audited for the year ended December 31, 2020. 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2020, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Supplementary Information, 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 23, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 23, 2021

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

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, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County’s financial statements, which follow this narrative. For comparative purposes, certain data from the prior year has been reclassified to conform with the current year presentation.

Financial Highlights

- The 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 \$44,516,398 (*net position*). This consists of \$75,750,473 net investment in capital assets, \$12,138,302 restricted for specific purposes, and an unrestricted net position of \$(132,405,173).
- The County’s primary government net position increased \$10,895,494 during the year ended December 31, 2020. Governmental activities and business-type activities increased the County’s net position during the year ended December 31, 2020 by \$10,879,959 and \$15,535, respectively.
- At the end of the current fiscal year, the County’s governmental funds reported a combined ending fund balance of \$48,613,241, an increase of \$3,274,029 in comparison with the prior year’s fund balance of \$45,339,212.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$26,832,091, or approximately 20.0 percent of General Fund expenditures and transfers out. This total amount is *available for spending* at the County’s discretion and constitutes approximately 68.1 percent of the General Fund’s total fund balance of \$39,442,554 at December 31, 2020.
- The County’s serial bonds decreased by \$5,295,000 during the current year due to \$2,795,000 of scheduled principal payments, offset by a bond refunding in the amount of \$13,070,000, which refunded and removed the liability of outstanding bonds in the amount of \$15,570,000.

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 14-15 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and 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 16-19 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 20-22 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 Custodial 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 Custodial 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 23-24 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-52 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 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 53-58 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 59-63.

Finally, the Federal Awards Information can be found on pages 64-73 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 \$44,516,398 at the close of the most recent fiscal year, as compared to \$55,411,892, as restated, at the close of the fiscal year ended December 31, 2019.

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,	
	2020	2019	2020	(as restated)	2020	2019
Current and other assets	\$ 87,272,059	\$ 79,223,258	\$ 1,710,833	\$ 1,686,965	\$ 88,982,892	\$ 80,910,223
Capital assets	117,389,310	117,187,012	-	-	117,389,310	117,187,012
Total assets	204,661,369	196,410,270	1,710,833	1,686,965	206,372,202	198,097,235
Deferred outflows of resources	54,585,687	27,198,915	-	-	54,585,687	27,198,915
Current liabilities	29,561,103	24,786,045	8,333	-	29,569,436	24,786,045
Noncurrent liabilities	197,963,969	175,694,929	-	-	197,963,969	175,694,929
Total liabilities	227,525,072	200,480,974	8,333	-	227,533,405	200,480,974
Deferred inflows of resources	77,940,882	80,227,068	-	-	77,940,882	80,227,068
Net position:						
Net investment in capital assets	75,750,473	76,764,507	-	-	75,750,473	76,764,507
Restricted	12,138,302	8,511,480	-	-	12,138,302	8,511,480
Unrestricted	(134,107,673)	(142,374,844)	1,702,500	1,686,965	(132,405,173)	(140,687,879)
Total net position	\$ (46,218,898)	\$ (57,098,857)	\$ 1,702,500	\$ 1,686,965	\$ (44,516,398)	\$ (55,411,892)

The largest portion of the County's net position, \$75,750,473, 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, \$12,138,302, 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, \$(132,405,173), is considered to be unrestricted.

The following table presents the changes in net position for the years ended December 31, 2020 and December 31, 2019.

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,	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues	\$ 43,891,586	\$ 44,190,859	\$ 73,631	\$ 85,466	\$ 43,965,217	\$ 44,276,325
General revenues	113,521,905	113,214,973	-	-	113,521,905	113,214,973
Total revenues	157,413,491	157,405,832	73,631	85,466	157,487,122	157,491,298
Total expenses	146,533,532	162,981,933	58,096	69,696	146,591,628	163,051,629
Change in net position	10,879,959	(5,576,101)	15,535	15,770	10,895,494	(5,560,331)
Net position—beginning	(57,098,857)	(51,522,756)	1,686,965	1,721,195	(55,411,892)	(49,801,561)
Restatement	-	-	-	(50,000)	-	(50,000)
Net position—ending	\$ (46,218,898)	\$ (57,098,857)	\$ 1,702,500	\$ 1,686,965	\$ (44,516,398)	\$ (55,411,892)

Governmental activities—Governmental activities decreased the County’s net position by \$10,879,959. Overall revenues of governmental activities remained relatively level to the prior year, increasing by \$7,659 from the prior year. Total program expenses of governmental activities decreased 10.1 percent from the prior year. A summary of revenues for governmental activities for the years ended December 31, 2020 and 2019 is presented below:

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
Charges for services	\$ 13,679,806	\$ 15,767,815	\$ (2,088,009)	(13.2)
Operating grants and contributions	26,784,259	26,278,864	505,395	1.9
Capital grants and contributions	3,427,521	2,144,180	1,283,341	59.9
Property taxes and tax items	46,318,658	46,152,898	165,760	0.4
Non-property tax items	61,344,518	62,799,232	(1,454,714)	(2.3)
Use of money and property	1,634,090	1,820,910	(186,820)	(10.3)
Miscellaneous	3,118,252	1,081,356	2,036,896	188.4
Sale of property and compensation for loss	292,171	709,284	(417,113)	(58.8)
Tobacco settlement revenue	814,216	651,293	162,923	25.0
Total revenues	<u>\$ 157,413,491</u>	<u>\$ 157,405,832</u>	<u>\$ 7,659</u>	<u>0.0</u>

The most significant source of revenues for governmental activities are non-property taxes, which account for \$61,344,518, or 39.0 percent of total revenues. The other significant sources of revenue include property taxes and tax items, which comprise \$46,318,658, or 29.4 percent of total revenues, and operating grants and contributions, which comprise \$26,784,259, or 17.0 percent of total revenues. Similarly, for the year ended December 31, 2019, 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.

During the year ended December 31, 2020, total revenues increased by \$7,659. Charges for services accounted for a \$2,088,009 decrease due to fewer programs operating during the year as a result of the COVID-19 pandemic. This decrease was offset by increases within miscellaneous revenue and capital grants and contributions.

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

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
General government support	\$ 41,663,294	\$ 55,523,342	\$ (13,860,048)	(25.0)
Education	2,467,420	2,345,399	122,021	5.2
Public safety	29,602,258	30,449,430	(847,172)	(2.8)
Health	13,706,286	15,144,766	(1,438,480)	(9.5)
Transportation	16,142,161	13,765,902	2,376,259	17.3
Economic assistance and opportunity	38,382,030	42,114,185	(3,732,155)	(8.9)
Culture and recreation	1,500,786	315,062	1,185,724	376.3
Home and community services	1,333,164	1,234,475	98,689	8.0
Interest and fiscal charges	1,736,133	2,089,372	(353,239)	(16.9)
Total program expenses	<u>\$ 146,533,532</u>	<u>\$ 162,981,933</u>	<u>\$ (16,448,401)</u>	<u>(10.1)</u>

The County's most significant expense category for governmental activities is general government support of \$41,663,294, or 28.4 percent of program expenses. The other significant expenses include economic assistance and opportunity (primarily composed of social service costs) of \$38,382,030, or 26.2 percent of program expenses, and public safety expenses of \$29,602,258, or 20.2 percent of total expenses. Similarly, for the year ended December 31, 2019, the 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.

During the year ended December 31, 2020, total program expenses decreased \$16,448,401, or 10.1 percent from the prior year, primarily attributed to a large decrease in general government support due to the completion of the court space expansion during the prior year.

Business-type activities—Business-type activities increased the County's net position by \$15,535. For the year ended December 31, 2020, revenues increased 107.6 percent and expenses decreased by 16.6 percent. Expenses decreased 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, 2020 and December 31, 2019 is presented below in Table 5.

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

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
Revenues:				
Interest and late fees on loans	\$ 22,785	\$ 35,159	\$ (12,374)	(35.2)
Program service fees	846	307	539	175.6
Warren County support fee	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>0.0</u>
Total revenues	<u>\$ 73,631</u>	<u>\$ 85,466</u>	<u>\$ (11,835)</u>	<u>(13.8)</u>
Expenses:				
Administrative	\$ 58,096	\$ 69,696	\$ (11,600)	(16.6)
Total expenses	<u>\$ 58,096</u>	<u>\$ 69,696</u>	<u>\$ (11,600)</u>	<u>(16.6)</u>

The most significant source of revenue for business-type activities for the year ended December 31, 2020 was the Warren County support fee, which accounted for \$50,000, or 67.9 percent of total revenues. For the year ended December 31, 2019, the most significant source of revenue was interest and late fees on loans, which accounted for \$35,159, or 99.1 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 \$58,096 and \$69,696, for the years ended December 31, 2020 and 2019, 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, 2020, the County's governmental funds reported combined ending fund balances of \$48,613,241, an increase of \$3,274,029 in comparison with the prior year. The County had fund balances totaling \$28,674,290, 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, \$2,140,562; (2) restricted for particular purposes, \$15,241,042 or (3) assigned for other purposes, \$2,557,347.

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 \$26,832,091, while total fund balance was \$39,442,554. The General Fund fund balance increased \$3,815,576 from the prior year. The increase was due primarily to 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 20.0 percent of General Fund expenditures and transfers out, while total fund balance represents 29.3 percent of that same amount.

At December 31, 2020, the County Road Fund reported total ending fund balance of \$3,351,938, of which \$1,223,936 is assigned to specific use for the operations of the County Road Fund. The County Road Fund fund balance increased \$701,210 from the prior year as a result of revenues and transfers in exceeding expenditures and transfers out.

The Capital Projects Fund reported nonspendable and restricted fund balance of \$4,049,801 to be used for future costs related to capital projects. Fund balance decreased \$1,235,639 from the prior year, primarily as a result of capital outlay expenditures exceeding state and federal aid and transfers in from other funds.

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 \$1,188,661 at December 31, 2020, an increase of \$51,780 due primarily to decreased workers' compensation claims during the year.

Total net position of the Warren County LDC at December 31, 2020 totaled \$1,702,500 of unrestricted net position. The Warren County LDC net position increased \$15,535 during the year ended December 31, 2020 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, 2020 is presented below within Table 6.

