

**COUNTY OF WARREN,
NEW YORK**

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

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DRESCHER & MALECKI LLP

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



INDEPENDENT AUDITORS' REPORT

Honorable Board of Supervisors
County of Warren, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activity, the discretely presented component unit, 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of 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 report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the LDC, is based solely on the report of the other auditors.

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

In our opinion, except for the effects of the matter described in the Matters Giving Rise to Qualified Opinion on the Warren County Soil and Water Conservation District Discretely Presented Component Unit section, the accompanying financial statements present fairly, in all material respects, the financial position of the discretely presented component unit for the County, as of December 31, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Unmodified and Qualified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements

section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters Giving Rise to Qualified 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 (the “District”) have not been audited, and we were not engaged to audit the District’s financial statements as part of our audit of the County’s basic financial statements. The District’s financial activities are included in the County’s basic financial statements as a discretely presented component unit.

Responsibilities of Management for the Financial Statements

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

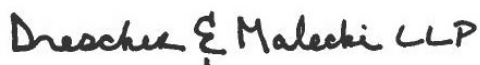
Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated August 26, 2024 on our consideration of the County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.

Drescher & Malecki LLP

August 26, 2024

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

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, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the County's primary government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$64,814,745 (*net position*). This consists of \$118,195,389 net investment in capital assets, \$20,291,220 restricted for specific purposes, and an unrestricted net position of \$(73,671,864).
- The County's primary government net position increased \$31,806,299 during the year ended December 31, 2023. Governmental activities increased the County's net position during the year ended December 31, 2023 by \$31,826,994, while business-type activities decreased \$20,695.
- At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$69,415,249, an increase of \$189,098 in comparison with the prior year's fund balance of \$69,226,151.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$40,242,026, or approximately 23.3 percent of General Fund expenditures and transfers out. This total amount is *available for spending* at the County's discretion and constitutes approximately 67.4 percent of the General Fund's total fund balance of \$59,725,105 at December 31, 2023.
- The County's serial bonds decreased by \$2,825,000 during the current year due to scheduled principal payments made.

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 fund 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 25-55 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 postemployment benefits ("OPEB") obligation, and the County's budgetary comparisons for the General Fund and County Road Fund. Required Supplementary Information and related notes to the Required Supplementary Information can be found on pages 56-61 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 62-66.

Finally, the Federal Awards Information can be found on pages 67-77 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the County's primary government, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$64,814,745 at the close of the most recent fiscal year, as compared to \$33,008,446, at the close of the fiscal year ended December 31, 2022.

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,	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 128,487,542	\$ 153,097,500	\$ 1,522,714	\$ 1,536,460	\$ 130,010,256	\$ 154,633,960
Capital assets	159,309,281	137,708,714	-	-	159,309,281	137,708,714
Total assets	<u>287,796,823</u>	<u>290,806,214</u>	<u>1,522,714</u>	<u>1,536,460</u>	<u>289,319,537</u>	<u>292,342,674</u>
Deferred outflows of resources	48,110,324	54,843,753	-	-	48,110,324	54,843,753
Current liabilities	49,982,113	60,268,467	6,949	-	49,989,062	60,268,467
Noncurrent liabilities	162,550,056	127,596,337	-	-	162,550,056	127,596,337
Total liabilities	<u>212,532,169</u>	<u>187,864,804</u>	<u>6,949</u>	<u>-</u>	<u>212,539,118</u>	<u>187,864,804</u>
Deferred inflows of resources	60,075,998	126,313,177	-	-	60,075,998	126,313,177
Net position:						
Net investment in capital assets	118,195,389	99,196,380	-	-	118,195,389	99,196,380
Restricted	20,291,220	18,176,850	-	-	20,291,220	18,176,850
Unrestricted	<u>(75,187,629)</u>	<u>(85,901,244)</u>	<u>1,515,765</u>	<u>1,536,460</u>	<u>(73,671,864)</u>	<u>(84,364,784)</u>
Total net position	<u>\$ 63,298,980</u>	<u>\$ 31,471,986</u>	<u>\$ 1,515,765</u>	<u>\$ 1,536,460</u>	<u>\$ 64,814,745</u>	<u>\$ 33,008,446</u>

The largest portion of the County’s net position, \$118,195,389, reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment, infrastructure and right-to-use assets), net of accumulated depreciation/amortization, 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, \$20,291,220, 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, \$(73,671,864), is considered to be an unrestricted deficit. This deficit does not mean that the County does not have resources available to meet its obligations in the ensuing year. Rather, it reflects liabilities not related to the County’s capital and right-to-use assets and are not expected to be repaid from current resources. These long-term liabilities including compensated absences, other postemployment benefits (“OPEB”) obligations, and net pension liability are funded annually within the funds.

The table on the following page presents the changes in net position for the years ended December 31, 2023 and December 31, 2022.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues	\$ 75,805,294	\$ 62,428,025	\$ 113,972	\$ 70,364	\$ 75,919,266	\$ 62,498,389
General revenues	139,493,930	132,778,088	-	-	139,493,930	132,778,088
Total revenues	215,299,224	195,206,113	113,972	70,364	215,413,196	195,276,477
Total expenses	183,472,230	148,628,537	134,667	249,349	183,606,897	148,877,886
Change in net position	31,826,994	46,577,576	(20,695)	(178,985)	31,806,299	46,398,591
Net position—beginning	31,471,986	(15,105,590)	1,536,460	1,715,445	33,008,446	(13,390,145)
Net position—ending	\$ 63,298,980	\$ 31,471,986	\$ 1,515,765	\$ 1,536,460	\$ 64,814,745	\$ 33,008,446

Governmental activities—Governmental activities increased the County’s net position by \$31,826,994 due to increases in federal aid and interest earnings. A summary of revenues for governmental activities for the years ended December 31, 2023 and 2022 is presented below:

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Charges for services	\$ 12,598,001	\$ 14,210,527	\$ (1,612,526)	(11.3)
Operating grants and contributions	42,871,369	34,905,937	7,965,432	22.8
Capital grants and contributions	20,335,924	13,311,561	7,024,363	52.8
Property taxes and tax items	49,610,434	47,911,559	1,698,875	3.5
Non-property tax items	82,464,135	80,029,964	2,434,171	3.0
Use of money and property	4,356,582	2,671,570	1,685,012	63.1
Miscellaneous	1,563,076	651,483	911,593	139.9
Sale of property and compensation for loss	657,585	535,956	121,629	22.7
Tobacco settlement revenue	842,118	977,556	(135,438)	(13.9)
Total revenues	\$ 215,299,224	\$ 195,206,113	\$ 20,093,111	10.3

The most significant source of revenues for governmental activities are non-property taxes, which account for \$82,464,135, or 38.3 percent of total revenues. The other significant sources of revenue include property taxes and tax items, which comprise \$49,610,434, or 23.0 percent of total revenues, and operating grants and contributions, which comprise \$42,871,369, or 19.9 percent of total revenues. Similarly, for the year ended December 31, 2022, the most significant source of revenues for governmental activities are non-property taxes, which account for \$80,029,964, or 41.0 percent of total revenues. The other significant sources of revenue include property taxes and tax items, which comprise \$47,911,559, or 24.5 percent of total revenues, and operating grants and contributions, which comprise \$34,905,937, or 17.9 percent of total revenues.

During the year ended December 31, 2023, total revenues increased by \$20,093,111. Operating grants and contributions accounted for a \$7,965,432 increase, resulting primarily from increased funding related to the County’s social service programs. Capital grants and contributions accounted for a \$7,024,363 increase, resulting primarily from a significant increase in federal aid related to transportation projects.

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

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
General government support	\$ 58,549,124	\$ 46,463,808	\$ 12,085,316	26.0
Education	2,583,951	2,325,435	258,516	11.1
Public safety	40,652,758	29,312,304	11,340,454	38.7
Health	16,210,843	12,615,390	3,595,453	28.5
Transportation	11,127,531	13,340,504	(2,212,973)	(16.6)
Economic assistance and opportunity	48,033,221	39,855,253	8,177,968	20.5
Culture and recreation	1,705,132	1,475,692	229,440	15.5
Home and community services	2,604,502	1,569,500	1,035,002	65.9
Interest and fiscal charges	2,005,168	1,670,651	334,517	20.0
Total program expenses	<u>\$ 183,472,230</u>	<u>\$ 148,628,537</u>	<u>\$ 34,843,693</u>	23.4

The County's most significant expense category for governmental activities is general government support of \$58,549,124, or 31.9 percent of program expenses. The other significant expenses include economic assistance and opportunity (primarily composed of social service costs) of \$48,033,221, or 26.2 percent of program expenses, and public safety expenses of \$40,652,758, or 22.2 percent of total expenses. Similarly, for the year ended December 31, 2022, most significant expense category for governmental activities is general government support of \$46,463,808, or 31.3 percent of program expenses. The other significant expenses include economic assistance and opportunity (primarily composed of social service costs) of \$39,855,253, or 26.8 percent of program expenses, and public safety expenses of \$29,312,304, or 19.7 percent of total expenses.

During the year ended December 31, 2023, total program expenses increased \$34,843,693, or 23.4 percent from the prior year. General government support expenses accounted for a \$12,085,316 increase, resulting primarily from an increase in sales tax distributions to local municipalities and an increase in American Rescue Plan funding being disbursed to beneficiaries of the County. Public safety expenses accounted for a \$11,340,454 increase, resulting primarily from increases in allocable employee benefits and an increase in maintenance and supplies costs.

Business-type activities—Business-type activities decreased the County's net position by \$20,695. For the year ended December 31, 2023, revenues increased 62.0 percent and expenses decreased by 46.0 percent. Revenues increased from the prior year due to an increase interest and late fees on loans received. Expenses decreased from the prior year due to a decrease in bad debt expense.

A summary source of revenues and expenses for the County's business-type activities for the years ended December 31, 2023 and December 31, 2022 is presented on the following page in Table 5.

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

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Revenues:				
Interest and late fees on loans	\$ 53,058	\$ 19,923	\$ 33,135	166.3
Program service fees	914	441	473	107.3
Warren County support fee	60,000	50,000	10,000	20.0
Total revenues	<u>\$ 113,972</u>	<u>\$ 70,364</u>	<u>\$ 43,608</u>	62.0
Expenses:				
Administrative	\$ 70,007	\$ 58,783	11,224	19.1
Bad debt expense	64,660	190,566	(125,906)	(66.1)
Total expenses	<u>\$ 134,667</u>	<u>\$ 249,349</u>	<u>\$ (114,682)</u>	(46.0)

The most significant source of revenue for business-type activities for the year ended December 31, 2023 was the Warren County support fee, which accounted for \$60,000, or 52.6 percent of total revenues. Similarly, for the year ended December 31, 2022, the most significant source of revenue was the Warren County support fee, which also accounted for \$50,000, or 71.1 percent of total revenues.

The most significant source of expenses for business-type activities for the year ended December 31, 2023 were administrative expenses, which accounted for \$70,007, or 52.0 percent of total expenses. For the year ended December 31, 2022, the most significant source of expenses was the bad debt expense, which accounted for \$190,566, or 76.4 percent of total expenses.

Financial Analysis of Governmental Funds

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

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

At December 31, 2023, the County’s governmental funds reported combined ending fund balances of \$69,415,249, an increase of \$189,098 in comparison with the prior year. The County had fund balances totaling \$42,918,887, 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, \$2,495,446; (2) restricted for particular purposes, \$15,096,729 or (3) assigned for other purposes, \$8,904,187.

