

**COUNTY OF WARREN,
NEW YORK**

*Basic Financial Statements, Required Supplementary
Information, Supplementary Information and Federal
Awards Information for the Year Ended
December 31, 2021 and Independent Auditors' Reports*

COUNTY OF WARREN, NEW YORK
Table of Contents
Year Ended December 31, 2021

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

(continued)

COUNTY OF WARREN, NEW YORK
Table of Contents
Year Ended December 31, 2021

(concluded)

	<u>Page</u>
Schedule of Changes in the County’s Total OPEB Liability and Related Ratios	55
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—General Fund.....	56
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—County Road Fund	57
Notes to the Required Supplementary Information.....	58
Supplementary Information:	
Combining Balance Sheet—Nonmajor Governmental Funds.....	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds	60
Combining Statement of Net Position—Internal Service Funds.....	61
Combining Statement of Revenues, Expenditures, and Changes in Net Position—Internal Service Funds	62
Combining Statement of Cash Flows—Internal Service Funds.....	63
Federal Awards Information:	
Schedule of Expenditures of Federal Awards	64
Notes to the Schedule of Expenditures of Federal Awards	66
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	68
Independent Auditors’ Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance.....	70
Schedule of Findings and Questioned Costs	73
Summary Schedule of Prior Audit Findings and Corrective Action Plan	74

Certified Public Accountants

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 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, 2021, 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 Activities, Major Funds and the Aggregate Remaining Fund Information

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, 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.

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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 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, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 by us and the other auditors. 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 12, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Drescher & Malecki LLP

August 12, 2022

COUNTY OF WARREN, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2021

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, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The liabilities and deferred inflows of resources of the County's primary government exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$13,390,145 (*net position*). This consists of \$82,435,959 net investment in capital assets, \$16,353,575 restricted for specific purposes, and an unrestricted net position of \$(112,179,679).
- The County's primary government net position increased \$31,126,253 during the year ended December 31, 2021. Governmental activities and business-type activities increased the County's net position during the year ended December 31, 2021 by \$31,113,308 and \$12,945, respectively.
- At the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$60,812,634, an increase of \$12,199,393 in comparison with the prior year's fund balance of \$48,613,241.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$36,007,125, or approximately 25.3 percent of General Fund expenditures and transfers out. This total amount is *available for spending* at the County's discretion and constitutes approximately 70.6 percent of the General Fund's total fund balance of \$51,018,225 at December 31, 2021.
- The County's serial bonds decreased by \$2,720,000 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 funds' financial statements can be found on pages 23-24 of this report.

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

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County's net pension liability, the changes in the County's other post-employment benefits ("OPEB") obligation, and the County's budgetary comparisons for the General Fund and County Road Fund. Required Supplementary Information and a related note to the Required Supplementary Information can be found on pages 53-58 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, along with combining statements for the internal service funds, are presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 59-63.

Finally, the Federal Awards Information can be found on pages 64-74 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the County's primary government, liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$13,390,145 at the close of the most recent fiscal year, as compared to \$44,516,398, at the close of the fiscal year ended December 31, 2020.

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,	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 113,988,567	\$ 87,272,059	\$ 1,715,445	\$ 1,710,833	\$ 115,704,012	\$ 88,982,892
Capital assets	122,719,251	117,389,310	-	-	122,719,251	117,389,310
Total assets	236,707,818	204,661,369	1,715,445	1,710,833	238,423,263	206,372,202
Deferred outflows of resources	70,814,077	54,585,687	-	-	70,814,077	54,585,687
Current liabilities	45,458,657	29,561,103	-	8,333	45,458,657	29,569,436
Noncurrent liabilities	167,973,918	197,963,969	-	-	167,973,918	197,963,969
Total liabilities	213,432,575	227,525,072	-	8,333	213,432,575	227,533,405
Deferred inflows of resources	109,194,910	77,940,882	-	-	109,194,910	77,940,882
Net position:						
Net investment in capital assets	82,435,959	75,750,473	-	-	82,435,959	75,750,473
Restricted	16,353,575	12,138,302	-	-	16,353,575	12,138,302
Unrestricted	(113,895,124)	(134,107,673)	1,715,445	1,702,500	(112,179,679)	(132,405,173)
Total net position	\$ (15,105,590)	\$ (46,218,898)	\$ 1,715,445	\$ 1,702,500	\$ (13,390,145)	\$ (44,516,398)

The largest portion of the County's net position, \$82,435,959, reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), net of accumulated depreciation, 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, \$16,363,575, 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, \$(112,179,679), is considered to be unrestricted.