Table 6—General Fund Budget

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues and transfers in	\$ 139,639,427	\$ 141,785,240	\$ 138,208,975	\$ (3,576,265)
Expenditures and transfers out	<u>141,000,742</u>	<u>143,948,178</u>	<u>134,393,399</u>	<u>9,554,779</u>
Excess (deficiency) of revenues and transfers in over (under) expenditures and transfers out	<u>\$ (1,361,315)</u>	<u>\$ (2,162,938)</u>	<u>\$ 3,815,576</u>	<u>\$ 5,978,514</u>

Original budget compared to final budget—The County increased total appropriations \$2,699,752 during the year ended December 31, 2020. The budget was amended upward within all of the functions of expenditures with the exception of economic assistance and opportunity. These increases were funded with matching revenues (state and federal aid and other revenues) of \$2,080,619, while the remaining \$619,133 appropriated fund balance.

Final budget compared to actual results—The General Fund appropriations were under final budgetary appropriations by \$9,554,779. The largest budgetary savings was realized within general government support, primarily due to less than anticipated spending for contracted services. Actual revenues and transfers in fell short of final budget due to less state aid received than originally anticipated.

Capital Assets and Debt Administration

Capital assets—The County's investment in capital assets for its governmental activities as of December 31, 2020 amounted to \$117,389,310 (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, 2020. 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, 2020 and December 31, 2019 are presented in Table 7 on the following page.

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

	Governmental Activities	
	December 31,	
	2020	2019
Land	\$ 6,429,337	\$ 6,408,337
Construction in progress	4,976,710	3,044,624
Land Improvements	3,271,407	3,490,651
Buildings and improvements	46,618,290	48,240,382
Vehicles and equipment	8,278,950	6,919,653
Infrastructure	47,814,616	49,083,365
Total	<u>\$ 117,389,310</u>	<u>\$ 117,187,012</u>

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 5 of this report.

Long-term liabilities—At December 31, 2020, the County's governmental activities had long-term liabilities outstanding of \$197,963,969, which was an increase of \$22,269,040 from the prior year. 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, 2020 and December 31, 2019 is presented below in Table 8.

Table 8—Summary of Long-Term Liabilities

	Governmental Activities	
	December 31,	
	2020	2019
Serial bonds	\$ 34,570,000	\$ 39,865,000
Premium on serial bonds	2,977,198	312,319
WTASC bonds and accrued interest	6,829,661	6,779,186
Compensated absences	6,069,321	3,016,017
Capital lease	577,531	847,790
Other postemployment benefits	99,851,909	110,832,114
Workers' compensation	1,717,000	1,859,000
Net pension liability	45,371,349	12,183,503
Total	<u>\$ 197,963,969</u>	<u>\$ 175,694,929</u>

Additional information on the County's long-term debt can be found in Note 11 to the financial statements.

Economic Factors

The unemployment rate, not seasonally adjusted, for the County during December 2020 was 6.5 percent. This compares to New York State's unemployment rate of 8.5 percent and the national unemployment rate of 6.7 percent.

The County considered current year operational expenses and estimated increases based on economic factors when establishing the 2021 budget. The County's 2021 budget includes the appropriation of \$1,000,000 of fund balance in the General Fund, and the appropriation of \$829,375 of restricted fund balance.

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.

BASIC FINANCIAL STATEMENTS

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Soil and Water Conservation District (unaudited)
ASSETS				
Cash, cash equivalents and investments	\$ 29,853,362	\$ 1,005,458	\$ 30,858,820	\$ 66,359
Restricted cash and cash equivalents	17,659,823	-	17,659,823	57,101
Receivables, net of allowances:				
Taxes	11,775,932	-	11,775,932	-
Other	1,493,217	174,757	1,667,974	-
Intergovernmental receivables	23,532,272	-	23,532,272	-
Due from Custodial Fund	115,965	-	115,965	-
Inventories	372,385	-	372,385	-
Prepaid items	1,773,578	-	1,773,578	-
Noncurrent receivables	695,525	530,618	1,226,143	-
Capital assets, not being depreciated	11,406,047	-	11,406,047	-
Capital assets, net of accumulated depreciation	105,983,263	-	105,983,263	-
Total assets	204,661,369	1,710,833	206,372,202	123,460
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	212,813	-	212,813	-
Deferred outflows—relating to pensions	31,391,111	-	31,391,111	-
Deferred outflows—relating to OPEB	22,981,763	-	22,981,763	-
Total deferred outflows of resources	54,585,687	-	54,585,687	-
LIABILITIES				
Accounts payable	5,407,686	8,333	5,416,019	-
Accrued liabilities	9,306,265	-	9,306,265	-
Intergovernmental payables	11,952,949	-	11,952,949	230
Unearned revenue	2,894,203	-	2,894,203	-
Noncurrent liabilities:				
Due within one year	4,521,166	-	4,521,166	-
Due in more than one year	193,442,803	-	193,442,803	-
Total liabilities	227,525,072	8,333	227,533,405	230
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	3,189,759	-	3,189,759	-
Deferred inflows—relating to OPEB	74,751,123	-	74,751,123	-
Deferred inflows—unavailable revenue	-	-	-	18,455
Total deferred inflows of resources	77,940,882	-	77,940,882	18,455
NET POSITION				
Net investment in capital assets	75,750,473	-	75,750,473	-
Restricted for:				
Westmount legacy costs	4,264,455	-	4,264,455	-
Capital projects	3,769,224	-	3,769,224	-
Occupancy tax	2,632,008	-	2,632,008	-
Debt service	498,773	-	498,773	-
Other	973,842	-	973,842	-
Unrestricted	(134,107,673)	1,702,500	(132,405,173)	104,775
Total net position	<u>\$ (46,218,898)</u>	<u>\$ 1,702,500</u>	<u>\$ (44,516,398)</u>	<u>\$ 104,775</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, 2020

Functions/Programs	Expenses							Net (Expense) Revenue and Changes in Net Position		Component Unit Soil and Water Conservation District (unaudited)			
		Program Revenues			Primary Government								
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total						
Primary government:													
Governmental activities:													
General government support	\$ 41,663,294	\$ 4,607,010	\$ 1,770,230	\$ 266,926	\$ (35,019,128)	\$ -	\$ (35,019,128)	\$ -	\$ -				
Education	2,467,420	-	-	-	(2,467,420)	-	(2,467,420)	-	-				
Public safety	29,602,258	1,375,127	1,243,784	-	(26,983,347)	-	(26,983,347)	-	-				
Health	13,706,286	3,631,091	7,864,882	-	(2,210,313)	-	(2,210,313)	-	-				
Transportation	16,142,161	1,470,030	2,208,452	2,840,802	(9,622,877)	-	(9,622,877)	-	-				
Economic assistance and opportunity	38,382,030	2,537,656	13,578,368	-	(22,266,006)	-	(22,266,006)	-	-				
Culture and recreation	1,500,786	14,518	68,643	319,793	(1,097,832)	-	(1,097,832)	-	-				
Home and community services	1,333,164	44,374	49,900	-	(1,238,890)	-	(1,238,890)	-	-				
Interest and other fiscal charges	1,736,133	-	-	-	(1,736,133)	-	(1,736,133)	-	-				
Total governmental activities	<u>146,533,532</u>	<u>13,679,806</u>	<u>26,784,259</u>	<u>3,427,521</u>	<u>(102,641,946)</u>	<u>-</u>	<u>(102,641,946)</u>	<u>-</u>	<u>-</u>				
Business-type activities:													
Warren County LDC	58,096	23,631	50,000	-	-	15,535	15,535	-	-				
Total primary government	<u>\$ 146,591,628</u>	<u>\$ 13,703,437</u>	<u>\$ 26,834,259</u>	<u>\$ 3,427,521</u>	<u>(102,641,946)</u>	<u>15,535</u>	<u>(102,626,411)</u>	<u>-</u>	<u>-</u>				
Component unit:													
Soil and Water Conservation District	<u>\$ 701,731</u>	<u>\$ 72,970</u>	<u>\$ 634,821</u>	<u>\$ 12,662</u>					<u>18,722</u>				
General revenues:													
Property taxes					44,438,808	-	44,438,808	-	-				
Property tax items					1,879,850	-	1,879,850	-	-				
Non-property tax items					61,344,518	-	61,344,518	-	-				
Use of money and property					1,634,090	-	1,634,090	120	-				
Miscellaneous					3,118,252	-	3,118,252	21,040	-				
Sale of property and compensation for loss					292,171	-	292,171	-	-				
Tobacco settlement revenue					814,216	-	814,216	-	-				
Total general revenues					<u>113,521,905</u>	<u>-</u>	<u>113,521,905</u>	<u>21,160</u>	<u>-</u>				
Change in net position					10,879,959	15,535	10,895,494	39,882	-				
Net position—beginning, as restated					<u>(57,098,857)</u>	<u>1,686,965</u>	<u>(55,411,892)</u>	<u>64,893</u>	<u>-</u>				
Net position—ending					<u>\$ (46,218,898)</u>	<u>\$ 1,702,500</u>	<u>\$ (44,516,398)</u>	<u>\$ 104,775</u>	<u>-</u>				