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 \$40,242,026, while total fund balance was \$59,725,105. The General Fund fund balance increased \$369,148 from the prior year. The increase was due primarily to budgetary savings experienced within major expenditure functions and increased sales tax receipts. 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 23.3 percent of General Fund expenditures and transfers out, while total fund balance represents 34.5 percent of that same amount.

At December 31, 2023, the County Road Fund reported total ending fund balance of \$4,827,197, of which \$2,218,093 is assigned to specific use for the operations of the County Road Fund. The County Road Fund fund balance increased \$716,898 from the prior year as a result of cost savings and decreases in overall road project expenditures.

The Capital Projects Fund reported total ending fund balance of \$1,806,503, of which \$1,806,234 is restricted to be used for future costs related to capital projects. Fund balance decreased \$1,661,883 from the prior year, primarily as a result of capital outlay and transfers out exceeding state and federal aid and transfers in from other funds.

Proprietary funds—Total net position of the Warren County LDC at December 31, 2023 totaled \$1,515,765 of unrestricted net position. The Warren County LDC net position decreased \$20,695 during the year ended December 31, 2023 as a result of an increase in administrative and general service costs.

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 \$458,676 at December 31, 2023, a decrease of \$150,021 due primarily to increased workers' compensation claims expenses during the year.

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, 2023 is presented below within Table 6.

Table 6—General Fund Budget

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues and other financing sources	\$ 158,091,803	\$ 169,191,665	\$ 173,424,431	\$ 4,232,766
Expenditures and transfers out	162,931,763	183,363,285	173,055,283	10,308,002
Excess (deficiency) of revenues and other financing sources over (under) expenditures and transfers out	\$ (4,839,960)	\$ (14,171,620)	\$ 369,148	\$ 14,540,768

Original budget compared to final budget—The County increased total appropriations \$20,431,522 during the year ended December 31, 2023. The budget was amended upward within all of the functions of expenditures for an anticipated increase in spending. \$11,099,862 of increases were funded with matching revenues (state and federal aid and other revenues), while the remaining \$9,331,660 appropriated fund balance.

Final budget compared to actual results—The General Fund appropriations were under final budgetary appropriations by \$10,308,002. The largest budgetary savings was realized within health, primarily due to less than anticipated spending for contracted services and personnel costs. Actual revenues and transfers in exceeded final budget by \$4,232,766, due primarily to more sales tax revenue received than originally anticipated.

Capital and Right-to-Use Assets and Debt Administration

Capital and right-to-use assets—The County’s investment in capital and right-to-use assets for its governmental activities as of December 31, 2023 amounted to \$159,309,281 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, vehicles and equipment, infrastructure, and right-to-use assets. The County’s business-type activities reported no capital assets at December 31, 2023. All depreciable/amortizable capital assets were depreciated/amortized from acquisition date to the end of the current year, as outlined in the County’s capital asset policy.

Capital assets, net of depreciation/amortization, for governmental activities at the years ended December 31, 2023 and December 31, 2022 are presented in Table 7 below.

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

	Governmental Activities	
	December 31,	
		2022
	2023	(as adjusted)
Land	\$ 6,429,337	\$ 6,429,337
Construction in progress	51,595,623	28,460,922
Land Improvements	3,009,615	2,832,919
Buildings and improvements	43,159,253	44,721,158
Vehicles and equipment	7,742,768	7,934,155
Infrastructure	46,796,322	47,091,240
Right-to-use leased assets	284,201	238,983
Right-to-use SBITA assets	292,162	441,605
Total	<u>\$ 159,309,281</u>	<u>\$ 138,150,319</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 4 of this report.

Long-term liabilities—At December 31, 2023, the County’s governmental activities had long-term liabilities outstanding of \$162,550,056, which was an increase of \$34,633,996 from the prior year, as adjusted. 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, 2023 and December 31, 2022 is presented below in Table 8.

Table 8—Summary of Long-Term Liabilities

	Governmental Activities	
	December 31,	
	2023	2022 (as adjusted)
Serial bonds	\$ 26,265,000	\$ 29,090,000
Premium on serial bonds	2,312,266	2,533,910
WTASC bonds and accreted interest	6,943,310	6,885,455
Compensated absences	6,608,145	6,318,546
Lease liability	282,356	226,430
SBITA liability	280,793	319,723
Other postemployment benefits	79,884,066	80,917,996
Workers' compensation	1,872,000	1,624,000
Net pension liability	38,102,120	-
Total	<u>\$ 162,550,056</u>	<u>\$ 127,916,060</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 2023 was 3.7 percent. This compares to New York State's unemployment rate of 4.6 percent and the national unemployment rate of 3.7 percent.

The County considered current year operational expenses and estimated increases based on economic factors when establishing the 2024 budget. The County's 2024 General Fund budget includes the appropriation of \$1,933,825 of available fund balance and the appropriation of \$235,755 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, 2023

	Primary Government			Component Unit
	Governmental	Business-Type		Soil and Water
	Activities	Activities	Total	Conservation
				District
				(unaudited)
ASSETS				
Cash and cash equivalents	\$ 30,919,914	\$ 1,401,602	\$ 32,321,516	\$ 192,177
Restricted cash and cash equivalents	25,367,448	-	25,367,448	207,499
Investments	15,350,271	-	15,350,271	-
Receivables, net of allowances:				
Taxes	11,127,454	-	11,127,454	-
Other	2,155,099	73,757	2,228,856	-
Leases	1,288,179	-	1,288,179	-
Intergovernmental receivables	38,060,175	-	38,060,175	-
Due from Fiduciary Funds	889,426	-	889,426	-
Inventories	634,094	-	634,094	-
Prepaid items	1,867,791	-	1,867,791	-
Noncurrent receivables	827,691	47,355	875,046	-
Capital and right-to-use assets, not being depreciated/amortized	58,024,960	-	58,024,960	-
Capital and right-to-use assets, net of accumulated depreciation/amortization	101,284,321	-	101,284,321	-
Total assets	<u>287,796,823</u>	<u>1,522,714</u>	<u>289,319,537</u>	<u>399,676</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	164,324	-	164,324	-
Deferred outflows—relating to pensions	28,283,635	-	28,283,635	-
Deferred outflows—relating to OPEB	19,662,365	-	19,662,365	-
Total deferred outflows of resources	<u>48,110,324</u>	<u>-</u>	<u>48,110,324</u>	<u>-</u>
LIABILITIES				
Accounts payable	7,774,022	6,949	7,780,971	-
Accrued liabilities	10,441,354	-	10,441,354	-
Intergovernmental payables	18,429,450	-	18,429,450	556
Unearned revenue	7,017,287	-	7,017,287	-
Bond anticipation notes payable	6,320,000	-	6,320,000	-
Noncurrent liabilities:				
Due within one year	4,453,200	-	4,453,200	-
Due in more than one year	158,096,856	-	158,096,856	-
Total liabilities	<u>212,532,169</u>	<u>6,949</u>	<u>212,539,118</u>	<u>556</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	4,512,586	-	4,512,586	-
Deferred inflows—relating to OPEB	54,397,351	-	54,397,351	-
Deferred inflows—relating to leases	1,166,061	-	1,166,061	-
Deferred inflows—unavailable revenue	-	-	-	44,519
Total deferred inflows of resources	<u>60,075,998</u>	<u>-</u>	<u>60,075,998</u>	<u>44,519</u>
NET POSITION				
Net investment in capital assets	118,195,389	-	118,195,389	-
Restricted for:				
Westmount legacy costs	3,565,276	-	3,565,276	-
Capital projects	9,427,595	-	9,427,595	-
Occupancy tax	4,303,190	-	4,303,190	-
Debt service	2,061,013	-	2,061,013	-
Other	934,146	-	934,146	-
Unrestricted	(75,187,629)	1,515,765	(73,671,864)	354,601
Total net position	<u>\$ 63,298,980</u>	<u>\$ 1,515,765</u>	<u>\$ 64,814,745</u>	<u>\$ 354,601</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, 2023

					Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Soil and Water Conservation District (unaudited)
Primary government:								
Governmental activities:								
General government support	\$ 58,549,124	\$ 3,871,305	\$ 5,432,922	\$ 298,021	\$ (48,946,876)	\$ -	\$ (48,946,876)	\$ -
Education	2,583,951	-	-	-	(2,583,951)	-	(2,583,951)	-
Public safety	40,652,758	1,647,672	1,518,484	49,630	(37,436,972)	-	(37,436,972)	-
Health	16,210,843	2,100,027	10,390,923	-	(3,719,893)	-	(3,719,893)	-
Transportation	11,127,531	1,350,193	3,529,703	17,220,062	10,972,427	-	10,972,427	-
Economic assistance and opportunity	48,033,221	3,516,966	20,753,271	-	(23,762,984)	-	(23,762,984)	-
Culture and recreation	1,705,132	85,006	236,789	2,768,211	1,384,874	-	1,384,874	-
Home and community services	2,604,502	26,832	1,009,277	-	(1,568,393)	-	(1,568,393)	-
Interest and other fiscal charges	2,005,168	-	-	-	(2,005,168)	-	(2,005,168)	-
Total governmental activities	183,472,230	12,598,001	42,871,369	20,335,924	(107,666,936)	-	(107,666,936)	-
Business-type activities:								
Warren County LDC	134,667	53,972	60,000	-	-	(20,695)	(20,695)	-
Total primary government	\$ 183,606,897	\$ 12,651,973	\$ 42,931,369	\$ 20,335,924	(107,666,936)	(20,695)	(107,687,631)	-
Component unit:								
Soil and Water Conservation District	\$ 981,344	\$ 156,415	\$ 925,632	\$ -				100,703
General revenues:								
					47,681,148	-	47,681,148	-
					1,929,286	-	1,929,286	-
					82,464,135	-	82,464,135	-
					4,356,582	-	4,356,582	1,535
					1,563,076	-	1,563,076	48,061
					657,585	-	657,585	-
					842,118	-	842,118	-
					139,493,930	-	139,493,930	49,596
					31,826,994	(20,695)	31,806,299	150,299
					31,471,986	1,536,460	33,008,446	204,302
					\$ 63,298,980	\$ 1,515,765	\$ 64,814,745	\$ 354,601

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

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

	General	County Road	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 24,109,696	\$ 2,252,105	\$ -	\$ 2,134,005	\$ 28,495,806
Restricted cash and cash equivalents	17,950,569	1,394,301	5,196,898	825,680	25,367,448
Investments	15,350,271	-	-	-	15,350,271
Receivables (net of allowances):					
Taxes	11,127,454	-	-	-	11,127,454
Other	2,153,967	-	-	1,132	2,155,099
Leases	1,288,179	-	-	-	1,288,179
Intergovernmental receivables	17,953,415	2,229,929	17,663,592	213,221	38,060,157
Due from other funds	17,241,247	79,291	2,643,150	229,038	20,192,726
Inventories	92,342	97,141	-	444,611	634,094
Prepaid items	1,751,156	70,305	269	39,622	1,861,352
Total assets	<u>\$ 109,018,296</u>	<u>\$ 6,123,072</u>	<u>\$ 25,503,909</u>	<u>\$ 3,887,309</u>	<u>\$ 144,532,586</u>
LIABILITIES					
Accounts payable	\$ 6,446,765	\$ 84,046	\$ 959,250	\$ 254,164	\$ 7,744,225
Accrued liabilities	9,140,358	656,465	733	222,718	10,020,274
Intergovernmental payables	18,379,519	-	32,150	8,408	18,420,077
Due to other funds	2,338,299	555,364	16,357,355	51,741	19,302,759
Unearned revenue	6,695,535	-	27,918	293,834	7,017,287
Bond anticipation notes payable	-	-	6,320,000	-	6,320,000
Total liabilities	<u>43,000,476</u>	<u>1,295,875</u>	<u>23,697,406</u>	<u>830,865</u>	<u>68,824,622</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources—relating to leases	1,166,061	-	-	-	1,166,061
Unavailable revenue—property taxes	5,126,654	-	-	-	5,126,654
Total deferred inflows of resources	<u>6,292,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,292,715</u>
FUND BALANCES (DEFICIT)					
Nonspendable	1,843,498	167,446	269	484,233	2,495,446
Restricted	11,255,034	1,394,301	1,806,234	641,160	15,096,729
Assigned	6,384,547	3,265,450	-	1,941,138	11,591,135
Unassigned	40,242,026	-	-	(10,087)	40,231,939
Total fund balances (deficit)	<u>59,725,105</u>	<u>4,827,197</u>	<u>1,806,503</u>	<u>3,056,444</u>	<u>69,415,249</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 109,018,296</u>	<u>\$ 6,123,072</u>	<u>\$ 25,503,909</u>	<u>\$ 3,887,309</u>	<u>\$ 144,532,586</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, 2023