The following table presents the changes in net position for the years ended December 31, 2021 and December 31, 2020.

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,	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues	\$ 54,742,930	\$ 43,891,586	\$ 71,479	\$ 73,631	\$ 54,814,409	\$ 43,965,217
General revenues	125,280,266	113,521,905	-	-	125,280,266	113,521,905
Total revenues	180,023,196	157,413,491	71,479	73,631	180,094,675	157,487,122
Total expenses	148,909,888	146,533,532	58,534	58,096	148,968,422	146,591,628
Change in net position	31,113,308	10,879,959	12,945	15,535	31,126,253	10,895,494
Net position—beginning	(46,218,898)	(57,098,857)	1,702,500	1,686,965	(44,516,398)	(55,411,892)
Net position—ending	\$ (15,105,590)	\$ (46,218,898)	\$ 1,715,445	\$ 1,702,500	\$ (13,390,145)	\$ (44,516,398)

Governmental activities—Governmental activities increased the County’s net position by \$31,113,308. A summary of revenues for governmental activities for the years ended December 31, 2021 and 2020 is presented below:

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2021	2020	Dollars	Percent (%)
Charges for services	\$ 13,899,011	\$ 13,679,806	\$ 219,205	1.6
Operating grants and contributions	30,014,235	26,784,259	3,229,976	12.1
Capital grants and contributions	10,829,684	3,427,521	7,402,163	216.0
Property taxes and tax items	47,552,871	46,318,658	1,234,213	2.7
Non-property tax items	73,660,265	61,344,518	12,315,747	20.1
Use of money and property	2,343,344	1,634,090	709,254	43.4
Miscellaneous	583,419	3,118,252	(2,534,833)	(81.3)
Sale of property and compensation for loss	240,994	292,171	(51,177)	(17.5)
Tobacco settlement revenue	899,373	814,216	85,157	10.5
Total revenues	<u>\$ 180,023,196</u>	<u>\$ 157,413,491</u>	<u>\$ 22,609,705</u>	14.4

The most significant source of revenues for governmental activities are non-property taxes, which account for \$73,660,265, or 40.1 percent of total revenues. The other significant sources of revenue include property taxes and tax items, which comprise \$47,552,871, or 26.4 percent of total revenues, and operating grants and contributions, which comprise \$30,014,235, or 16.7 percent of total revenues. Similarly, for the year ended December 31, 2020, the most significant source of revenues for governmental activities are non-property taxes, which account for \$61,344,518, or 39.0 percent of total revenues. The other significant sources of revenue include property taxes and tax items, which comprise \$46,318,658, or 29.4 percent of total revenues, and operating grants and contributions, which comprise \$26,784,259, or 17.0 percent of total revenues.

During the year ended December 31, 2021, total revenues increased by \$22,609,705. Non-property tax items accounted for a \$12,315,747 increase, resulting primarily from a significant increase in sales tax revenue. Capital grants and contribution accounted for a \$7,402,163 increase, resulting primarily from increased federal highway received for transportation capital projects.

A summary of program expenses of governmental activities for the years ended December 31, 2021 and 2020 is presented on the following page in Table 4.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2021	2020	Dollars	Percent (%)
General government support	\$ 44,870,227	\$ 41,663,294	\$ 3,206,933	7.7
Education	2,453,234	2,467,420	(14,186)	(0.6)
Public safety	29,175,294	29,602,258	(426,964)	(1.4)
Health	13,846,760	13,706,286	140,474	1.0
Transportation	16,505,252	16,142,161	363,091	2.2
Economic assistance and opportunity	37,829,895	38,382,030	(552,135)	(1.4)
Culture and recreation	1,389,518	1,500,786	(111,268)	(7.4)
Home and community services	1,210,940	1,333,164	(122,224)	(9.2)
Interest and fiscal charges	1,628,768	1,736,133	(107,365)	(6.2)
Total program expenses	<u>\$ 148,909,888</u>	<u>\$ 146,533,532</u>	<u>\$ 2,376,356</u>	1.6

The County's most significant expense category for governmental activities is general government support of \$44,870,227, or 30.1 percent of program expenses. The other significant expenses include economic assistance and opportunity (primarily composed of social service costs) of \$37,829,895, or 25.4 percent of program expenses, and public safety expenses of \$29,175,294, or 19.6 percent of total expenses. Similarly, for the year ended December 31, 2020, the most significant expense category for governmental activities is general government support of \$41,663,294, or 28.4 percent of program expenses. The other significant expenses include economic assistance and opportunity (primarily composed of social service costs) of \$38,382,030, or 26.2 percent of program expenses, and public safety expenses of \$29,602,258, or 20.2 percent of total expenses.