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

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

	General	County Road	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 24,132,666	\$ 1,107,951	\$ -	\$ 1,586,872	\$ 26,827,489
Restricted cash and cash equivalents	12,289,749	1,279,849	3,571,267	515,757	17,656,622
Receivables (net of allowances):					
Taxes	11,775,932	-	-	-	11,775,932
Other	1,471,818	-	-	21,399	1,493,217
Intergovernmental receivables	15,814,953	2,138,498	5,358,196	220,611	23,532,258
Due from other funds	5,810,025	106,499	888,422	19,067	6,824,013
Inventories	115,798	78,695	-	177,892	372,385
Prepaid items	1,627,400	97,608	3,379	39,790	1,768,177
Total assets	<u>\$ 73,038,341</u>	<u>\$ 4,809,100</u>	<u>\$ 9,821,264</u>	<u>\$ 2,581,388</u>	<u>\$ 90,250,093</u>
LIABILITIES					
Accounts payable	\$ 3,910,961	\$ 110,776	\$ 847,969	\$ 496,592	\$ 5,366,298
Accrued liabilities	8,184,254	518,738	154	226,477	8,929,623
Intergovernmental payables	11,793,714	-	158,206	1,029	11,952,949
Due to other funds	999,580	827,648	4,765,134	88,342	6,680,704
Unearned revenue	2,891,002	-	-	-	2,891,002
Total liabilities	<u>27,779,511</u>	<u>1,457,162</u>	<u>5,771,463</u>	<u>812,440</u>	<u>35,820,576</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	5,816,276	-	-	-	5,816,276
Total deferred inflows of resources	<u>5,816,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,816,276</u>
FUND BALANCES (DEFICIT)					
Nonspendable	1,743,198	176,303	3,379	217,682	2,140,562
Restricted	9,398,747	1,279,849	4,046,422	516,024	15,241,042
Assigned	1,468,518	1,895,786	-	1,042,684	4,406,988
Unassigned	26,832,091	-	-	(7,442)	26,824,649
Total fund balances (deficit)	<u>39,442,554</u>	<u>3,351,938</u>	<u>4,049,801</u>	<u>1,768,948</u>	<u>48,613,241</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 73,038,341</u>	<u>\$ 4,809,100</u>	<u>\$ 9,821,264</u>	<u>\$ 2,581,388</u>	<u>\$ 90,250,093</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, 2020

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

Fund balances—total governmental funds (page 16)	\$ 48,613,241
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these assets is \$225,577,491 and the accumulated depreciation is \$108,188,181.	117,389,310
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.	695,525
Deferred charges associated with refunding bond issuances are not reported in the governmental funds. The charges are reported as deferred outflows of resources on the statement of net position and are recognized as a component of interest expense over the life of the related debt.	212,813
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.	5,816,276
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	\$ 4,343,652
Deferred outflows related to experience, changes in assumptions, proportions, and investment earnings	27,047,459
Deferred inflows related to pension plans	<u>(3,189,759)</u> 28,201,352
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	\$ 22,981,763
Deferred inflows related to OPEB liability	<u>(74,751,123)</u> (51,769,360)
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.	1,188,661
Net accrued interest expense for serial bonds of \$308,042 and WTASC bonds of \$11,705 are not reported in the funds.	(319,747)
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	\$ (34,570,000)
Premiums on serial bonds	(2,977,198)
WTASC bonds and accrued interest	(6,829,661)
Compensated absences	(6,069,321)
Capital leases	(577,531)
Other post employment benefits obligation	(99,851,909)
Net pension liability	<u>(45,371,349)</u> (196,246,969)
Net position of governmental activities	<u>\$ (46,218,898)</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, 2020

	General	County Road	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Real property taxes	\$ 33,953,803	\$ 9,101,830	\$ -	\$ 1,306,637	\$ 44,362,270
Real property tax items	1,879,850	-	-	-	1,879,850
Non-property tax items	61,344,518	-	-	-	61,344,518
Departmental income	10,390,960	-	-	32,652	10,423,612
Intergovernmental charges	1,271,481	11,971	46,094	-	1,329,546
Licenses and permits	200,589	-	-	-	200,589
Fines and forfeitures	267,616	-	-	-	267,616
Use of money and property	1,348,402	39,417	371	39,584	1,427,774
Sale of property and compensation for loss	112,803	69,766	-	109,602	292,171
Miscellaneous	2,882,879	158,007	-	60,491	3,101,377
Interfund revenues	-	102,196	-	1,339,974	1,442,170
State aid	14,160,571	2,136,753	1,312,622	24,861	17,634,807
Federal aid	9,887,318	1,653	2,114,899	573,103	12,576,973
Tobacco settlement revenue	-	-	-	798,735	798,735
Total revenues	<u>137,700,790</u>	<u>11,621,593</u>	<u>3,473,986</u>	<u>4,285,639</u>	<u>157,082,008</u>
EXPENDITURES					
Current:					
General government support	42,558,531	-	-	58,642	42,617,173
Education	2,541,154	-	-	-	2,541,154
Public safety	29,139,628	642,670	-	-	29,782,298
Health	14,094,399	-	-	-	14,094,399
Transportation	506,927	9,917,103	-	2,698,455	13,122,485
Economic assistance and opportunity	38,398,564	-	-	627,897	39,026,461
Culture and recreation	1,336,832	-	-	-	1,336,832
Home and community services	1,359,341	-	-	12,428	1,371,769
Employee benefits-unallocated	7,192	-	-	-	7,192
Debt service:					
Principal	270,259	-	-	3,015,000	3,285,259
Interest and fiscal charges	30,479	-	-	1,436,456	1,466,935
Capital outlay	-	-	5,282,303	-	5,282,303
Total expenditures	<u>130,243,306</u>	<u>10,559,773</u>	<u>5,282,303</u>	<u>7,848,878</u>	<u>153,934,260</u>
Excess (deficiency) of revenues over expenditures	<u>7,457,484</u>	<u>1,061,820</u>	<u>(1,808,317)</u>	<u>(3,563,239)</u>	<u>3,147,748</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	508,185	134,451	815,947	3,963,178	5,421,761
Transfers out	(4,150,093)	(495,061)	(243,269)	(533,338)	(5,421,761)
Proceeds on refunding bonds	-	-	-	13,070,000	13,070,000
Payment to refunding bonds escrow agent	-	-	-	(15,796,282)	(15,796,282)
Premium on serial bonds	-	-	-	2,852,563	2,852,563
Total other financing sources (uses)	<u>(3,641,908)</u>	<u>(360,610)</u>	<u>572,678</u>	<u>3,556,121</u>	<u>126,281</u>
Net change in fund balances	<u>3,815,576</u>	<u>701,210</u>	<u>(1,235,639)</u>	<u>(7,118)</u>	<u>3,274,029</u>
Fund balances—beginning	<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>
Fund balances—ending	<u>\$ 39,442,554</u>	<u>\$ 3,351,938</u>	<u>\$ 4,049,801</u>	<u>\$ 1,768,948</u>	<u>\$ 48,613,241</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, 2020

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

Net change in fund balances—total governmental funds (page 18)	\$ 3,274,029
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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 capital outlays exceeded depreciation expense and the loss on disposal of assets in the current period.

Capital asset additions	\$ 7,782,500
Depreciation expense	(7,533,723)
Loss on disposal of assets	<u>(46,479)</u> 202,298

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	\$ 76,538
Change in long-term receivable - tobacco settlement revenue	<u>15,481</u> 92,019

Deferred charges associated with refunding bond issuances are not reported in the governmental funds. The charges are reported as deferred outflows of resources on the statement of net position and are recognized as a component of interest expense over the life of the related debt.

212,813

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

Country pension contributions	\$ 5,741,812
Cost of benefits earned net of employee contributions	<u>(14,162,623)</u> (8,420,811)

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 relating to experience	\$ (65,354,812)
Changes in assumptions	<u>70,047,922</u> 4,693,110

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.

51,780

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

14,746

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:

Refunding bonds issued	\$ (13,070,000)
Refunded bonds	15,570,000
Repayment of serial bonds	2,795,000
Premium on refunding bonds	(2,852,563)
Amortization of premiums on serial bonds	187,684
Repayment of WTASC bonds	220,000
WTASC subordinate turbo CABs accretion	(270,475)
Change in compensated absences	(3,070,135)
Repayment of capital leases	270,259
Change in OPEB obligation	<u>10,980,205</u> 10,759,975

Change in net position of governmental activities	\$ 10,879,959
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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, 2020

	Business-Type Activities	Governmental Activities
	Warren County LDC	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,005,458	\$ 3,025,873
Restricted cash and cash equivalents	-	3,201
Receivables:		
Loans receivable, current	158,090	-
Other	16,667	-
Intergovernmental receivables	-	14
Due from other funds	-	4,437
Prepaid items	-	5,401
Total current assets	<u>1,180,215</u>	<u>3,038,926</u>
Noncurrent assets:		
Noncurrent loans receivable, net of allowance	530,618	-
Total noncurrent assets	<u>530,618</u>	-
Total assets	<u>1,710,833</u>	<u>3,038,926</u>
LIABILITIES		
Current liabilities:		
Accounts payable	8,333	41,388
Accrued liabilities	-	56,895
Due to other funds	-	31,781
Unearned revenue	-	3,201
Total current liabilities	<u>8,333</u>	<u>133,265</u>
Noncurrent liabilities:		
Due within one year:		
Workers' compensation	-	1,717,000
Total noncurrent liabilities	<u>-</u>	<u>1,717,000</u>
Total liabilities	<u>8,333</u>	<u>1,850,265</u>
NET POSITION		
Unrestricted	1,702,500	1,188,661
Total net position	<u>\$ 1,702,500</u>	<u>\$ 1,188,661</u>

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, 2020

	Business-Type Activities	Governmental Activities
	Warren County LDC	Internal Service Funds
Operating revenues:		
Charges for services	\$ 23,631	\$ 1,303,470
County support fee	50,000	-
Other operating revenue	-	127,285
Total operating revenues	73,631	1,430,755
Operating expenses:		
Personal services	-	186,541
Contractual services	-	991,590
Administrative and general services	58,096	-
Employee benefits	-	236,351
Total operating expenses	58,096	1,414,482
Operating income	15,535	16,273
Nonoperating revenues:		
Interest income	-	18,632
Other miscellaneous	-	16,875
Total nonoperating revenues	-	35,507
Change in net position	15,535	51,780
Net position—beginning, as restated	1,686,965	1,136,881
Net position—ending	\$ 1,702,500	\$ 1,188,661

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from services provided	\$ 65,297	Payments to suppliers and service providers	\$ 1,462,470
Payments to employees for salaries and benefits	-		(1,120,130)
Net cash provided by (used for) operating activities	<u>(58,096)</u>		<u>(422,892)</u>
	<u>7,201</u>		<u>(80,552)</u>

Business-Type Activities	Governmental Activities	
	Warren County LDC	Internal Service Funds
\$ 65,297	\$ 1,462,470	
-	(1,120,130)	
<u>(58,096)</u>	<u>(422,892)</u>	
<u>7,201</u>	<u>(80,552)</u>	