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

Fund balances—total governmental funds (page 16)		\$ 69,415,249
Capital and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of these assets is \$288,586,213 and the accumulated depreciation/amortization is \$129,276,932.		159,309,281
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 fund statements.		827,691
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.		164,324
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.		5,126,654
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows related to employer contributions	\$ 4,684,957	
Deferred outflows related to experience, changes in assumptions, and proportions	23,598,678	
Deferred inflows related to pension plans	<u>(4,512,586)</u>	23,771,049
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows relating to change in assumptions and differences between expected and actual experience	\$ 19,662,365	
Deferred inflows related to OPEB liability	<u>(54,397,351)</u>	(34,734,986)
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.		458,676
Net accrued interest expense for serial bonds of \$199,251, bond anticipation notes of \$162,632, and WTASC bonds of \$7,858 are not reported in the fund statements.		(369,741)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	\$ (26,265,000)	
Premiums on serial bonds	(2,312,266)	
WTASC bonds and accreted interest	(6,943,310)	
Compensated absences	(6,599,306)	
Lease liability	(282,356)	
SBITA liability	(280,793)	
Other postemployment benefits obligation	(79,884,066)	
Net pension liability	<u>(38,102,120)</u>	(160,669,217)
Net position of governmental activities		<u>\$ 63,298,980</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, 2023

	General	County Road	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Real property taxes	\$ 33,791,789	\$ 11,860,083	\$ -	\$ 1,971,834	\$ 47,623,706
Real property tax items	1,929,286	-	-	-	1,929,286
Non-property tax items	82,464,135	-	-	-	82,464,135
Departmental income	9,584,948	-	-	22,578	9,607,526
Intergovernmental charges	1,320,345	7,939	-	-	1,328,284
Licenses and permits	338,234	-	-	-	338,234
Fines and forfeitures	320,508	-	-	-	320,508
Use of money and property	3,729,735	219,617	364	95,546	4,045,262
Sale of property and compensation for loss	546,082	5,641	-	105,862	657,585
Miscellaneous	1,028,293	45,343	157,859	-	1,231,495
Interfund revenues	-	60,522	-	1,182,627	1,243,149
State aid	22,314,420	3,529,434	3,512,903	-	29,356,757
Federal aid	15,246,863	107	16,996,193	1,780,542	34,023,705
Tobacco settlement revenue	-	-	-	837,162	837,162
Total revenues	<u>172,614,638</u>	<u>15,728,686</u>	<u>20,667,319</u>	<u>5,996,151</u>	<u>215,006,794</u>
EXPENDITURES					
Current:					
General government support	57,196,983	-	-	59,548	57,256,531
Education	2,693,143	-	-	-	2,693,143
Public safety	35,169,443	673,955	-	-	35,843,398
Health	16,856,074	-	-	-	16,856,074
Transportation	587,346	10,392,401	-	2,495,158	13,474,905
Economic assistance and opportunity	52,136,949	-	-	932,875	53,069,824
Culture and recreation	1,565,875	-	-	-	1,565,875
Home and community services	1,672,613	-	-	968,134	2,640,747
Employee benefits-unallocated	34,284	-	-	-	34,284
Debt service:					
Principal	213,810	-	-	3,095,000	3,308,810
Interest and fiscal charges	57,668	207,000	-	1,095,676	1,360,344
Capital outlay	-	-	27,102,976	-	27,102,976
Total expenditures	<u>168,184,188</u>	<u>11,273,356</u>	<u>27,102,976</u>	<u>8,646,391</u>	<u>215,206,911</u>
Excess (deficiency) of revenues over expenditures	<u>4,430,450</u>	<u>4,455,330</u>	<u>(6,435,657)</u>	<u>(2,650,240)</u>	<u>(200,117)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	420,578	112,892	4,888,664	3,968,613	9,390,747
Transfers out	(4,871,095)	(3,851,324)	(114,890)	(553,438)	(9,390,747)
Leases issued	343,639	-	-	-	343,639
SBITAs issued	45,576	-	-	-	45,576
Total other financing sources (uses)	<u>(4,061,302)</u>	<u>(3,738,432)</u>	<u>4,773,774</u>	<u>3,415,175</u>	<u>389,215</u>
Net change in fund balances	369,148	716,898	(1,661,883)	764,935	189,098
Fund balances—beginning	59,355,957	4,110,299	3,468,386	2,291,509	69,226,151
Fund balances—ending	<u>\$ 59,725,105</u>	<u>\$ 4,827,197</u>	<u>\$ 1,806,503</u>	<u>\$ 3,056,444</u>	<u>\$ 69,415,249</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, 2023

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) \$ 189,098

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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense and the loss on disposal of assets in the current period.

Capital asset additions	\$ 30,111,822	
Depreciation/amortization expense	(8,694,040)	
Loss on disposal of assets	(258,820)	21,158,962

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	\$ 57,442	
Change in long-term receivable - tobacco settlement revenue	4,956	62,398

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. (16,163)

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

Country pension contributions	\$ 5,938,858	
Cost of benefits earned net of employee contributions	(12,190,908)	(6,252,050)

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	\$ 8,549,815	
Changes in assumptions	4,419,193	12,969,008

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. (150,021)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 18,917

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

Repayment of serial bonds	\$ 2,825,000	
Amortization of premiums on serial bonds	221,644	
Repayment of WTASC bonds	270,000	
WTASC subordinate turbo CABs accretion	(327,855)	
Change in compensated absences	(280,760)	
Issuance of leases	(343,639)	
Repayment of leases	129,304	
Adjustment of leases	158,409	
Issuance of SBITAs	(45,576)	
Repayment of SBITAs	84,506	
Adjustment of SBITAs	121,882	
Change in OPEB obligation	1,033,930	3,846,845

Change in net position of governmental activities		\$ 31,826,994
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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, 2023

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Warren County LDC	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,401,602	\$ 2,424,108
Receivables:		
Loans receivable, current	53,757	-
Other	20,000	-
Intergovernmental receivables	-	18
Due from other funds	-	65
Prepaid items	-	6,439
Total current assets	<u>1,475,359</u>	<u>2,430,630</u>
Noncurrent assets:		
Noncurrent loans receivable, net of allowance	<u>47,355</u>	<u>-</u>
Total noncurrent assets	<u>47,355</u>	<u>-</u>
Total assets	<u>1,522,714</u>	<u>2,430,630</u>
LIABILITIES		
Current liabilities:		
Accounts payable	6,949	29,797
Accrued liabilities	-	51,339
Intergovernmental payables	-	9,373
Due to other funds	-	606
Workers' compensation, current portion	-	673,000
Total current liabilities	<u>6,949</u>	<u>764,115</u>
Noncurrent liabilities:		
Compensated absences	-	8,839
Workers' compensation	-	1,199,000
Total noncurrent liabilities	<u>-</u>	<u>1,207,839</u>
Total liabilities	<u>6,949</u>	<u>1,971,954</u>
NET POSITION		
Unrestricted	<u>1,515,765</u>	<u>458,676</u>
Total net position	<u>\$ 1,515,765</u>	<u>\$ 458,676</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, 2023

	Business-Type Activities	Governmental Activities
	Warren County LDC	Internal Service Funds
Operating revenues:		
Charges for services	\$ 53,972	\$ 1,438,454
County support fee	60,000	-
Other operating revenue	-	50,963
Total operating revenues	<u>113,972</u>	<u>1,489,417</u>
Operating expenses:		
Personal services	-	231,949
Contractual services	-	1,350,368
Administrative and general services	70,007	-
Employee benefits	-	146,802
Bad debt expense	64,660	-
Total operating expenses	<u>134,667</u>	<u>1,729,119</u>
Operating (loss)	<u>(20,695)</u>	<u>(239,702)</u>
Nonoperating revenues:		
Grant income	-	5
Interest income	-	89,676
Total nonoperating revenues	<u>-</u>	<u>89,681</u>
Change in net position	(20,695)	(150,021)
Net position—beginning	1,536,460	608,697
Net position—ending	<u>\$ 1,515,765</u>	<u>\$ 458,676</u>

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, 2023

	Business-Type Activities	Governmental Activities
	Warren County LDC	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from services provided	\$ 114,805	\$ 1,818,442
Payments to suppliers and service providers	(6,949)	(1,441,520)
Payments to employees for salaries and benefits	(56,109)	(378,751)
Net cash provided by (used for) operating activities	<u>51,747</u>	<u>(1,829)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Grant income	-	5
Proceeds from loan payments	94,880	-
Interest earned on bank accounts	-	89,676
Net cash provided by investing activities	<u>94,880</u>	<u>89,681</u>
Net increase in cash and cash equivalents	146,627	87,852
Cash and cash equivalents—beginning	1,254,975	2,336,256
Cash and cash equivalents—ending	<u>\$ 1,401,602</u>	<u>\$ 2,424,108</u>
Reconciliation of operating (loss) to net cash provided by (used for) operating activities:		
Operating (loss)	\$ (20,695)	\$ (239,702)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities:		
Decrease in receivables, net of bad debt expense	65,493	-
(Increase) in intergovernmental receivables	-	(4)
(Increase) in prepaid items	-	(1,614)
Increase (decrease) in accounts payable	6,949	(10,125)
(Decrease) in accrued liabilities and intergovernmental payables	-	(6,687)
(Decrease) in due to/from other funds	-	(536)
Increase in compensated absences	-	8,839
Increase in workers' compensation liability	-	248,000
Total adjustments	<u>72,442</u>	<u>237,873</u>
Net cash provided by (used for) operating activities	<u>\$ 51,747</u>	<u>\$ (1,829)</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, 2023

	Private Purpose Trust	Custodial
ASSETS		
Restricted cash and cash equivalents	\$ 28,121	\$ 4,243,583
Intergovernmental receivables	-	139,832
Due from other funds	840	41,955
Prepaid items	<u>140</u>	<u>33,865</u>
Total assets	<u>29,101</u>	<u>4,459,235</u>
LIABILITIES		
Accounts payable and other liabilities	-	3,354,836
Due to other funds	<u>1,685</u>	<u>930,536</u>
Total liabilities	<u>1,685</u>	<u>4,285,372</u>
NET POSITION		
Restricted for other purposes	<u>\$ 27,416</u>	<u>\$ 173,863</u>

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, 2023

	Private Purpose Trust	Custodial
ADDITIONS		
Interest earnings	\$ -	\$ 34
Funds collected on behalf of others	-	85,190
Gifts and donations	220	-
Total additions	<u>220</u>	<u>85,224</u>
DEDUCTIONS		
Funds distributed on behalf of others	-	182,965
Public safety	6,499	-
Economic assistance and opportunity	27,218	-
Total deductions	<u>33,717</u>	<u>182,965</u>
Change in fiduciary net position	(33,497)	(97,741)
Net position—beginning	<u>60,913</u>	<u>271,604</u>
Net position—ending	<u>\$ 27,416</u>	<u>\$ 173,863</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, 2023

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 have not been 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.

Amounts reported as investments in the General Fund represent twelve month U.S. Treasury Bills. Permissible investments include obligations of the U.S. Treasury and U.S. Government agencies, repurchase agreements and obligations of New York State or its localities. The County's investments are recorded

utilizing the cost basis. The cost of investments sold is determined using the specific identification method and then adjusted to fair value changes to reflect the combined net change in these elements in the statements of revenue, expenses, and changes in net position.

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 and Right-to-Use Assets—Capital and right-to-use assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), and right-to-use assets 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 acquisition value. Right-to-use assets are initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before the lease commencement date, plus certain initial direct costs and are amortized on a straight line basis over their useful lives.

Land and construction in progress are not depreciated. The capital and right-to-use assets of the primary government are depreciated/amortized 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
Right-to-use assets	5-40

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, 2023, 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, 2023, the primary government has four 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 third item represents the effects of the change in the County's proportion of the collective OPEB liability and difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The final item is related to leases receivable reported on both the Statement of Net Position and governmental funds balance sheet, which is reported equal to the lease receivable at the present value of the remaining lease payments expected to be received during the lease term and amortized over the life of the lease.

Net Position Flow Assumptions—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, 2023, the total real property tax receivable is recorded at \$11,252,454, 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, 2023, the County reported unearned revenues within the General Fund, Capital Projects Fund, and Special Grants Fund in the amounts of \$6,695,535, \$27,918 and \$293,834, respectively. The County recorded cash received in advance but has not performed the related services, and therefore recognizes a liability. Included within unearned revenues at December 31, 2023, the County reported \$3,082,792 within the General Fund, Capital Projects Fund, and Special Grant Fund for unspent American Rescue Plan Act ("ARPA") federal funds.

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 6.

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

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

Interfund Revenues—The County allocates costs incurred in the general administration of the County to other funds based on their proportionate benefit of the total costs allocated. In 2023, the County has reported interfund revenues of \$60,522 and \$1,182,627 in the County 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, 2023, the County implemented GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnerships arrangements (“PPPs”). GASB Statement No. 96 improves financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements (“SBITAs”) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. A portion of GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and improves the consistency of authoritative literature related to GASB Statements No. 94 and 96. The implementation of GASB Statements No. 94, 96, and a portion of 99 did not have a material impact on the County’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting the remainder of GASB Statement No. 99, *Omnibus 2022*; No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024; No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025; and No. 103, *Financial Reporting Model Improvements*, effective for the year ending December 31, 2026. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 99, 100, 101, 102, and 103 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

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

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

Cash and cash equivalents at December 31, 2023 are as follows:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 6,215	\$ -	\$ -	\$ 6,215
Deposits	53,430,616	3,825,710	4,271,704	61,528,030
Money market funds	426,423	-	-	426,423
Total	<u>\$ 53,863,254</u>	<u>\$ 3,825,710</u>	<u>\$ 4,271,704</u>	<u>\$ 61,960,668</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2023 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 611,767	\$ 611,767
Uninsured:		
Collateral held by pledging bank's agent in the County's name	<u>61,928,780</u>	<u>60,916,263</u>
Total deposits	<u>\$ 62,540,547</u>	<u>\$ 61,528,030</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, 2023, 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 \$25,367,448, 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 \$17,950,569, \$1,394,301, \$5,196,898, \$185,382, \$37,875, \$106,881 and \$495,542 in the General Fund, Country Road Fund, Capital Projects Fund, Special Grant 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 \$28,121 and \$4,243,583, 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, 2023, the County's governmental funds report investments in securities of \$15,350,271, which consist of U.S. Treasury notes with twelve month maturities. Investments at December 31, 2023 are presented in the following table:

	Cost	Fair Value
U.S. Treasury Notes	<u>\$ 15,350,271</u>	<u>\$ 15,402,868</u>

Fair Value Measurements—Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described on the following page.

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
Level 2	<p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none"> • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. <p>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.</p>
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. All investments reported by the County are measured using level 1 inputs.

Custodial Credit Risk—Investments—For investments, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. A margin of 2% or higher of the market value of purchased securities in repurchase transactions must be maintained and the securities must be held by a third party in the County's name.

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—In accordance with its investment policy, the County manages exposures by limiting investments to low risk type investments governed by New York State statute.

3. RECEIVABLES

Major revenues accrued by the governmental funds of the County at December 31, 2023 consisted of the following:

Taxes Receivable—Represents unpaid county, school and village taxes. At December 31, 2023, the total real property tax receivable is recorded at \$11,252,454, which is offset by an allowance for uncollected taxes of \$125,000.

Leases Receivable—The County recognizes the leases of airport hangar space to residents. The leases have remaining years ranging from six to thirty-six years and the County will receive variable monthly and annual payments. The County recognized \$73,257 in lease revenue during the current fiscal year related to these leases. As of December 31, 2023, the County’s receivable for lease payments was \$1,288,179. Also, the County has a corresponding deferred inflow of resources totaling \$1,166,061 associated with this lease that will be recognized as revenue over the lease term.

Other Receivables—Represent amounts due from various sources. The County’s other receivables at December 31, 2023 are as follows:

Governmental Funds:	
General Fund—accounts receivable	\$ 2,153,967
Nonmajor governmental funds—accounts receivable	1,132
Total governmental funds	<u>\$ 2,155,099</u>
Proprietary Funds:	
Warren County LDC Fund—current loans receivable	\$ 53,757
Warren County LDC Fund—accounts receivable	20,000
Total proprietary funds	<u>\$ 73,757</u>

Receivables—The LDC reported \$20,00 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 \$168,111, and an allowance for doubtful accounts of \$66,999 has been established as of December 31, 2023.

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,	
2024	\$ 53,757
2025	71,239
2026	<u>43,115</u>
Total	168,111
Less: current portion and allowance	<u>(53,757)</u>
Noncurrent loans receivable, net of allowance	<u>\$ 114,354</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, 2023 are as follows:

Governmental funds:		
General Fund:		
Due from New York State and Federal governments	\$ 16,592,735	
Due from towns and cities	<u>1,360,680</u>	\$ 17,953,415
County Road Fund:		
Due from New York State and Federal governments	2,227,463	
Due from towns and cities	<u>2,466</u>	2,229,929
Capital Projects Fund:		
Due from New York State and Federal governments	17,653,592	
Due from towns and cities	<u>10,000</u>	17,663,592
Nonmajor governmental funds:		
Due from New York State and Federal governments	49,645	
Due from towns and cities	<u>163,576</u>	213,221
Total governmental funds		<u>\$ 38,060,157</u>
Proprietary fund:		
Workers' Compensation Fund:		
Due from New York State and Federal governments		<u>\$ 18</u>
Fiduciary fund:		
Custodial Fund:		
Due from towns and cities		<u>\$ 139,832</u>

4. CAPITAL ASSETS

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

	Balance 1/1/2023 (as adjusted)	Increases	Decreases	Balance 12/31/2023
Capital assets not being depreciated/amortized:				
Land	\$ 6,429,337	\$ -	\$ -	\$ 6,429,337
Construction in progress	28,460,922	23,878,803	744,102	51,595,623
Total capital assets, not being depreciated/amortized	<u>34,890,259</u>	<u>23,878,803</u>	<u>744,102</u>	<u>58,024,960</u>
Capital assets being depreciated/amortized:				
Land improvements	4,637,254	596,602	-	5,233,856
Buildings and improvements	76,454,093	147,500	-	76,601,593
Vehicles and equipment	27,567,448	1,934,909	1,052,206	28,450,151
Infrastructure	115,475,902	3,908,895	-	119,384,797
Right-to-use leased assets	345,475	343,639	285,439	403,675
Right-to-use SBITA assets	441,605	45,576	-	487,181
Total capital assets, being depreciated/amortized	<u>224,921,777</u>	<u>6,977,121</u>	<u>1,337,645</u>	<u>230,561,253</u>
Less accumulated depreciation/amortization:				
Land improvements	1,804,335	419,906	-	2,224,241
Buildings and improvements	31,732,935	1,709,405	-	33,442,340
Vehicles and equipment	19,633,293	2,076,441	1,002,351	20,707,383
Infrastructure	68,384,662	4,203,813	-	72,588,475
Right-to-use leased assets	106,492	89,456	76,474	119,474
Right-to-use SBITA assets	-	195,019	-	195,019
Total accumulated depreciation/amortization	<u>121,661,717</u>	<u>8,694,040</u>	<u>1,078,825</u>	<u>129,276,932</u>
Total capital assets, being depreciated/amortized, net	<u>103,260,060</u>	<u>(1,716,919)</u>	<u>258,820</u>	<u>101,284,321</u>
Governmental activities capital assets, net	<u>\$ 138,150,319</u>	<u>\$ 22,161,884</u>	<u>\$ 1,002,922</u>	<u>\$ 159,309,281</u>

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

Governmental activities:	
General government support	\$ 778,337
Public safety	1,692,247
Health	38,187
Transportation	5,474,202
Economic assistance and opportunity	472,759
Culture and recreation	202,744
Home and community services	35,564
Total governmental activities	<u>\$ 8,694,040</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by the County's governmental and propriety funds at December 31, 2023 were as follows:

	Governmental Funds					Proprietary Fund
	General Fund	County Road Fund	Capital Projects Fund	Nonmajor Funds	Governmental Funds	Internal Service Funds
Salaries and employee benefits	\$ 9,127,911	\$ 656,465	\$ 733	\$ 222,718	\$ 10,007,827	\$ 51,339
Overpayments	12,447	-	-	-	12,447	-
Total	<u>\$ 9,140,358</u>	<u>\$ 656,465</u>	<u>\$ 733</u>	<u>\$ 222,718</u>	<u>\$ 10,020,274</u>	<u>\$ 51,339</u>

6. PENSION PLANS

Plan Description and Benefits Provided

New York State and Local Employees' Retirement System ("ERS")—The County participates in the 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 NYSRSSL. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

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

	ERS
Measurement date	<u>March 31, 2023</u>
Net pension liability	\$ 38,102,120
County's portion of the Plan's total net pension liability	0.1776817%

For the year ended December 31, 2023, the County recognized pension expense of \$12,324,002. At December 31, 2023, 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	\$ 4,058,174	\$ 1,070,051
Changes in assumptions	18,504,846	204,513
Net difference between projected and actual earnings on pension plan investments	-	223,848
Changes in proportion and differences between the County's contributions and proportionate share of contributions	1,035,658	3,014,174
County contributions subsequent to the measurement date	4,684,957	-
Total	<u>\$ 28,283,635</u>	<u>\$ 4,512,586</u>

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

Year Ending December 31,	ERS
2024	\$ 4,156,577
2025	(2,633,966)
2026	7,361,091
2027	10,202,390

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, 2023
Actuarial valuation date	April 1, 2022
Interest rate	5.9%
Salary scale	4.4%
Decrement tables	April 1, 2015- March 31, 2020
Inflation rate	2.9%
Cost-of-living adjustments	1.5%

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

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

Measurement date	ERS	
	Target Allocation	Long-Term Expected
		Real Rate of Return
	March 31, 2023	
Asset class:		
Domestic equities	32.0 %	4.3 %
International equities	15.0	6.9
Private equity	10.0	7.5
Real estate	9.0	4.6
Opportunistics/Absolute return strategies	3.0	5.4
Credit	4.0	5.4
Real assets	3.0	5.8
Fixed income	23.0	1.5
Cash	1.0	0.0
Total	100 %	

Discount Rate—The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the 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/(Asset) to the Discount Rate Assumption—The chart below presents the County’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9%, as well as what the County’s proportionate share of the net pension liability/(asset) would be if it was calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset) - ERS	\$ 92,076,481	\$ 38,102,120	\$ (6,999,738)

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, 2022
Employers' total pension liability	\$ 232,627,259
Plan fiduciary net position	<u>211,183,223</u>
Employers' net pension liability	<u>\$ 21,444,036</u>
System fiduciary net position as a percentage of total pension liability	90.8%

7. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

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

Employees Covered by Benefit Terms—At January 1, 2022, 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	717
Active employees	<u>700</u>
Total	<u>1,417</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 \$79,884,066, was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2022.