CASH FLOWS FROM INVESTING ACTIVITIES

Loans issued	(180,013)		-
Proceeds from loan payments	38,150		-
Interest earned on bank accounts	-		18,632
Other income	-		16,875
Net cash (used for) provided by investing activities	<u>(141,863)</u>		<u>35,507</u>
Net (decrease) in cash and cash equivalents	(134,662)		(45,045)
Cash and cash equivalents—beginning	1,140,120		3,074,119
Cash and cash equivalents—ending	<u>\$ 1,005,458</u>		<u>\$ 3,029,074</u>

Reconciliation of operating income to net cash provided by (used for) operating activities:

Operating income	\$ 15,535	Net cash provided by (used for) operating activities	\$ 16,273
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
(Increase) in receivables	(16,667)		-
Decrease in intergovernmental receivables	-		6
(Increase) in prepaid items	-		(65)
Increase (decrease) in accounts payable	8,333		(6,974)
Increase in accrued liabilities and intergovernmental payables	-		35,845
Increase in due to/from other funds	-		31,593
Increase in unearned revenue	-		1,601
Decrease in compensated absences	-		(16,831)
Increase in workers' compensation liability	-		(142,000)
Total adjustments	<u>(8,334)</u>		<u>(96,825)</u>
Net cash provided by (used for) operating activities	<u>\$ 7,201</u>		<u>\$ (80,552)</u>

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

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COUNTY OF WARREN, NEW YORK
Statement of Fiduciary Net Position—Fiduciary Funds
December 31, 2020

	Private Purpose Trust	Custodial
ASSETS		
Restricted cash and cash equivalents	\$ 32,596	\$ 3,361,607
Intergovernmental receivables	-	14,789
Due from other funds	-	323,206
Other assets	-	31,137
Total assets	32,596	3,730,739
LIABILITIES		
Accounts payable and other liabilities	398	2,860,946
Due to other funds	-	439,171
Total liabilities	398	3,300,117
NET POSITION		
Restricted for other purposes	\$ 32,198	\$ 430,622

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

COUNTY OF WARREN, NEW YORK
Statement of Changes in Fiduciary Net Position—Fiduciary Funds
Year Ended December 31, 2020

	Private Purpose Trust	Custodial
ADDITIONS		
Interest earnings	\$ -	\$ 170
Funds received on behalf of others		262,578
Gifts and donations	6,047	-
Total additions	<u>6,047</u>	<u>262,748</u>
DEDUCTIONS		
Funds distributed to others	- -	318,641
Public safety	4,165	-
Economic assistance and opportunity	5,987	-
Total deductions	<u>10,152</u>	<u>318,641</u>
Change in net position	(4,105)	(55,893)
Net position—beginning, as restated	36,303	486,515
Net position—ending	<u>\$ 32,198</u>	<u>\$ 430,622</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County of 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, enterprise fund. 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, special revenue fund, 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 proprietary funds:

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.

Warren County Local Development Corporation ("LDC")—This proprietary fund is an enterprise fund that 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. Custodial 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 *Custodial 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 Custodial 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 fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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

Cash, Cash Equivalents and Investments—Cash and cash equivalents 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. The County had no investments at December 31, 2020; however, when the County does have investments they are recorded at fair value based on quoted market value.

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.

Intergovernmental 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, 2020, the County has three items that qualifies for reporting in this category. The first item is a deferred charge on refunding which the County reports within its governmental activities. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second 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 third item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the

County's proportion of the collective OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective 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, 2020 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 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 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, 2020, the total real property tax receivable is recorded at \$11,900,932, 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, 2020, the County reported unearned revenues within the General Fund and the Workers' Compensated Fund in the amount of \$2,891,002 and \$3,201, respectively. The County recorded cash 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.

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.

Pensions—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 7.

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 8.

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 2020, the County has reported interfund revenues of \$102,196 and \$1,339,974 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, 2020, the County implemented GASB Statement No. 84, *Fiduciary Activities*. GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Other than matter discussed in Note 2, the implementation of GASB Statement No. 84 did not have a material impact on the County's financial position or results from operations.

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

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

The effect of this restatement to the County’s custodial fund is summarized as follows:

	Fiduciary Net Position
	Custodial Fund
Net position—December 31, 2019, as previously stated	\$ -
GASB Statement No. 84 implementation	<u>486,515</u>
Net position—December 31, 2019, as restated	<u>\$ 486,515</u>

Additionally, during the year ended December 31, 2020, a County blended component unit, the Warren County Local Development Corporation (“LDC”), restated net position due to the effects of reclassifying anticipated revenue. Net position of the LDC at December 31, 2019 has been restated as follows:

	Business-type Activities
	Warren County LDC
Net position—December 31, 2019, as previously stated	\$ 1,736,965
Revenue reclassification	<u>(50,000)</u>
Net position—December 31, 2019, as restated	<u>\$ 1,686,965</u>

3. 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, 2020 are as follows:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 6,175	\$ -	\$ -	\$ 6,175
Deposits	44,055,276	4,034,532	3,394,203	51,484,011
Money market funds	15,225	-	-	15,225
Discount note (maturing within 90 days)	407,435	-	-	407,435
Total	\$ 44,484,111	\$ 4,034,532	\$ 3,394,203	\$ 51,912,846

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

	Bank Balance	Carrying Amount
FDIC insured	\$ 904,426	\$ 904,426
Uninsured:		
Collateral held by pledging bank's		
agent in the County's name	57,806,764	50,579,585
Total deposits	<u>\$ 58,711,190</u>	<u>\$ 51,484,011</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As noted above, by State Statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2020, the County's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the County's name.

Restricted Cash and Cash Equivalents—The County reports restricted cash and cash equivalents, totaling \$17,656,622, 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 \$12,289,749, \$1,279,849, \$3,571,267, \$17,251, \$36,268 and \$462,238 in the General Fund, Country Road Fund, Capital Projects Fund, Road Machinery Fund, Debt Service Fund, and WTASC Fund, respectively. Total Private Purpose Trust Fund and the Custodial Fund restricted cash and cash equivalents totals \$32,596 and \$3,361,607, 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, 2020, 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.

4. RECEIVABLES

Major revenues accrued by the governmental funds of the County at December 31, 2020 consisted of the following:

Taxes Receivable—Represents unpaid county, school and village taxes. At December 31, 2020, the total real property tax receivable is recorded at \$11,900,932, 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, 2020 are as follows:

Governmental Funds:

General Fund	\$ 1,471,818
Nonmajor governmental funds	21,399
Total governmental funds	<u>\$ 1,493,217</u>

Proprietary Funds:

Warren County LDC Fund	\$ 174,757
Total proprietary funds	<u>\$ 174,757</u>

Receivables—The LDC reported \$16,667 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 \$871,266, and an allowance for doubtful accounts of \$182,558 has been established as of December 31, 2020.

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.

Year Ending December 31,	
2021	\$ 158,090
2022	116,918
2023	112,418
2024	91,374
2025	42,505
2026-thereafter	<u>349,961</u>
Total	871,266
Less: current portion and allowance	<u>(340,648)</u>
Noncurrent loans receivable, net of allowance	<u>\$ 530,618</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, 2020 are as follows:

Governmental funds:			
General Fund:			
Due from New York State and Federal governments	\$ 14,688,175		
Due from towns and cities	<u>1,126,778</u>	\$ 15,814,953	
County Road Fund:			
Due from New York State and Federal governments	\$ 2,136,753		
Due from towns and cities	<u>1,745</u>	2,138,498	
Capital Projects Fund:			
Due from New York State and Federal governments	\$ 4,343,769		
Due from towns and cities	<u>1,014,427</u>	5,358,196	
Nonmajor governmental funds:			
Due from New York State and Federal governments	\$ 62,107		
Due from towns and cities	<u>158,504</u>	<u>220,611</u>	
Total governmental funds		<u>\$ 23,532,258</u>	
Proprietary fund:			
Workers Compensation Fund			
Due from New York State and Federal governments		<u>\$ 14</u>	
Fiduciary fund:			
Custodial Fund			
Due from towns and cities		<u>\$ 14,789</u>	

5. CAPITAL ASSETS

Capital asset activity for the primary government's governmental activities for the year ended December 31, 2020 was as follows:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
Capital assets not being depreciated:				
Land	\$ 6,408,337	\$ 21,000	\$ -	\$ 6,429,337
Construction in progress	3,044,624	2,598,523	666,437	4,976,710
Total capital assets, not being depreciated	<u>9,452,961</u>	<u>2,619,523</u>	<u>666,437</u>	<u>11,406,047</u>
Capital assets being depreciated:				
Land improvements	4,637,254	-	-	4,637,254
Buildings and improvements	74,904,055	65,825	-	74,969,880
Vehicles and equipment	25,079,049	3,027,443	1,512,055	26,594,437
Infrastructure	<u>105,233,727</u>	<u>2,736,146</u>	<u>-</u>	<u>107,969,873</u>
Total capital assets, being depreciated	<u>209,854,085</u>	<u>5,829,414</u>	<u>1,512,055</u>	<u>214,171,444</u>
Less accumulated depreciation:				
Land improvements	1,146,603	219,244	-	1,365,847
Buildings and improvements	26,663,673	1,687,917	-	28,351,590
Vehicles and equipment	18,159,396	1,621,667	1,465,576	18,315,487
Infrastructure	<u>56,150,362</u>	<u>4,004,895</u>	<u>-</u>	<u>60,155,257</u>
Total accumulated depreciation	<u>102,120,034</u>	<u>7,533,723</u>	<u>1,465,576</u>	<u>108,188,181</u>
Total capital assets, being depreciated, net	<u>107,734,051</u>	<u>(1,704,309)</u>	<u>46,479</u>	<u>105,983,263</u>
Governmental activities capital assets, net	<u>\$ 117,187,012</u>	<u>\$ 915,214</u>	<u>\$ 712,916</u>	<u>\$ 117,389,310</u>

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

Governmental activities:	
General government support	\$ 524,691
Public safety	1,246,441
Health	37,855
Transportation	4,999,651
Economic assistance and opportunity	495,342
Culture and recreation	202,744
Home and community services	26,999
Total governmental activities	<u>\$ 7,533,723</u>

6. ACCRUED LIABILITIES

Accrued liabilities reported by the County's governmental and propriety funds at December 31, 2020 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	\$ 8,135,598	\$ 513,794	\$ 154	\$ 226,477	\$ 8,876,023	\$ 56,895
Current compensated absences	15,532	4,944	-	-	20,476	-
Overpayments	33,124	-	-	-	33,124	-
Total	\$ 8,184,254	\$ 518,738	\$ 154	\$ 226,477	\$ 8,929,623	\$ 56,895

7. 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, 2020, the County reported the liability as outlined on the following page for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of April 1, 2019, with update procedures used to roll forward the total net pension liability to the measurement date. The County's proportion of the net pension liability was based on projections of the County's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the County.