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, 2022 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 4.31% effective December 31, 2022 to 4.00% effective December 31, 2023. Salary increases are based on the NYS ERS assumptions adopted April 1, 2021. Mortality rates were based on Pub-2010 headcount-weighted projected fully-generationally using MP-2021. To estimate the change in the cost of healthcare, the actuaries’ initial healthcare cost trend rate used ranged from 4.14% to 6.25%. An inflation rate of 2.70% was assumed for developing the rate of increase in healthcare costs. The

actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial valuation as of January 1, 2022 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, 2022	\$ 80,917,996
Changes for the year:	
Service cost	2,434,874
Interest	3,525,200
Differences between expected and actual experience	(7,175,473)
Changes in assumptions	3,338,155
Benefit payments	(3,156,686)
Net changes	(1,033,930)
Balance at December 31, 2023	\$ 79,884,066

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

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Governmental Activities:			
Total OPEB Liability	\$ 92,342,196	\$ 79,884,066	\$ 69,857,619

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 (6.25%)/ultimate (4.14%) healthcare cost trend rates.

	1% Decrease (3.14/5.25%)	Healthcare Cost Trend Rates (4.14/6.25%)	1% Increase (5.14/7.25%)
Governmental Activities:			
Total OPEB Liability	\$ 67,377,231	\$ 79,884,066	\$ 95,998,794

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, 2023, the County governmental activities contributed \$3,156,686 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 OPEB liability. The table below presents the County’s deferred outflows of resources and deferred inflows of resources at December 31, 2023.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,766,531	\$ 31,444,736
Changes of assumptions	10,895,834	22,952,615
Total	<u>\$ 19,662,365</u>	<u>\$ 54,397,351</u>

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

<u>Year ending December 31,</u>	<u>Governmental Activities</u>
2024	\$ (13,674,226)
2025	(4,887,418)
2026	(3,442,254)
2027	(3,442,254)
2028	(3,442,255)
Thereafter	(5,846,579)

8. RISK MANAGEMENT

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

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

The County sponsors and participates in a Workers’ Compensation Fund pursuant to Workers’ Compensation Law to finance the liability and risks related to workers’ compensation claims. The workers’ compensation plan is a municipal risk sharing pool, which is administered by the County and insures workers’ compensation for all employees of the participants. In addition to the County, participation in the plan includes 42 entities. The County is responsible for the administration of the plan and its reserves. Participant contributions are financed on an estimated claim basis with excess contributions transferred to the reserve at the end of the fiscal year.

The changes since January 1, 2022 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
2023	\$ 1,624,000	\$ 875,402	\$ 627,402	\$ 1,872,000
2022	1,686,000	379,250	441,250	1,624,000

9. LEASE AND SUBSCRIPTION LIABILITIES

The County is a lessee for a noncancellable lease of office space and various equipment and a subscriber of various technology arrangements. Under GASB 87, *Leases*, the County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. Under GASB Statement No. 96, *Subscription Based Information Technology Arrangements ("SBITA")*, the County recognizes a SBITA liability and a subscription asset in the government-wide financial statements. The County recognizes lease and SBITA liabilities if they are considered significant individually or in the aggregate to the financial statements.

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

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

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

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

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

During the various previous years, the County entered into long-term, lease agreements as the lessee for the use of various equipment and office space. As of December 31, 2023, the value of the lease liabilities was \$282,356 recorded within governmental activities. The County is required to make monthly and annual principal and interest payments ranging from \$224 to \$43,718. The leases have interest rates ranging from 3.00% to 4.25%. The value of the right-to-use lease assets as of the end of the current fiscal year was \$403,675 and had accumulated amortization of \$119,474.

The future principal and interest payments as of December 31, 2023 for leases, were as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2024	\$ 66,487	\$ 7,551
2025	68,576	5,462
2026	70,666	3,372
2027	72,755	1,283
2028	3,872	76
Total	<u>\$ 282,356</u>	<u>\$ 17,744</u>

At December 31, 2023, the County maintained several subscription based information technology arrangements (“SBITA”). As a result of the implementation of the GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, the County now reports those as SBITA liabilities. As of December 31, 2023, the value of the SBITA liabilities was \$280,793. The County is required to make monthly and annual principal and interest payments ranging from \$5,400 to \$33,865. The agreements have interest rates ranging from 0.66% to 4.25%. The value of the SBITA assets as of the end of the current fiscal year was \$487,181 and had accumulated amortization of \$195,019.

The future principal and interest payments as of December 31, 2023 for SBITAs, were as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2024	\$ 52,306	\$ 8,798
2025	54,215	7,464
2026	34,921	4,569
2027	21,905	3,938
2028	23,354	3,265
2029-2033	94,092	-
Total	<u>\$ 280,793</u>	<u>\$ 28,034</u>

10. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be reviewed for periods equivalent to the life of permanent financing, provided that annual reductions of principal are made.

A summary of changes in the County’s BANs for the year ended, December 31, 2023 follows:

	Original Issue	Interest Rate	Balance 1/1/2023	Issues	Redemptions	Balance 12/31/2023
Capital Projects Fund:						
Capital improvements	2022	3.00%	\$ 7,900,000	\$ -	\$ 7,900,000	\$ -
Capital improvements	2023	4.25%	-	6,320,000	-	6,320,000
Total			<u>\$ 7,900,000</u>	<u>\$ 6,320,000</u>	<u>\$ -</u>	<u>\$ 6,320,000</u>

The purpose of all the short-term borrowings was to provide resources for various capital construction and buildings improvements. The amounts issued for governmental activities are accounted for in the Capital Projects Fund.

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, lease liability, SBITA liability, 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, 2023 is presented below:

	Balance 1/1/2023 (as adjusted)	Increases	Decreases/ Adjustments**	Balance 12/31/2023	Due Within One Year
Governmental activities:					
Serial bonds	\$ 29,090,000	\$ -	\$ 2,825,000	\$ 26,265,000	\$ 1,790,000
Premium on serial bonds	2,533,910	-	221,644	2,312,266	221,644
Bonds payable	31,623,910	-	3,046,644	28,577,266	2,011,644
WTASC bonds and accreted interest	6,885,455	327,855	270,000	6,943,310	1,300,000
Compensated absences*	6,318,546	289,599	-	6,608,145	349,763
Lease liability	226,430	343,639	287,713	282,356	66,487
SBITA liability	319,723	45,576	84,506	280,793	52,306
OPEB obligation	80,917,996	9,298,229	10,332,159	79,884,066	-
Workers' compensation	1,624,000	875,402	627,402	1,872,000	673,000
Net pension liability*	-	38,102,120	-	38,102,120	-
Total governmental activities	\$ 127,916,060	\$ 49,282,420	\$ 14,648,424	\$ 162,550,056	\$ 4,453,200

*(Additions/reductions in compensated absences and net pension liability are shown net of additions/reductions.)

(**During the year ended December 31, 2023, the County adjusted the value of leases based on changes in the lease agreements. The depreciation/adjustment column includes \$129,304 in principal payments and \$158,409 in current year adjustments.)

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.

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 of 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, 2023 is shown below:

Description	Original Issue	Year of Issue/ Maturity	Interest Rate (%)	Beginning Balance 1/1/2023	Increases	Decreases	Ending Balance 12/31/2023	Due Due Within One Year
Governmental activities - County:								
Public improvement refunding bonds	\$ 11,340,000	2012/2023	2.0-5.0	\$ 1,085,000	\$ -	\$ 1,085,000	\$ -	\$ -
Court expansion bonds	8,000,000	2015/2035	2.0-3.3	5,890,000	-	380,000	5,510,000	390,000
Court expansion and NSTEM bonds	14,263,765	2017/2037	3.0	11,180,000	-	630,000	10,550,000	640,000
Public improvement refunding bonds	13,070,000	2020/2034	4.0	10,935,000	-	730,000	10,205,000	760,000
Total governmental activities - County				<u>\$ 29,090,000</u>	<u>\$ -</u>	<u>\$ 2,825,000</u>	<u>\$ 26,265,000</u>	<u>\$ 1,790,000</u>

Premiums on Serial Bonds—Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized within governmental activities. The premiums are being amortized on a short-line annual basis over the life of the bonds. The unamortized premiums outstanding at December 31, 2023 is \$2,312,266 for the County.

Warren Tobacco Asset Securitization Corporation (“WTASC”)—Changes in WTASC’s long-term debt for the year ended December 31, 2023 are as follows:

Description	Balance 1/1/2023	Increases	Decreases	Balance 12/31/2023	Due Within One Year*
Tobacco Settlement Bonds:					
Series 2001	<u>\$ 1,910,000</u>	<u>\$ -</u>	<u>\$ 270,000</u>	<u>\$ 1,640,000</u>	<u>\$ 1,300,000</u>

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

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

	Interest Rate	Original Principal	Beginning Balance 1/1/2023	Annual Net Interest Accretion	Turbo Redemption Payments	Ending Balance 12/31/2023
Subordinate	6.00% -					
Turbo CABs	7.15%	\$ 1,852,507	<u>\$ 4,975,455</u>	<u>\$ 327,855</u>	<u>\$ -</u>	<u>\$ 5,303,310</u>

Redemption of the Subordinate Turbo CABs as outlined in the New York Counties Tobacco Trust V Tobacco Settlement Pass-Through Bonds, Series 2004 official statement totals \$1,852,507 with interest rates ranging from 6.00% to 7.15%. During the year ended December 31, 2023, 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, 2023 for governmental activities is \$6,608,145 for accrued sick and vacation time. Management estimates that \$349,763 of long-term sick time benefits will be due within one year.

Lease Liability—The County entered into long-term leases for office space and various equipment. The outstanding balance at December 31, 2023 was \$282,356. Refer to Note 9 for additional information related to the County's leases.

SBITA Liability—The County has entered into long-term subscription-based information technology arrangements. The outstanding balance at December 31, 2023 was \$280,793. Refer to Note 9 for additional information related to the County's SBITAs.

OPEB Obligation—As explained in Note 7, the County provides medical, dental, and life insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The County's annual OPEB cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with GASB. The County's long-term OPEB obligation is estimated to be \$79,884,066 at December 31, 2023.

Workers' Compensation—As explained in Note 8, the County reports a workers' compensation liability from administering their self-insurance plan within its governmental activities. The total workers' compensation liability outstanding at December 31, 2023 is \$1,872,000. Management estimates that \$673,000 of workers' compensation will be due within one year.

Net Pension Liability—The County reports a liability for its proportionate share of the net pension liability for the Employees' Retirement System within their governmental activities. The net pension liability is estimated to be \$38,102,120. Refer to Note 6 for additional information related to the County's net pension liability.