	ERS
Measurement date	<u>March 31, 2020</u>
Net pension liability	\$ 45,371,349
County's portion of the Plan's total net pension liability	0.1713382%

For the year ended December 31, 2019, the County recognized pension expense of \$14,203,874. At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 2,670,287	\$ -
Changes in assumptions	913,564	788,847
Net difference between projected and actual earnings on pension plan investments	23,259,559	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	204,049	2,400,912
County contributions subsequent to the measurement date	<u>4,343,652</u>	<u>-</u>
Total	<u>\$ 31,391,111</u>	<u>\$ 3,189,759</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:

Year Ending December 31,	ERS
2021	\$ 3,464,343
2022	5,867,809
2023	7,987,733
2024	6,537,815

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

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2014. The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Measurement date	March 31, 2020	
Asset class:		
Domestic equities	36.0 %	4.1 %
International equities	14.0	6.2
Private equity	10.0	6.8
Real estate	10.0	5.0
Absolute return strategies	2.0	3.3
Opportunistic portfolio	3.0	4.7
Real assets	3.0	6.0
Bonds and mortgages	17.0	0.8
Cash	1.0	0.0
Inflation-indexed bonds	4.0	0.5
Total	100.0 %	

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

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the County’s proportionate share of the net pension liability calculated using the discount rate of 6.8%, 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 (5.8%) or one percentage-point higher (7.8%) than the current assumption.

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension liability - ERS	\$ 83,269,236	\$ 45,371,349	\$ 10,467,235

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, 2019
Employers' total pension liability	\$ 194,596,261
Plan fiduciary net position	<u>168,115,682</u>
Employers' net pension liability	<u>\$ 26,480,579</u>
System fiduciary net position as a percentage of total pension liability	86.4%

8. 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, 2020, 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	648
Active employees	<u>721</u>
Total	<u><u>1,369</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 \$99,851,909, was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2020.

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, 2020 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.74% effective December 31, 2019 to 2.12% effective December 31, 2020. Salary increases are based on the NYS ERS assumptions adopted April 1, 2020. Mortality rates were based on Pub-2010 headcount-weighted projected fully-generationally using MP-2020. To estimate the change in the cost of healthcare, the actuaries’ initial healthcare cost trend rate used ranged from 4.04% to 5.40%. An inflation rate of 2.50% was assumed for developing the rate of increase in healthcare costs. The

actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial valuation as of January 1, 2020 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, 2019	<u>\$ 110,832,114</u>
Changes for the year:	
Service cost	4,608,759
Interest	3,113,526
Differences between expected and actual experience	(19,652,642)
Changes in assumptions	10,981,678
Change of benefit terms	(6,389,809)
Benefit payments	<u>(3,641,717)</u>
Net changes	<u>(10,980,205)</u>
Balance at December 31, 2020	<u><u>\$ 99,851,909</u></u>

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

	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>(1.12%)</u>	<u>(2.12%)</u>	<u>(3.12%)</u>
Governmental Activities:			
Total OPEB Liability	\$ 118,028,294	\$ 99,851,909	\$ 85,541,287

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 (4.04%) healthcare cost trend rates.

	1%	Healthcare Cost	1%
	Decrease	Trend Rates	Increase
	<u>(4.40/3.04%)</u>	<u>(5.40/4.04%)</u>	<u>(6.40/5.04%)</u>
Governmental Activities:			
Total OPEB Liability	\$ 82,788,709	\$ 99,851,909	\$ 122,347,300

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, 2020, the County governmental activities contributed \$3,641,717 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, 2020.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 65,354,812
Changes of assumptions	22,981,763	9,396,311
Total	<u>\$ 22,981,763</u>	<u>\$ 74,751,123</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>	Governmental Activities
2021	\$ (13,364,075)
2022	(13,364,075)
2023	(13,364,072)
2024	(10,231,972)
2025	(1,445,166)

9. 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 reasonably 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, 2019 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
2020	\$ 1,859,000	\$ 408,818	\$ 550,818	\$ 1,717,000
2019	1,624,000	815,932	580,932	1,859,000

10. 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, 2020 are \$608,659, of which \$31,128 represents imputed interest costs. A \$577,531 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	<u>(889,321)</u>
Total	<u><u>\$ 1,934,778</u></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
2021	\$ 310,739
2022	<u>297,920</u>
Total minimum lease payments	608,659
Less: amount representing imputed interest	<u>(31,128)</u>
Present value of minimum lease payments	<u><u>\$ 577,531</u></u>

11. LONG-TERM LIABILITIES

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums 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, 2020 is presented below:

	Balance 1/1/2020			Balance 12/31/2020	Due Within One Year
	Increases	Decreases			
Governmental activities:					
Serial bonds	\$ 39,865,000	\$ 13,070,000	\$ 18,365,000	\$ 34,570,000	\$ 2,720,000
Premium on serial bonds	<u>312,319</u>	<u>2,852,563</u>	<u>187,684</u>	<u>2,977,198</u>	<u>221,644</u>
Bonds payable	40,177,319	15,922,563	18,552,684	37,547,198	2,941,644
WTASC bonds and accrued interest	6,779,186	270,475	220,000	6,829,661	895,000
Compensated absences	3,016,017	3,053,304	-	6,069,321	394,506
Capital leases	847,790	-	270,259	577,531	290,016
OPEB obligation	110,832,114	18,703,963	29,684,168	99,851,909	-
Workers' compensation	1,859,000	408,818	550,818	1,717,000	-
Net pension liability*	<u>12,183,503</u>	<u>33,187,846</u>	<u>-</u>	<u>45,371,349</u>	<u>-</u>
Total governmental activities	<u>\$ 175,694,929</u>	<u>\$ 71,546,969</u>	<u>\$ 49,277,929</u>	<u>\$ 197,963,969</u>	<u>\$ 4,521,166</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.

On February 26, 2020, the County issued \$13,070,000 in 2020 public improvement refunding serial bonds, which fully refunded the previously issued 2009 serial bonds. The refunding bonds were issued at a premium of \$2,852,563 and included issuance costs of \$123,274. The interest on the refunding bonds is 4.0 percent. The County deposited \$15,796,282 with an escrow agent and as a result, the portions of the original bonds are considered refunded and the liability of these bonds, \$15,570,000, has been removed from the financial statements. The refunding bonds provide a net present value benefit to the County of \$3,702,178.

A default will have occurred if the payment of principal or interest are not paid when due and payable. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent to the instant issue, that the rate of interest to be paid by the County upon any judgments or accrued claims against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal or interest on the Bonds.

The County does not have any lines of credit.

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, 2020 is shown below:

Description	Original Issue	Year of Issue/ Maturity	Interest Rate (%)	Beginning Balance 1/1/2020	Increases	Decreases	Ending Balance 12/31/2020	Due Due Within One Year
Governmental activities - County:								
Public improvement bonds	\$ 21,480,000	2009/2034	2.6	\$ 15,570,000	\$ -	\$ 15,570,000	\$ -	\$ -
Public improvement refunding bonds	11,340,000	2012/2023	2.0-5.0	4,325,000	-	1,085,000	3,240,000	1,075,000
Court expansion bonds	8,000,000	2015/2035	2.0-3.3	6,980,000	-	355,000	6,625,000	365,000
Court expansion and NSTEM bonds	14,263,765	2017/2037	3.0	12,990,000	-	590,000	12,400,000	605,000
Public improvement refunding bonds	13,070,000	2020/2034	4.0	-	13,070,000	765,000	12,305,000	675,000
Total governmental activities - County				\$ 39,865,000	\$ 13,070,000	\$ 18,365,000	\$ 34,570,000	\$ 2,720,000

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, 2020 is \$2,977,198 for the County.

Warren Tobacco Asset Securitization Corporation (“WTASC”)—Changes in WTASC’s long-term debt for the year ended December 31, 2020 are as follows:

Description	Balance 1/1/2020	Increase	Decrease	Balance 12/31/2020	Due Within One Year*
Tobacco Settlement Bonds:					
Series 2001	\$ 2,670,000	\$ -	\$ 220,000	\$ 2,450,000	\$ 895,000

*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 accrued interest are paid. Future interest accretion has been recorded as bond discount and amortized as the current interest accretes. The accreted interest on the subordinate turbo CABs is reflected within the subordinate turbo CABs liability.

	Interest Rate	Original Principal	Beginning Balance 1/1/2020	Annual Net Interest Accretion	Turbo Redemption Payments	Ending Balance 12/31/2020
Subordinate	6.00% -					
Turbo CABs	7.15%	\$ 1,852,507	\$ 4,109,186	\$ 270,475	\$ -	\$ 4,379,661

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, 2020, 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, 2020 for governmental activities is \$6,069,321 for accrued sick and vacation time. Management estimates that \$394,506 of long-term sick time benefits will 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, 2020 was \$577,531. Refer to Note 10 for additional information related to the County’s leases.

OPEB Obligation—As explained in Note 8, 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 \$99,851,909 at December 31, 2020.

Workers' Compensation—As explained in Note 9, 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, 2020 is \$1,717,000.

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 \$45,371,349. Refer to Note 7 for additional information related to the County's net pension liability.