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

Governmental Activities										
Year ending December 31,	Serial Bonds	Premium on Serial Bonds	WTASC Bonds	Compensated Absences	Lease Liability	SBITA Liability	OPEB Obligation	Workers' Compensation	Net Pension Liability	Total
2024	\$ 1,790,000	\$ 221,644	\$ 1,300,000	\$ 349,763	\$ 66,487	\$ 52,306	\$ -	\$ 673,000	\$ -	\$ 4,453,200
2025	1,840,000	221,644	340,000	-	68,576	54,215	-	-	-	2,524,435
2026	1,905,000	221,644	-	-	70,666	34,921	-	-	-	2,232,231
2027	1,955,000	221,644	-	-	72,755	21,905	-	-	-	2,271,304
2028	2,020,000	221,644	-	-	3,872	23,354	-	-	-	2,268,870
2029-2033	11,140,000	1,108,220	-	-	-	94,092	-	-	-	12,342,312
2034-2038	5,615,000	95,826	-	-	-	-	-	-	-	5,710,826
Thereafter	-	-	5,303,310	6,258,382	-	-	79,884,066	1,199,000	38,102,120	130,746,878
Total	<u>\$ 26,265,000</u>	<u>\$ 2,312,266</u>	<u>\$ 6,943,310</u>	<u>\$ 6,608,145</u>	<u>\$ 282,356</u>	<u>\$ 280,793</u>	<u>\$ 79,884,066</u>	<u>\$ 1,872,000</u>	<u>\$ 38,102,120</u>	<u>\$ 162,550,056</u>

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

Year Ending December 31,	Serial Bonds	WTASC Bonds	Lease Liability	SBITA Liability	Total
2024	\$ 883,412	\$ 56,925	\$ 7,551	\$ 8,798	\$ 947,888
2025	825,437	9,775	5,462	7,464	840,674
2026	765,244	-	3,372	4,569	768,616
2027	702,744	-	1,283	3,938	704,027
2028	637,750	-	76	3,265	637,826
2029-2033	2,070,689	-	-	-	2,070,689
2034-2038	288,920	-	-	-	288,920
Total	<u>\$ 6,174,196</u>	<u>\$ 66,700</u>	<u>\$ 17,744</u>	<u>\$ 28,034</u>	<u>\$ 6,258,640</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/amortization and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the County's governmental activities net investment in capital assets is presented below.

Capital assets, net of accumulated depreciation/amortization	\$ 159,309,281
Related debt:	
Serial bonds—County	\$ (26,265,000)
Unamortized bond premiums	(2,312,266)
Deferred charges on refunding	164,324
Bonds payable—WTASC	(6,943,310)
Bond anticipation notes payable	(6,320,000)
Lease liability	(282,356)
SBITA liability	(280,793)
Unspent proceeds of debt	<u>1,125,509</u>
Net investment in capital assets	<u>\$ 118,195,389</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 \$20,291,220 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 \$3,565,276, \$9,427,595, \$4,303,190, \$2,061,013 and \$934,146, 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, 2023 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 \$1,751,156, \$70,305, \$269, \$10,087, and \$29,535, respectively, at December 31, 2023.
- **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 \$92,342, \$97,141, and \$444,611, respectively, at December 31, 2023.

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, 2023, the County reported the following restricted fund balances:

	Westmount Legacy Costs	Capital	Occupancy Tax	Debt Service	Other				Total Restricted
					Insurance/ Employee Benefits	Forfeitures Crime	Environmental Testing	STOP DWI	
General Fund	\$ 3,565,276	\$ 1,618,422	\$ 4,303,190	\$ 834,000	\$ 80,000	\$ 542,271	\$ 158,916	\$ 152,959	\$ 11,255,034
County Road Fund	-	770,573	-	623,728	-	-	-	-	1,394,301
Capital Projects Fund	-	1,806,234	-	-	-	-	-	-	1,806,234
Nonmajor funds:									
Road Machinery Fund	-	37,875	-	-	-	-	-	-	37,875
Debt Service Fund	-	-	-	107,743	-	-	-	-	107,743
WTASC Fund	-	-	-	495,542	-	-	-	-	495,542
Total	<u>\$ 3,565,276</u>	<u>\$ 4,233,104</u>	<u>\$ 4,303,190</u>	<u>\$ 2,061,013</u>	<u>\$ 80,000</u>	<u>\$ 542,271</u>	<u>\$ 158,916</u>	<u>\$ 152,959</u>	<u>\$ 15,096,729</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, \$235,755, has been appropriated within the 2024 General Fund budget.
- **Restricted for Debt Service**—Represents amounts that are restricted for the reduction of future debt service requirements.
- **Restricted for Other**—Represents amounts restricted for future costs related to insurance/employee benefits, forfeitures crime, 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, 2023, the County reported 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, 2023, the County reported the following fund balance assignments:

	Encumbrances	Subsequent Year's Expenditures	Other	Specific Use	Total Assigned
General Fund	\$ 4,200,722	\$ 1,933,825	\$ 250,000	\$ -	\$ 6,384,547
County Road Fund	47,357	1,000,000	-	2,218,093	3,265,450
Nonmajor funds:					
Road Machinery Fund	1,461,283	11,000	-	412,085	1,884,368
Sewer Fund	-	-	-	56,770	56,770
Total	<u>\$ 5,709,362</u>	<u>\$ 2,944,825</u>	<u>\$ 250,000</u>	<u>\$ 2,686,948</u>	<u>\$ 11,591,135</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 2024 fiscal year.
- ***Assigned to Other***—Represents fund balance within the General Fund that is assigned for litigation arising from sexual abuse lawsuits.
- ***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, 2023 is presented on the following page.

Fund	Interfund	
	Receivable	Payable
General	\$ 17,241,247	\$ 2,338,299
County Road	79,291	555,364
Capital Projects	2,641,726	16,355,931
Nonmajor funds:		
Special Grant	227,057	51,741
Road Machinery	1,119	-
Debt Service	862	-
Total governmental funds	20,191,302	19,301,335
Workers' Compensation	59	606
Unemployment	6	-
Total proprietary funds	65	606
Private Purpose Trust	840	1,685
Custodial	41,955	930,536
Total	<u>\$ 20,234,162</u>	<u>\$20,234,162</u>

The County made the following transfers during the year ended December 31, 2023:

Fund	Transfers	Transfers
	In	Out
General	\$ 420,578	\$ 4,871,095
County Road	112,892	3,851,324
Capital Projects	4,888,664	114,890
Nonmajor funds:		
Special Grant	100,000	-
Road Machinery	50,000	134,857
Debt Service	3,818,613	-
WTASC	-	418,581
Total governmental funds	<u>\$ 9,390,747</u>	<u>\$ 9,390,747</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.

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, 2023 was \$2,173,075.

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, 2023 was \$13,213.

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, 2023 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, 2023 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 CSEA Unit 857 contract is settled through December 31, 2023. The Warren County Correction Officers Union contract and Warren County Sheriff’s Employees Alliance contract are settled through December 31, 2024. The Warren County PSBA, Warren County Police Benevolent Association and the Warren County Correctional Supervisors Association contracts are settled through December 31, 2025.

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 \$211,677 during 2023 in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$637,627 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.

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, 2023, the County reported significant encumbrances/construction commitments as follows:

Purpose	Amount
Various equipment - General Fund	\$ 1,106,320
ARPA disbursements - General Fund	713,605
Tourism disbursements - General Fund	425,007
Road and Bridge Improvement - Capital Projects Fund	2,830,992
Court expansion - Capital Projects Fund	565,000
Various equipment and vehicles - Road Machinery Fund	1,238,505
Total	<u>\$ 6,879,429</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, 2023.

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 \$418,581 for the year ended December 31, 2023.

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 administering the development grants of the County. The support fee revenue amounted to \$60,000 for the year ended December 31, 2023. 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 – supporting services on the statements of activities.

20. SUBSEQUENT EVENTS

On May 22, 2024, the County issued \$8,420,000 of bond anticipation notes with an interest rate of 4.25 percent. The notes mature on November 21, 2024.

Management has evaluated subsequent events through August 26, 2024, which is the date the financial statements are available for issuance, and have determined, except as disclosed above, there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF WARREN, NEW YORK
Schedule of the County's Proportionate Share of the
Net Pension Liability/(Asset)—Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
County's proportion of the net pension liability/(asset)	0.1776817%	0.1788093%	0.1748713%	0.1713382%	0.1719545%	0.1669605%	0.1724930%	0.1771672%	0.1769295%	0.1769295%
County's proportionate share of the net pension liability/(asset)	<u>\$ 38,102,120</u>	<u>\$ (14,616,912)</u>	<u>\$ 174,126</u>	<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	\$ 50,976,683	\$ 45,149,079	\$ 38,063,042	\$ 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/(asset) as a percentage of its covered payroll	74.7%	(32.4%)	0.5%	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/(asset)	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

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

	Year Ended December 31,									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,938,858	\$ 5,390,556	\$ 6,334,443	\$ 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>(5,938,858)</u>	<u>(5,390,556)</u>	<u>(6,334,443)</u>	<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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 45,602,921	\$ 41,831,192	\$ 39,156,326	\$ 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	13.0%	12.9%	16.2%	15.1%	15.0%	15.5%	16.2%	17.4%	16.9%	19.5%

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

Governmental activities:

	Year Ended December 31,					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 2,434,874	\$ 4,862,723	\$ 4,054,513	\$ 4,608,759	\$ 5,539,596	\$ 6,454,563
Interest	3,525,200	2,490,038	2,169,327	3,113,526	6,562,728	5,867,223
Differences between expected and actual experience	(7,175,473)	(8,494,549)	14,026,452	(19,652,642)	(73,466,414)	-
Changes of assumptions	3,338,155	(30,603,487)	1,370,875	10,981,678	20,745,547	(18,792,621)
Change of benefit terms	-	(2,227,590)	-	(6,389,809)	(1,120,323)	-
Benefit payments	<u>(3,156,686)</u>	<u>(3,406,127)</u>	<u>(3,176,088)</u>	<u>(3,641,717)</u>	<u>(3,101,764)</u>	<u>(3,888,449)</u>
Net changes in total OPEB liability	(1,033,930)	(37,378,992)	18,445,079	(10,980,205)	(44,840,630)	(10,359,284)
Total OPEB liability—beginning	<u>80,917,996</u>	<u>118,296,988</u>	<u>99,851,909</u>	<u>110,832,114</u>	<u>155,672,744</u>	<u>166,032,028</u>
Total OPEB liability—ending	<u>\$ 79,884,066</u>	<u>\$ 80,917,996</u>	<u>\$ 118,296,988</u>	<u>\$ 99,851,909</u>	<u>\$ 110,832,114</u>	<u>\$ 155,672,744</u>
Plan fiduciary net position						
Contributions—employer	\$ 3,156,686	\$ 3,406,127	\$ 3,176,088	\$ 3,641,717	\$ 3,101,764	\$ 3,888,449
Benefit payments	<u>(3,156,686)</u>	<u>(3,406,127)</u>	<u>(3,176,088)</u>	<u>(3,641,717)</u>	<u>(3,101,764)</u>	<u>(3,888,449)</u>
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OPEB Liability—ending	<u>\$ 79,884,066</u>	<u>\$ 80,917,996</u>	<u>\$ 118,296,988</u>	<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%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 49,136,274	\$ 34,940,742	\$ 38,977,056	\$ 35,609,424	\$ 39,792,111	\$ 32,698,047
County's net OPEB liability as a percentage of covered-employee payroll	162.58%	231.59%	303.50%	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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	\$ 33,827,494	\$ 33,827,494	\$ 33,791,789	\$ (35,705)
Real property tax items	2,249,970	2,249,970	1,929,286	(320,684)
Non-property tax items	72,535,990	72,535,990	82,464,135	9,928,145
Departmental income	12,155,062	12,096,533	9,584,948	(2,511,585)
Intergovernmental charges	1,303,704	1,685,458	1,320,345	(365,113)
Licenses and permits	797,497	797,497	338,234	(459,263)
Fines and forfeitures	247,316	247,316	320,508	73,192
Use of money and property	1,825,520	1,933,893	3,729,735	1,795,842
Sale of property and compensation for loss	22,300	425,182	546,082	120,900
Miscellaneous	507,842	537,933	1,028,293	490,360
State aid	19,463,608	24,176,232	22,314,420	(1,861,812)
Federal aid	12,725,500	17,923,959	15,246,863	(2,677,096)
Total revenues	<u>157,661,803</u>	<u>168,437,457</u>	<u>172,614,638</u>	<u>4,177,181</u>
EXPENDITURES				
Current:				
General government support	53,782,070	57,445,576	57,196,983	248,593
Education	2,748,075	2,748,075	2,693,143	54,932
Public safety	31,726,342	38,242,517	35,169,443	3,073,074
Health	17,882,421	21,691,532	16,856,074	4,835,458
Transportation	610,422	619,898	587,346	32,552
Economic assistance and opportunity	48,591,929	53,513,424	52,136,949	1,376,475
Culture and recreation	1,478,116	1,630,437	1,565,875	64,562
Home and community services	1,856,081	2,129,311	1,672,613	456,698
Employee benefits	61,500	61,500	34,284	27,216
Debt service:				
Principal	193,880	318,411	213,810	104,601
Interest and fiscal charges	30,000	57,668	57,668	-
Total expenditures	<u>158,960,836</u>	<u>178,458,349</u>	<u>168,184,188</u>	<u>10,274,161</u>
Excess (deficiency) of revenues over expenditures	<u>(1,299,033)</u>	<u>(10,020,892)</u>	<u>4,430,450</u>	<u>14,451,342</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	430,000	430,000	420,578	(9,422)
Transfers out	(3,970,927)	(4,904,936)	(4,871,095)	33,841
Leases issued	-	324,208	343,639	19,431
SBITAs issued	-	-	45,576	45,576
Total other financing sources (uses)	<u>(3,540,927)</u>	<u>(4,150,728)</u>	<u>(4,061,302)</u>	<u>89,426</u>
Net change in fund balances *	<u>(4,839,960)</u>	<u>(14,171,620)</u>	<u>369,148</u>	<u>14,540,768</u>
Fund balances—beginning	<u>59,355,957</u>	<u>59,355,957</u>	<u>59,355,957</u>	<u>-</u>
Fund balances—ending	<u>\$ 54,515,997</u>	<u>\$ 45,184,337</u>	<u>\$ 59,725,105</u>	<u>\$ 14,540,768</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 11,860,083	\$ 11,860,083	\$ 11,860,083	\$ -
Intergovernmental charges	28,000	28,000	7,939	(20,061)
Use of money and property	57,000	57,000	219,617	162,617
Sale of property and compensation for loss	7,000	7,268	5,641	(1,627)
Miscellaneous	-	-	45,343	45,343
Interfund revenues	80,800	80,800	60,522	(20,278)
State aid	3,292,277	3,979,875	3,529,434	(450,441)
Federal aid	-	-	107	107
Total revenues	<u>15,325,160</u>	<u>16,013,026</u>	<u>15,728,686</u>	<u>(284,340)</u>
EXPENDITURES				
Current:				
Public safety	740,653	743,628	673,955	69,673
Transportation	12,180,229	12,259,956	10,392,401	1,867,555
Debt service:				
Interest and fiscal charges	<u>207,000</u>	<u>207,000</u>	<u>207,000</u>	<u>-</u>
Total expenditures	<u>13,127,882</u>	<u>13,210,584</u>	<u>11,273,356</u>	<u>1,937,228</u>
Excess (deficiency) of revenues over expenditures	<u>2,197,278</u>	<u>2,802,442</u>	<u>4,455,330</u>	<u>1,652,888</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	112,872	112,892	20
Transfers out	<u>(2,622,521)</u>	<u>(3,851,325)</u>	<u>(3,851,324)</u>	<u>1</u>
Total other financing sources (uses)	<u>(2,622,521)</u>	<u>(3,738,453)</u>	<u>(3,738,432)</u>	<u>21</u>
Net change in fund balances*	(425,243)	(936,011)	716,898	1,652,909
Fund balances—beginning	<u>4,110,299</u>	<u>4,110,299</u>	<u>4,110,299</u>	<u>-</u>
Fund balances—ending	<u>\$ 3,685,056</u>	<u>\$ 3,174,288</u>	<u>\$ 4,827,197</u>	<u>\$ 1,652,909</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, 2023

1. OPEB LIABILITY

Changes of Assumptions—Significant changes in assumptions reflect the effects of changes in the long-term discount rate, and the healthcare trend rate. The discount rate changed from 4.31% at December 31, 2022 to 4.00% at December 31, 2023. The healthcare trend rate remained at 4.14% at December 31, 2023.

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.

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SUPPLEMENTARY INFORMATION

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

	Special Revenue					Total Nonmajor Funds
	Special Grant	Road Machinery	Sewer	Debt Service	WTASC	
ASSETS						
Cash and cash equivalents	\$ -	\$ 2,077,261	\$ 56,744	\$ -	\$ -	\$ 2,134,005
Restricted cash and cash equivalents	185,382	37,875	-	106,881	495,542	825,680
Receivables (net of allowances):						
Other	-	1,132	-	-	-	1,132
Intergovernmental receivables	47,924	165,271	26	-	-	213,221
Due from other funds	227,057	1,119	-	862	-	229,038
Inventories	-	444,611	-	-	-	444,611
Prepaid items	10,087	29,535	-	-	-	39,622
Total assets	<u>\$ 470,450</u>	<u>\$ 2,756,804</u>	<u>\$ 56,770</u>	<u>\$ 107,743</u>	<u>\$ 495,542</u>	<u>\$ 3,887,309</u>
LIABILITIES						
Accounts payable	\$ 16,652	\$ 237,512	\$ -	\$ -	\$ -	\$ 254,164
Accrued liabilities	100,302	122,416	-	-	-	222,718
Intergovernmental payables	7,921	487	-	-	-	8,408
Due to other funds	51,741	-	-	-	-	51,741
Unearned revenue	293,834	-	-	-	-	293,834
Total liabilities	<u>470,450</u>	<u>360,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>830,865</u>
FUND BALANCES (DEFICIT)						
Nonspendable	10,087	474,146	-	-	-	484,233
Restricted	-	37,875	-	107,743	495,542	641,160
Assigned	-	1,884,368	56,770	-	-	1,941,138
Unassigned	(10,087)	-	-	-	-	(10,087)
Total fund balances (deficit)	<u>-</u>	<u>2,396,389</u>	<u>56,770</u>	<u>107,743</u>	<u>495,542</u>	<u>3,056,444</u>
Total liabilities and fund balances (deficit)	<u>\$ 470,450</u>	<u>\$ 2,756,804</u>	<u>\$ 56,770</u>	<u>\$ 107,743</u>	<u>\$ 495,542</u>	<u>\$ 3,887,309</u>

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

	Special Revenue			Debt	WTASC	Total
	Special	Road	Sewer	Service		Nonmajor
	Grant	Machinery				Funds
REVENUES						
Real property taxes	\$ -	\$ 1,968,211	\$ 3,623	\$ -	\$ -	\$ 1,971,834
Departmental income	9,866	-	12,712	-	-	22,578
Use of money and property	-	61,573	100	4,210	29,663	95,546
Sale of property and compensation for loss	-	105,862	-	-	-	105,862
Interfund revenues	-	1,182,627	-	-	-	1,182,627
Federal aid	1,780,005	537	-	-	-	1,780,542
Tobacco settlement revenue	-	-	-	-	837,162	837,162
Total revenues	<u>1,789,871</u>	<u>3,318,810</u>	<u>16,435</u>	<u>4,210</u>	<u>866,825</u>	<u>5,996,151</u>
EXPENDITURES						
Current:						
General government support	-	-	-	-	59,548	59,548
Transportation	-	2,495,158	-	-	-	2,495,158
Economic assistance and opportunity	932,875	-	-	-	-	932,875
Home and community services	956,996	-	11,138	-	-	968,134
Debt service:						
Principal	-	-	-	2,825,000	270,000	3,095,000
Interest and fiscal charges	-	-	-	993,613	102,063	1,095,676
Total expenditures	<u>1,889,871</u>	<u>2,495,158</u>	<u>11,138</u>	<u>3,818,613</u>	<u>431,611</u>	<u>8,646,391</u>
Excess (deficiency) of revenues over expenditures	<u>(100,000)</u>	<u>823,652</u>	<u>5,297</u>	<u>(3,814,403)</u>	<u>435,214</u>	<u>(2,650,240)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	100,000	50,000	-	3,818,613	-	3,968,613
Transfer out	-	(134,857)	-	-	(418,581)	(553,438)
Total other financing sources (uses)	<u>100,000</u>	<u>(84,857)</u>	<u>-</u>	<u>3,818,613</u>	<u>(418,581)</u>	<u>3,415,175</u>
Net change in fund balances	-	738,795	5,297	4,210	16,633	764,935
Fund balances—beginning	-	1,657,594	51,473	103,533	478,909	2,291,509
Fund balances—ending	<u>\$ -</u>	<u>\$ 2,396,389</u>	<u>\$ 56,770</u>	<u>\$ 107,743</u>	<u>\$ 495,542</u>	<u>\$ 3,056,444</u>

COUNTY OF WARREN, NEW YORK
Combining Statement of Net Position—Internal Service Funds
December 31, 2023

	<u>Workers'</u>	<u>Unemployment</u>	<u>Total</u>
	<u>Compensation</u>		<u>Internal</u>
			<u>Service</u>
			<u>Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,326,748	\$ 97,360	\$ 2,424,108
Intergovernmental receivables	18	-	18
Due from other funds	59	6	65
Prepaid items	6,439	-	6,439
Total current assets	<u>2,333,264</u>	<u>97,366</u>	<u>2,430,630</u>
Total assets	<u>2,333,264</u>	<u>97,366</u>	<u>2,430,630</u>
LIABILITIES			
Current liabilities:			
Accounts payable	29,797	-	29,797
Accrued liabilities	51,339	-	51,339
Intergovernmental payables	9,373	-	9,373
Due to other funds	606	-	606
Workers' compensation, current portion	673,000	-	673,000
Total current liabilities	<u>764,115</u>	<u>-</u>	<u>764,115</u>
Noncurrent liabilities:			
Compensated absences	8,839	-	8,839
Workers' compensation	1,199,000	-	1,199,000
Total noncurrent liabilities	<u>1,207,839</u>	<u>-</u>	<u>1,207,839</u>
Total liabilities	<u>1,971,954</u>	<u>-</u>	<u>1,971,954</u>
NET POSITION			
Unrestricted	<u>361,310</u>	<u>97,366</u>	<u>458,676</u>
Total net position	<u>\$ 361,310</u>	<u>\$ 97,366</u>	<u>\$ 458,676</u>

COUNTY OF WARREN, NEW YORK
Combining Statement of Revenues, Expenses, and Changes in Net Position—
Internal Service Funds
Year Ended December 31, 2023