The following is a maturity schedule of the County's 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
2021	\$ 2,720,000	\$ 221,644	\$ 895,000	\$ 394,506	\$ 290,016	\$ -	\$ -	\$ -	\$ 4,521,166
2022	2,760,000	221,644	385,000	-	287,515	-	-	-	3,654,159
2023	2,825,000	221,644	405,000	-	-	-	-	-	3,451,644
2024	1,790,000	221,644	425,000	-	-	-	-	-	2,436,644
2025	1,840,000	221,644	340,000	-	-	-	-	-	2,401,644
2026-2030	10,105,000	1,108,220	-	-	-	-	-	-	11,213,220
2031-2035	10,770,000	734,663	-	-	-	-	-	-	11,504,663
2036-thereafter	1,760,000	26,095	4,379,661	5,674,815	-	99,851,909	1,717,000	45,371,349	158,780,829
Total	<u>\$ 34,570,000</u>	<u>\$ 2,977,198</u>	<u>\$ 6,829,661</u>	<u>\$ 6,069,321</u>	<u>\$ 577,531</u>	<u>\$ 99,851,909</u>	<u>\$ 1,717,000</u>	<u>\$ 45,371,349</u>	<u>\$ 197,963,969</u>

Interest requirements on governmental activities bonds and capital leases are as follows:

Year Ending December 31,	County	WTASC	Capital Leases	Total
2021	\$ 1,207,487	\$ 114,938	\$ 20,722	\$ 1,343,147
2022	1,101,587	78,344	10,406	1,190,337
2023	993,612	55,631	-	1,049,243
2024	883,412	31,769	-	915,181
2025	825,437	9,775	-	835,212
2026-2030	3,171,839	-	-	3,171,839
2031-2035	1,240,258	-	-	1,240,258
2036-2040	53,250	-	-	53,250
Total	<u>\$ 9,476,882</u>	<u>\$ 290,457</u>	<u>\$ 31,128</u>	<u>\$ 9,798,467</u>

12. NET POSITION AND FUND BALANCE

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

- **Net Investment in Capital Assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. 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	\$ 117,389,310
Related debt:	
Serial bonds—County	\$ (34,570,000)
Unamortized bond premiums	(2,977,198)
Deferred charges on refunding	212,813
Bonds payable—WTASC	(6,829,661)
Capital leases	(577,531)
Unspent proceeds of debt	<u>3,102,740</u> <u>(41,638,837)</u>
Net investment in capital assets	<u>\$ 75,750,473</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 \$12,138,302 is restricted for Westmount legacy costs, capital projects, occupancy tax, debt service, and other purposes (forfeitures crime, probation, environmental testing, and STOP DWI) in the amounts of \$4,264,455, \$3,769,224, \$2,632,008, \$498,773 and \$973,842, 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 \$1,627,400, \$97,608, \$3,379, \$7,442, and \$32,348, respectively, at December 31, 2020.
- **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 \$115,798, \$78,695, and \$177,892, respectively, at December 31, 2020.

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

	Westmount Legacy Costs	Capital	Occupancy Tax	Debt Service	Employee Benefits	Insurance/		Other			Total Restricted
						Forfeitures Crime	Probation	Environmental Testing	STOP DWI		
General Fund	\$ 4,264,455	\$ 1,528,442	\$ 2,632,008	\$ -	\$ 80,000	\$ 559,592	\$ 2,902	\$ 162,642	\$ 168,706	\$ 9,398,747	
County Road Fund	-	1,279,849	-	-	-	-	-	-	-	-	1,279,849
Capital Projects Fund	-	4,046,422	-	-	-	-	-	-	-	-	4,046,422
Nonmajor funds:											
Road Machinery Fund	-	17,251	-	-	-	-	-	-	-	-	17,251
Debt Service Fund	-	-	-	36,535	-	-	-	-	-	-	36,535
WTASC Fund	-	-	-	462,238	-	-	-	-	-	-	462,238
Total	<u>\$ 4,264,455</u>	<u>\$ 6,871,964</u>	<u>\$ 2,632,008</u>	<u>\$ 498,773</u>	<u>\$ 80,000</u>	<u>\$ 559,592</u>	<u>\$ 2,902</u>	<u>\$ 162,642</u>	<u>\$ 168,706</u>	<u>\$ 15,241,042</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, \$829,375, has been appropriated within the 2021 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, 2020, 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, 2020, the County reported the following fund balance assignments:

	Subsequent			
	Encumbrances	Year's Expenditures	Specific Use	Total Assigned
General Fund	\$ 468,518	\$ 1,000,000	\$ -	\$ 1,468,518
County Road Fund	101,850	570,000	1,223,936	1,895,786
Nonmajor funds:				
Road Machinery Fund	226,979	190,000	578,550	995,529
Sewer Fund	-	-	47,155	47,155
Total	<u>\$ 797,347</u>	<u>\$ 1,760,000</u>	<u>\$ 1,849,641</u>	<u>\$ 4,406,988</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 2021 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.

13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the subsequent year. The composition of interfund balances as of December 31, 2020 is presented below:

Fund	Interfund	
	Receivable	Payable
General	\$ 5,810,025	\$ 999,580
County Road	106,499	827,648
Capital Projects	888,422	4,765,134
Nonmajor funds:		
Special Grant	14,642	71,769
Road Machinery	4,158	16,573
Debt Service	267	-
Total governmental funds	6,824,013	6,680,704
Workers' Compensation	4,103	31,781
Unemployment	334	-
Total proprietary funds	4,437	31,781
Custodial	323,206	439,171
Total	<u>\$ 7,151,656</u>	<u>\$ 7,151,656</u>

The County made the following transfers during the year ended December 31, 2020:

Fund	Transfers	
	In	Out
General	\$ 508,185	\$ 4,150,093
County Road	134,451	495,061
Capital Projects	815,947	243,269
Nonmajor funds:		
Road Machinery	-	133,971
Debt Service	3,963,178	-
WTASC	-	399,367
Total governmental funds	<u>\$ 5,421,761</u>	<u>\$ 5,421,761</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 2020, the County has reported interfund revenues of \$102,196 and \$1,339,974 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.

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, 2020 was \$2,047,737.

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, 2020 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, 2020 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, 2020 was \$0.

15. LABOR CONTRACTS

The County's employees operate under six collective bargaining units, with the balance governed by County rules and regulations. The Warren County Police Benevolent Association's contract is settled through December 31, 2019 and is currently in negotiations. The Warren County Sheriff's Employees Alliance and the Warren County Correction Officers Union contracts are settled through December 31, 2020. The Warren County PSBA and the Warren County Correctional Supervisors Association contracts are settled through December 31, 2022. The CSEA Unit 857 contract is settled through December 31, 2023.

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 \$140,670 during 2020 in payments in lieu of taxes ("PILOT"), these collections were made in lieu of \$273,701 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, 2020, the County reported the following significant encumbrances:

Purpose	Amount
Road and Bridge Improvement - Capital Project Fund	\$ 902,473
Court expansion - Capital Project Fund	1,591,035
Airport Equipment - Capital Project Fund	<u>2,933,581</u>
Total	<u>\$ 5,427,089</u>

19. RELATED PARTIES

Warren County Tobacco Asset Securitization Corporation (“WTASC”)—The County provides WTASC with administrative services. WTASC paid the County \$30,000 for administrative expenses for the years ended December 31, 2020.

WTASC was formed to acquire from the County all future rights, title, and interest in 50% of the tobacco settlement revenue (“TSR”) under the MSA with respect to tobacco related litigation among various states and participating manufacturers. Excess TSR not required by the Corporation to pay various expenses, debt service, or required reserves with respect to the bonds are transferred to the WTASC Residual Trust (the “Trust”), as owner of the residual certificate. The County is the beneficial owner of the Trust and, thus, the funds received by the Trust will ultimately transfer to the County. WTASC transferred excess TSR to the County in the amount of \$399,367 for the year ended December 31, 2020.

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 year ended December 31, 2020. 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

Management has evaluated subsequent events through August 23, 2021, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2020	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	0.1713382%	0.1719545%	0.1669605%	0.1724930%	0.1771672%	0.1769295%	0.1769295%
County's proportionate share of the net pension liability	<u>\$ 45,371,349</u>	<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	\$ 37,382,173	\$ 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-employee payroll	121.4%	34.1%	15.5%	47.8%	81.3%	16.4%	21.7%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.3%	98.2%	90.4%	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 Seven Fiscal Years*

	Year Ended December 31,						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 5,741,812	\$ 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>(5,741,812)</u>	<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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 37,943,666	\$ 37,104,312	\$ 35,541,525	\$ 34,526,552	\$ 33,829,391	\$ 37,965,481	\$ 35,733,201
Contributions as a percentage of covered payroll	15.1%	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 Three Fiscal Years*

Governmental activities:

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 4,608,759	\$ 5,539,596	\$ 6,454,563
Interest	3,113,526	6,562,728	5,867,223
Differences between expected and actual experience	(19,652,642)	(73,466,414)	-
Changes of assumptions	10,981,678	20,745,547	(18,792,621)
Change of benefit terms	(6,389,809)	(1,120,323)	-
Benefit payments	<u>(3,641,717)</u>	<u>(3,101,764)</u>	<u>(3,888,449)</u>
Net changes in total OPEB liability	<u>(10,980,205)</u>	<u>(44,840,630)</u>	<u>(10,359,284)</u>
Total OPEB liability—beginning	<u>110,832,114</u>	<u>155,672,744</u>	<u>166,032,028</u>
Total OPEB liability—ending	<u>\$ 99,851,909</u>	<u>\$ 110,832,114</u>	<u>\$ 155,672,744</u>
Plan fiduciary net position			
Contributions—employer	3,641,717	3,101,764	3,888,449
Benefit payments	(3,641,717)	(3,101,764)	(3,888,449)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position—beginning	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OPEB Liability—ending	<u>\$ 99,851,909</u>	<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%	0.0%
Covered-employee payroll	\$ 35,609,424	\$ 39,792,111	\$ 32,698,047
County's net OPEB liability as a percentage of covered-employee payroll	280.41%	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, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Real property taxes	\$ 34,003,221	\$ 34,003,221	\$ 33,953,803	\$ (49,418)
Real property tax items	2,175,500	2,175,500	1,879,850	(295,650)
Non-property tax items	61,674,203	61,674,203	61,344,518	(329,685)
Departmental income	11,317,119	11,321,119	10,390,960	(930,159)
Intergovernmental charges	919,063	1,231,939	1,271,481	39,542
Licenses and permits	609,046	609,046	200,589	(408,457)
Fines and forfeitures	253,502	253,502	267,616	14,114
Use of money and property	1,031,623	1,041,212	1,348,402	307,190
Sale of property and compensation for loss	9,850	59,762	112,803	53,041
Miscellaneous	409,581	446,689	2,882,879	2,436,190
State aid	16,376,798	17,440,058	14,160,571	(3,279,487)
Federal aid	10,509,921	11,113,795	9,887,318	(1,226,477)
Total revenues	<u>139,289,427</u>	<u>141,370,046</u>	<u>137,700,790</u>	<u>(3,669,256)</u>
EXPENDITURES				
Current:				
General government support	43,746,419	46,738,792	42,558,531	4,180,261
Education	2,447,737	2,507,737	2,541,154	(33,417)
Public safety	28,163,774	29,814,149	29,139,628	674,521
Health	16,140,207	16,570,215	14,094,399	2,475,816
Transportation	596,089	665,089	506,927	158,162
Economic assistance and opportunity	42,462,422	39,886,562	38,398,564	1,487,998
Culture and recreation	1,440,323	1,470,308	1,336,832	133,476
Home and community services	1,413,076	1,456,947	1,359,341	97,606
Employee benefits	65,000	65,000	7,192	57,808
Debt service:				
Principal	270,260	270,260	270,259	1
Interest and fiscal charges	30,480	30,480	30,479	1
Total expenditures	<u>136,775,787</u>	<u>139,475,539</u>	<u>130,243,306</u>	<u>9,232,233</u>
Excess (deficiency) of revenues over expenditures	<u>2,513,640</u>	<u>1,894,507</u>	<u>7,457,484</u>	<u>5,562,977</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	415,194	508,185	92,991
Transfers out	(4,224,955)	(4,472,639)	(4,150,093)	322,546
Total other financing sources (uses)	<u>(3,874,955)</u>	<u>(4,057,445)</u>	<u>(3,641,908)</u>	<u>415,537</u>
Net change in fund balances *	(1,361,315)	(2,162,938)	3,815,576	5,978,514
Fund balances—beginning	<u>35,626,978</u>	<u>35,626,978</u>	<u>35,626,978</u>	<u>-</u>
Fund balances—ending	<u>\$ 34,265,663</u>	<u>\$ 33,464,040</u>	<u>\$ 39,442,554</u>	<u>\$ 5,978,514</u>

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance, planned use of restricted 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
Schedule of Revenues, Expenditures, and Changes in
Fund Balances—Budget and Actual—County Road Fund
Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Real property taxes	\$ 9,101,830	\$ 9,101,830	\$ 9,101,830	\$ -
Intergovernmental charges	127,056	130,776	11,971	(118,805)
Use of money and property	85,000	85,000	39,417	(45,583)
Sale of property and compensation for loss	500	3,216	69,766	66,550
Miscellaneous	-	-	158,007	158,007
Interfund revenues	147,800	147,800	102,196	(45,604)
State aid	2,020,079	2,020,079	2,136,753	116,674
Federal aid	2,181	2,181	1,653	(528)
Total revenues	<u>11,484,446</u>	<u>11,490,882</u>	<u>11,621,593</u>	<u>130,711</u>
EXPENDITURES				
Current:				
Public safety	704,452	706,559	642,670	63,889
Transportation	<u>10,941,489</u>	<u>11,984,099</u>	<u>9,917,103</u>	<u>2,066,996</u>
Total expenditures	<u>11,645,941</u>	<u>12,690,658</u>	<u>10,559,773</u>	<u>2,130,885</u>
Excess (deficiency) of revenues over expenditures	<u>(161,495)</u>	<u>(1,199,776)</u>	<u>1,061,820</u>	<u>2,261,596</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	107,136	134,451	27,315
Transfers out	<u>(423,897)</u>	<u>(531,033)</u>	<u>(495,061)</u>	<u>35,972</u>
Total other financing sources (uses)	<u>(423,897)</u>	<u>(423,897)</u>	<u>(360,610)</u>	<u>63,287</u>
Net change in fund balances*	<u>(585,392)</u>	<u>(1,623,673)</u>	<u>701,210</u>	<u>2,324,883</u>
Fund balances—beginning	<u>2,650,728</u>	<u>2,650,728</u>	<u>2,650,728</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,065,336</u>	<u>\$ 1,027,055</u>	<u>\$ 3,351,938</u>	<u>\$ 2,324,883</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, 2020

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 2.74% at December 31, 2019 to 2.12% at December 31, 2020, contributing to the decrease in the County's OPEB liability. The health care trend rate increased from 3.84% at December 31, 2019 to 4.04% at December 31, 2020.

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, 2020, the County's General Fund had expenditures in excess of the final budgeted amount within education in the amount of \$33,417 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, 2020

	Special Revenue								Total Nonmajor Funds	
	Special Grant	Road Machinery	Sewer	Debt Service	WTASC					
ASSETS										
Cash and cash equivalents	\$ 96,639	\$ 1,450,421	\$ 39,812	\$ -	\$ -				\$ 1,586,872	
Restricted cash and cash equivalents	-	17,251	-	36,268	462,238				515,757	
Receivables (net of allowances):										
Other	-	14,056	7,343	-	-				21,399	
Intergovernmental receivables	60,949	159,662	-	-	-				220,611	
Due from other funds	14,642	4,158	-	267	-				19,067	
Inventory	-	177,892	-	-	-				177,892	
Prepaid items	7,442	32,348	-	-	-				39,790	
Total assets	<u>\$ 179,672</u>	<u>\$ 1,855,788</u>	<u>\$ 47,155</u>	<u>\$ 36,535</u>	<u>\$ 462,238</u>				<u>\$ 2,581,388</u>	
LIABILITIES										
Accounts payable	\$ 24,458	\$ 472,134	\$ -	\$ -	\$ -				\$ 496,592	
Accrued liabilities	82,611	143,866	-	-	-				226,477	
Intergovernmental payables	834	195	-	-	-				1,029	
Due to other funds	71,769	16,573	-	-	-				88,342	
Total liabilities	<u>\$ 179,672</u>	<u>\$ 632,768</u>	<u>-</u>	<u>-</u>	<u>-</u>				<u>\$ 812,440</u>	
FUND BALANCES (DEFICIT)										
Nonspendable	7,442	210,240	-	-	-				217,682	
Restricted	-	17,251	-	36,535	462,238				516,024	
Assigned	-	995,529	47,155	-	-				1,042,684	
Unassigned	(7,442)	-	-	-	-				(7,442)	
Total fund balances (deficit)	<u>-</u>	<u>1,223,020</u>	<u>47,155</u>	<u>36,535</u>	<u>462,238</u>				<u>1,768,948</u>	
Total liabilities and fund balances (deficit)	<u>\$ 179,672</u>	<u>\$ 1,855,788</u>	<u>\$ 47,155</u>	<u>\$ 36,535</u>	<u>\$ 462,238</u>				<u>\$ 2,581,388</u>	

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

	Special Revenue				Debt Service	WTASC	Total Nonmajor Funds
	Special Grant	Road Machinery	Sewer				
REVENUES							
Real property taxes	\$ -	\$ 1,302,652	\$ 3,985	\$ -	\$ -	\$ -	\$ 1,306,637
Departmental income	14,095	-	18,557	-	-	-	32,652
Use of money and property	-	12,220	30	1,962	25,372		39,584
Sale of property and compensation for loss	-	109,602	-	-	-		109,602
Miscellaneous	18,269	42,222	-	-	-		60,491
Interfund revenues	-	1,339,974	-	-	-		1,339,974
State aid	24,861	-	-	-	-		24,861
Federal aid	570,672	2,431	-	-	-		573,103
Tobacco settlement revenue	-	-	-	-	798,735		798,735
Total revenues	<u>627,897</u>	<u>2,809,101</u>	<u>22,572</u>	<u>1,962</u>	<u>824,107</u>		<u>4,285,639</u>
EXPENDITURES							
Current:							
General government support	-	-	-	-	58,642		58,642
Transportation	-	2,698,455	-	-	-		2,698,455
Economic Assistance and opportunity	627,897	-	-	-	-		627,897
Home and community services	-	-	12,428	-	-		12,428
Debt service:							
Principal	-	-	-	2,795,000	220,000		3,015,000
Interest and fiscal charges	-	-	-	1,289,806	146,650		1,436,456
Total expenditures	<u>627,897</u>	<u>2,698,455</u>	<u>12,428</u>	<u>4,084,806</u>	<u>425,292</u>		<u>7,848,878</u>
Excess (deficiency) of revenues over expenditures	-	<u>110,646</u>	<u>10,144</u>	<u>(4,082,844)</u>	<u>398,815</u>		<u>(3,563,239)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	3,963,178	-		3,963,178
Transfer out	-	(133,971)	-	-	(399,367)		(533,338)
Proceeds on refunding bonds	-	-	-	13,070,000	-		13,070,000
Payment to refunding bonds escrow agent	-	-	-	(15,796,282)	-		(15,796,282)
Premium on refunding bonds	-	-	-	2,852,563	-		2,852,563
Total other financing sources (uses)	-	<u>(133,971)</u>	-	<u>4,089,459</u>	<u>(399,367)</u>		<u>3,556,121</u>
Net change in fund balances	-	(23,325)	10,144	6,615	(552)		(7,118)
Fund balances—beginning	-	<u>1,246,345</u>	<u>37,011</u>	<u>29,920</u>	<u>462,790</u>		<u>1,776,066</u>
Fund balances—ending	<u>\$ -</u>	<u>\$ 1,223,020</u>	<u>\$ 47,155</u>	<u>\$ 36,535</u>	<u>\$ 462,238</u>		<u>\$ 1,768,948</u>

COUNTY OF WARREN, NEW YORK
Combining Statement of Net Position—Internal Service Funds
December 31, 2020