	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u>	<u>Total</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
Operating revenues:			
Charges for services	\$ 1,438,454	\$ -	\$ 1,438,454
Other operating revenue	-	50,963	50,963
Total operating revenues	<u>1,438,454</u>	<u>50,963</u>	<u>1,489,417</u>
Operating expenses:			
Personal services	231,949	-	231,949
Contractual services	1,350,368	-	1,350,368
Employee benefits	95,839	50,963	146,802
Total operating expenses	<u>1,678,156</u>	<u>50,963</u>	<u>1,729,119</u>
Operating (loss)	<u>(239,702)</u>	<u>-</u>	<u>(239,702)</u>
Nonoperating revenues:			
Grant income	5	-	5
Interest income	89,632	44	89,676
Total nonoperating revenues	<u>89,637</u>	<u>44</u>	<u>89,681</u>
Change in net position	(150,065)	44	(150,021)
Net position—beginning	511,375	97,322	608,697
Net position—ending	<u>\$ 361,310</u>	<u>\$ 97,366</u>	<u>\$ 458,676</u>

COUNTY OF WARREN, NEW YORK
Combining Statement of Cash Flows—Internal Service Funds
Year Ended December 31, 2023

	Workers'		Total
	Compensation	Unemployment	Internal
			Service
			Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from services provided	\$ 1,767,482	\$ 50,960	\$ 1,818,442
Payments to suppliers and service providers	(1,441,520)	-	(1,441,520)
Payments to employees for salaries and benefits	(327,788)	(50,963)	(378,751)
Net cash (used for) operating activities	<u>(1,826)</u>	<u>(3)</u>	<u>(1,829)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Grant income	5	-	5
Interest earned on bank accounts	89,632	44	89,676
Net cash provided by investing activities	<u>89,637</u>	<u>44</u>	<u>89,681</u>
Net increase in cash and cash equivalents	87,811	41	87,852
Cash and cash equivalents—beginning	2,238,937	97,319	2,336,256
Cash and cash equivalents—ending	<u>\$ 2,326,748</u>	<u>\$ 97,360</u>	<u>\$ 2,424,108</u>
Reconciliation of operating (loss) to net cash			
(used for) operating activities:			
Operating (loss)	\$ (239,702)	\$ -	\$ (239,702)
Adjustments to reconcile operating income to net cash (used for) operating activities:			
(Increase) in intergovernmental receivables	(4)	-	(4)
(Increase) in prepaid items	(1,614)	-	(1,614)
(Decrease) in accounts payable	(10,125)	-	(10,125)
(Decrease) in accrued liabilities and intergovernmental payables	(6,687)	-	(6,687)
(Decrease) in due to/from other funds	(533)	(3)	(536)
Increase in compensated absences	8,839	-	8,839
Increase in workers' compensation liability	<u>248,000</u>	<u>-</u>	<u>248,000</u>
Total adjustments	<u>237,876</u>	<u>(3)</u>	<u>237,873</u>
Net cash (used for) operating activities	<u>\$ (1,826)</u>	<u>\$ (3)</u>	<u>\$ (1,829)</u>

FEDERAL AWARDS INFORMATION

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

Federal Grantor/Pass-Through Grantor Program or Cluster Title (1a)	Assistance Listing 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	C-35434GG	\$ -	\$ 1,056,132
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	-	829,793
<i>Total SNAP Cluster</i>			-	829,793
Total U.S. Department of Agriculture			-	1,885,925
U.S. Department of Housing and Urban Development:				
Passed through NYS Housing Trust Fund: <i>CDBG-Entitlement Grants Cluster:</i> Community Development Block Grants/ Entitlement Grants	14.218	1197CP66-17/1197PF6- 20/1197CVPF12- 21/#109263	-	956,554
<i>Total CDBG-Entitlement Grants Cluster</i>			-	956,554
Total U.S. Department of Housing and Urban Development			-	956,554
U.S. Department of Justice:				
Passed through NYS Division of Criminal Justice Services: Body Worn Camera Policy and Implementation	16.835	N/A	-	72,733
Total U.S. Department of Justice			-	72,733
U.S. Department of Labor:				
Direct programs: <i>WIOA Cluster:</i> WIOA Adult Program	17.258	N/A	-	232,217
WIOA Youth Activities	17.259	N/A	-	223,645
WIOA Dislocated Workers Formula Grants	17.278	N/A	-	171,024
<i>Total WIOA Cluster</i>			-	626,886
Total U.S. Department of Labor			-	626,886
U.S. Department of Transportation:				
Direct program: Airport Improvement Program	20.106	N/A	-	12,215
Passed through NYS Department of Transportation: <i>Highway Planning and Construction Cluster:</i> Highway Planning and Construction	20.205	See Note 5	-	14,232,644
<i>Total Highway Planning and Construction Cluster</i>			-	14,232,644
Total U.S. Department of Transportation			-	14,244,859
U.S. Department of the Treasury:				
Direct program: Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	5,863,103
Total U.S. Department of the Treasury			-	5,863,103
U.S. Department of Education:				
Passed through NYS Department of Health: Special Education—Grants for Infants and Families with Disabilities	84.181	C-027516 , C-36441GG	-	38,018
Total U.S. Department of Education			-	38,018

(continued)

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

				(concluded)
Federal Grantor/Pass-Through Grantor Program or Cluster Title (1a)	Assistance Listing 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:				
Northern Border Regional Development	90.601	NBRC22GNY10	-	20,441
National Family Caregiver Support, Title III, Part E	93.052	N/A	-	42,797
Special Programs for the Aging, Title III, Part D	93.043	N/A	-	6,777
<i>Aging Cluster:</i>				
Special Programs for the Aging, Title III, Part B	93.044	N/A	-	89,010
Special Programs for the Aging, Title III, Part C	93.045	N/A	-	528,047
Nutrition Services Incentive Program	93.053	N/A	-	288,859
<i>Total Aging Cluster</i>			-	905,916
Guardianship Assistance	93.090	N/A	-	61
COVID-19 Testing for the Uninsured	93.461	N/A	-	38,192
The Affordable Care Act: Building Epidemiology, Laboratory, and				
Health Information Systems Capacity in the Epidemiology and Laboratory				
Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP)				
Cooperative Agreements; PPHF	93.521	N/A	-	676,667
Temporary Assistance for Needy Families	93.558	N/A	-	2,893,796
Child Support Enforcement	93.563	N/A	-	501,814
Refugee and Entrant Assistance	93.566	N/A	-	(655)
Low-Income Home Energy Assistance	93.568	N/A	-	4,156,600
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	-	92,919
Foster Care, Title IV-E	93.658	N/A	-	906,765
Adoption Assistance	93.659	N/A	-	919,168
Social Services Block Grant	93.667	N/A	-	226,217
Child Abuse and Neglect State Grants	93.669	N/A	-	50,000
Elder Abuse Prevention Interventions Program	93.747	N/A	-	6,021
<i>Medicaid Cluster:</i>				
Medical Assistance Program	93.778	N/A	-	1,600,708
<i>Total Medicaid Cluster</i>			-	1,600,708
Centers for Medicare and Medicaid Services (CMS)				
Research, Demonstrations and Evaluations				
	93.779	N/A	-	85,571
Passed through Health Research Inc.:				
Public Health Emergency Preparedness	93.069	1628-10	-	119,796
Passed through NYS Office of Alcoholism and Substance				
Abuse Services:				
Block Grants for Prevention and Treatment of				
Substance Abuse	93.959	N/A	-	386,236
Passed through NYS Department of Health:				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	N/A	-	12,650
Preventive Health and Health Services Block Grant	93.991	C-026544	-	29,777
Maternal and Child Health Services Block Grant to the States	93.994	C-024650	-	43,573
Total U.S. Department of Health and Human Services			-	13,721,807
U.S. Department of Homeland Security:				
Passed through NYS Office of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	57,039
Passed through NYS Division of Homeland Security				
and Emergency Services:				
State Homeland Security Program (SHSP)	97.067	See Note 5	-	161,836
Total U.S. Department of Homeland Security			-	218,875
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 37,628,760

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, 2023

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, 2023. 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: Federal Assistance Listing Numbers, previously known as Catalog of Federal Domestic Assistance.
- c) Pass-through entity identifying numbers are presented when available.
- d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- e) A reconciliation to the County's financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available. 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 (AL Number 93.568).

5. DETAIL OF ALN 20.205 AND ALN 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, 2023 are as follows:

	<u>Pass-Through Identifying Number</u>	<u>Total Federal Expenditures</u>
ALN 20.205:		
	D031509	\$ 32,409
	D033375	430,931
	D036053	723,455
	D036375	1,472
	D040061	65,284
	D040064	2,200,659
	D040068	4,665,748
	D040252	6,005,022
	D040830	107,664
	Total	<u>\$ 14,232,644</u>
ALN 97.067:		
	C974200	\$ 4,689
	T837305	157,147
	Total	<u>\$ 161,836</u>

DRESCHER & MALECKI LLP

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



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

Honorable 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 26, 2024 (which report includes a qualified 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.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Drescher & Malecki LLP

August 26, 2024

DRESCHER & MALECKI LLP

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



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

Honorable Board of Supervisors
County of Warren, New York:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

The County's basic financial statements include the operations of 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 reported \$0, \$0 and \$25,880 in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2023. Our compliance audit, described below, did not include the operations of WTASC, LDC, or the District. Other auditors were engaged to perform such audits on LDC in accordance with Uniform Guidance, as applicable, while the District was unaudited during the year ended December 31, 2023.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Drescher & Malecki LLP

August 26, 2024

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

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified*
(*which report includes a reference to other auditors and a qualified opinion
on the Warren County Soil and Water Conservation District discretely presented
component unit.)

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> ✓ </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> ✓ </u> None reported
Noncompliance material to the financial statements noted?	<u> </u> Yes	<u> ✓ </u> No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> Yes	<u> ✓ </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> ✓ </u> None reported

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

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

Identification of major federal programs:

<u>ALN (s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	CDBG-Entitlement Grants Cluster
20.205	Highway Planning and Construction Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.568	Low-Income Home Energy Assistance
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs? \$ 1,128,863

Auditee qualified as low-risk auditee? ✓ Yes No

Section II. FINANCIAL STATEMENT FINDINGS

No findings noted.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

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

We considered the following finding presented below to be a reportable instance of noncompliance.

Finding 2022-001—Eligibility ALN #93.659

Criteria—As outlined within Section 2 Code of Federal Regulations (“CFR”) Part 200, Appendix XI, of the *2022 Compliance Supplement*, the County is required to document and maintain certain eligibility documentation within the Adoption Assistance Program.

Condition and Context—We noted that 11 of 25 cases sampled in which certain eligibility documentation was not maintained.

Cause—Many cases originated prior to 2015 and we noted that the checklist tool was not utilized at that time. However, there were no issues with files sampled post-2015.

Effect or Potential Effect—Noncompliance with the eligibility documentation of the Section 2 Code of Federal Regulations (“CFR”) Part 200, Appendix XI, of the *2022 Compliance Supplement*.

Recommendation—We recommend that the County ensure case files for the Adoption Assistance Program include all required support to satisfy the eligibility requirements as outlined by Section 2 Code of Federal Regulations (“CFR”) Part 200, Appendix XI, of the *2022 Compliance Supplement*.

View of Responsible Officials and Planned Corrective Action Plan—The County’s current practice is for files to be audited by the Office of Children and Family Services on a quarterly basis and to use a checklist tool to ensure the files contain the required documentation. As indicated above, there have been no issues with cases post 2015.

Current Status—The County uses the eligibility checklist to ensure the files contain the required documentation.