	<u>Workers' Compensation</u>	<u>Unemployment</u>	<u>Total Internal Service Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,928,951	\$ 96,922	\$ 3,025,873
Restricted cash and cash equivalents	3,201	-	3,201
Intergovernmental receivables	14	-	14
Due from other funds	4,103	334	4,437
Prepaid items	5,401	-	5,401
Total current assets	<u>2,941,670</u>	<u>97,256</u>	<u>3,038,926</u>
Total assets	<u>2,941,670</u>	<u>97,256</u>	<u>3,038,926</u>
LIABILITIES			
Current liabilities:			
Accounts payable	41,388	-	41,388
Accrued liabilities	56,895	-	56,895
Due to other funds	31,781	-	31,781
Unearned revenue	3,201	-	3,201
Total current liabilities	<u>133,265</u>	<u>-</u>	<u>133,265</u>
Noncurrent liabilities:			
Due within one year:			
Workers' compensation	<u>1,717,000</u>	<u>-</u>	<u>1,717,000</u>
Total noncurrent liabilities	<u>1,717,000</u>	<u>-</u>	<u>1,717,000</u>
Total liabilities	<u>1,850,265</u>	<u>-</u>	<u>1,850,265</u>
NET POSITION			
Unrestricted	<u>1,091,405</u>	<u>97,256</u>	<u>1,188,661</u>
Total net position	<u>\$ 1,091,405</u>	<u>\$ 97,256</u>	<u>\$ 1,188,661</u>

COUNTY OF WARREN, NEW YORK
Combining Statement of Revenues, Expenses, and Changes in Net Position—
Internal Service Funds
Year Ended December 31, 2020

	<u>Workers' Compensation</u>	<u>Unemployment</u>	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 1,297,014	\$ 6,456	\$ 1,303,470
Other operating revenue	14	127,271	127,285
Total operating revenues	<u>1,297,028</u>	<u>133,727</u>	<u>1,430,755</u>
Operating expenses:			
Personal services	186,541	-	186,541
Contractual services	991,590	-	991,590
Employee benefits	102,624	133,727	236,351
Total operating expenses	<u>1,280,755</u>	<u>133,727</u>	<u>1,414,482</u>
Operating income	<u>16,273</u>	<u>-</u>	<u>16,273</u>
Nonoperating revenues:			
Interest income	18,578	54	18,632
Other miscellaneous	16,875	-	16,875
Total nonoperating revenues	<u>35,453</u>	<u>54</u>	<u>35,507</u>
Change in net position	51,726	54	51,780
Net position—beginning	<u>1,039,679</u>	<u>97,202</u>	<u>1,136,881</u>
Net position—ending	<u>\$ 1,091,405</u>	<u>\$ 97,256</u>	<u>\$ 1,188,661</u>

COUNTY OF WARREN, NEW YORK
Combining Statement of Cash Flows—Internal Service Funds
Year Ended December 31, 2020

	<u>Workers' Compensation</u>	<u>Unemployment</u>	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from services provided	\$ 1,301,967	\$ 160,503	\$ 1,462,470
Payments to suppliers and service providers	(1,104,088)	(16,042)	(1,120,130)
Payments to employees for salaries and benefits	<u>(289,165)</u>	<u>(133,727)</u>	<u>(422,892)</u>
Net cash provided by (used for) operating activities	<u>(91,286)</u>	<u>10,734</u>	<u>(80,552)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on bank accounts	18,578	54	18,632
Other income	<u>16,875</u>	<u>-</u>	<u>16,875</u>
Net cash provided by investing activities	<u>35,453</u>	<u>54</u>	<u>35,507</u>
Net increase (decrease) in cash and cash equivalents	(55,833)	10,788	(45,045)
Cash and cash equivalents—beginning	<u>2,987,985</u>	<u>86,134</u>	<u>3,074,119</u>
Cash and cash equivalents—ending	<u>\$ 2,932,152</u>	<u>\$ 96,922</u>	<u>\$ 3,029,074</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 16,273	\$ -	\$ 16,273
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Decrease in intergovernmental receivables	6	-	6
(Increase) in prepaid items	(65)	-	(65)
(Decrease) in accounts payable	(6,974)	-	(6,974)
Increase (decrease) in accrued liabilities and intergovernmental payables	51,887	(16,042)	35,845
Decrease in due to/from other funds	4,817	26,776	31,593
Increase in unearned revenue	1,601	-	1,601
(Decrease) in compensated absences	(16,831)	-	(16,831)
(Decrease) in workers' compensation	<u>(142,000)</u>	<u>-</u>	<u>(142,000)</u>
Total adjustments	<u>(107,559)</u>	<u>10,734</u>	<u>(96,825)</u>
Net cash provided by (used for) operating activities	<u>\$ (91,286)</u>	<u>\$ 10,734</u>	<u>\$ (80,552)</u>

FEDERAL AWARDS INFORMATION

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

Federal Grantor/Pass-Through Grantor Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
U.S. Department of Agriculture:				
Passed through NYS Department of Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C35434GG	\$ -	\$ 976,000
Passed through NYS Office of Temporary and Disability Assistance:				
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	- -	647,266
<i>Total SNAP Cluster</i>				<u>647,266</u>
Total U.S. Department of Agriculture				<u>1,623,266</u>
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	- -	61,235
Total U.S. Department of Justice				<u>61,235</u>
U.S. Department of Labor:				
Direct Programs:				
<i>WIA/WIOA Cluster:</i>				
WIA/WIOA Adult Program	17.258	N/A	- -	225,692
WIA/WIOA Youth Activities	17.259	N/A	- -	130,586
WIA/WIOA Dislocated Workers Formula Grants	17.278	N/A	- -	134,273
<i>Total WIA/WIOA Cluster</i>				<u>490,551</u>
Total U.S. Department of Labor				<u>490,551</u>
U.S. Department of Transportation:				
Direct Programs:				
Airport Improvement Program	20.106	N/A	- -	578,729
Passed through NYS Department of Transportation:				
<i>Highway Planning and Construction Cluster:</i>				
Highway Planning and Construction	20.205	See Note 5	- -	1,376,377
<i>Total Highway Planning and Construction Cluster</i>				<u>1,376,377</u>
Total U.S. Department of Transportation				<u>1,955,106</u>
U.S. DEPARTMENT OF THE TREASURY:				
Direct Program:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	- -	63,635
TOTAL U.S. DEPARTMENT OF THE TREASURY				<u>63,635</u>
U.S. Department of Education:				
Passed through NYS Department of Health:				
Special Education—Grants for Infants and Families with Disabilities	84.181	C-027516	- -	114,991
Total U.S. Department of Education				<u>114,991</u>

(continued)

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

(concluded)

Federal Grantor/Pass-Through Grantor Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
U.S. Department of Health and Human Services:				
Direct Programs:				
National Family Caregiver Support, Title III, Part E	93.052	N/A	-	144,566
<i>Aging Cluster:</i>				
Special Programs for the Aging, Title III, Part D	93.043	N/A	-	6,941
Special Programs for the Aging, Title III, Part B	93.044	N/A	-	90,314
Special Programs for the Aging, Title III, Part C	93.045	N/A	-	179,975
Nutrition Services Incentive Program	93.053	N/A	-	285,672
<i>Total Aging Cluster</i>			-	562,902
Guardianship Assistance	93.090	N/A	-	222
COVID-19 Testing for the Uninsured	93.461	N/A	-	63,582
Provider Relief Fund	93.498	N/A	-	157,753
Temporary Assistance for Needy Families	93.558	N/A	-	2,803,356
Child Support Enforcement	93.563	N/A	-	314,019
Low-Income Home Energy Assistance	93.568	N/A	-	2,883,655
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	-	72,024
Foster Care, Title IV-E	93.658	N/A	-	688,372
Adoption Assistance	93.659	N/A	-	769,621
Social Services Block Grant	93.667	N/A	-	225,752
Child Abuse and Neglect State Grants	93.669	N/A	-	53,046
Medical Assistance Program	93.778	N/A	-	1,025,805
Centers for Medicare and Medicaid Services (CMS)				
Research, Demonstrations and Evaluations	93.779	N/A	-	50,672
Passed through Health Research Inc.:				
Public Health Emergency Preparedness	93.069	1628-10/1628-13/6319-01	-	137,153
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	6437-01	-	87,512
Passed through NYS Department of Health:				
Preventive Health and Health Services Block Grant	93.991	C030927	-	23,227
Maternal and Child Health Services Block Grant to the States	93.994	C029748	-	(2,598)
Passed through NYS Office of Alcoholism and Substance Abuse Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	-	238,586
Total U.S. Department of Health and Human Services			-	10,299,227
U.S. Department of Homeland Security:				
Passed through NYS Office of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	455,749
Passed through NYS Division of Homeland Security and Emergency Services:				
State Homeland Security Program (SHSP)	97.067	See Note 5	-	176,794
Total U.S. Department of Homeland Security			-	632,543
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 15,240,554

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, 2020

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, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net 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 minimis indirect cost rate as allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available. Negative amounts shown on the Schedule represent adjustments or credits made to correct expenditures of federal awards made in prior years.

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, 2020 are as follows:

	Pass-Through Identifying Number	Total Federal Expenditures
CFDA No. 97.067:		
	C974270	\$ 5,501
	C974280	52,761
	C974290	53,334
	T837395	28,994
	T837396	<u>36,204</u>
	Total	<u>\$ 176,794</u>
CFDA No. 20.205:		
	D013789	\$ (9,710)
	D021033	(427)
	D030378	(53,719)
	D031509	53,545
	D033375	359
	D036056	923,505
	D036053	63,686
	D040064	104,605
	D040068	140,495
	D040061	101,382
	D040067	<u>52,656</u>
	Total	<u>\$ 1,376,377</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, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated August 23, 2021 (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 23, 2021

Certified Public Accountants

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

Honorable 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, 2020. 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 expended \$0, \$909,416 and \$28,811 in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2020. Our 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, 2020.

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, 2020.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 23, 2021

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

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued: Yes No Unmodified*

(*which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 84, 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: Yes 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>
20.205	Highway Planning and Construction Cluster
93.568	Low-Income Home Energy Assistance
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs? Yes No \$ 750,000

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, 2020
(Follow-Up on December 31, 2019 Findings)

No findings were reported.