During the year ended December 31, 2021, total program expenses increased \$2,376,356, or 1.6 percent from the prior year, primarily attributed to a large increase in general government support due to an increase in sales tax distribution.

Business-type activities—Business-type activities increased the County's net position by \$12,945. For the year ended December 31, 2021, revenues decreased 2.9 percent and expenses increased by 0.8 percent. Expenses increased from the prior year due to increased program administrative costs.

A summary source of revenues and expenses for the County's business-type activities for the years ended December 31, 2021 and December 31, 2020 is presented below in Table 5.

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

	Year Ended December 31,		Increase/(Decrease)	
	2021	2020	Dollars	Percent (%)
Revenues:				
Interest and late fees on loans	\$ 20,481	\$ 22,785	\$ (2,304)	(10.1)
Program service fees	998	846	152	18.0
Warren County support fee	50,000	50,000	-	0.0
Total revenues	<u>\$ 71,479</u>	<u>\$ 73,631</u>	<u>\$ (2,152)</u>	(2.9)
Expenses:				
Administrative	<u>\$ 58,534</u>	<u>\$ 58,096</u>	<u>438</u>	0.8
Total expenses	<u>\$ 58,534</u>	<u>\$ 58,096</u>	<u>\$ 438</u>	0.8

The most significant source of revenue for business-type activities for the year ended December 31, 2021 was the Warren County support fee, which accounted for \$50,000, or 70.0 percent of total revenues. Similarly, for the year ended December 31, 2020, the most significant source of revenue was the Warren County support fee, which accounted for \$50,000, or 67.9 percent of total revenues.

The County only has one expense item within the business-type activities. This one item is administrative expenses representing total expenses of \$58,534 and \$58,096, for the years ended December 31, 2021 and 2020, respectively.

Financial Analysis of Governmental Funds

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

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

At December 31, 2021, the County’s governmental funds reported combined ending fund balances of \$60,812,634, an increase of \$12,199,393 in comparison with the prior year. The County had fund balances totaling \$36,893,411, 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, \$2,426,127; (2) restricted for particular purposes, \$17,624,566 or (3) assigned for other purposes, \$3,868,530.

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 \$36,007,125, while total fund balance was \$51,018,225. The General Fund fund balance increased \$11,575,671 from the prior year. The increase was due primarily to budgetary savings experienced within major expense functions. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures and transfers out. Unassigned fund balance represents approximately 25.3 percent of General Fund expenditures and transfers out, while total fund balance represents 35.8 percent of that same amount.

At December 31, 2021, the County Road Fund reported total ending fund balance of \$4,613,850, of which \$563,528 is assigned to specific use for the operations of the County Road Fund. The County Road Fund fund balance increased \$1,261,912 from the prior year as a result of revenues and transfers in exceeding expenditures and transfers out.

The Capital Projects Fund reported nonspendable and restricted fund balance of \$2,623,415 to be used for future costs related to capital projects. Fund balance decreased \$1,426,386 from the prior year, primarily as a result of capital outlay expenditures exceeding state and federal aid and transfers in from other funds.

Proprietary funds—The County’s Internal Service Fund reports the County’s administration of the workers’ compensation and unemployment self-insurance plans. The Internal Service Funds reported total net position of \$510,889 at December 31, 2021, a decrease of \$677,772 due primarily to increased workers’ compensation claims during the year.

Total net position of the Warren County LDC at December 31, 2021 totaled \$1,715,445 of unrestricted net position. The Warren County LDC net position increased \$12,945 during the year ended December 31, 2021 as a result of decreased program administrative costs.

General Fund Budgetary Highlights

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

A summary of the General Fund results of operations for the year ended December 31, 2021 is presented below within Table 6.

Table 6—General Fund Budget

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues and transfers in	\$ 137,136,482	\$ 141,291,559	\$ 154,093,832	\$ 12,802,273
Expenditures and transfers out	139,110,230	145,762,034	142,518,161	3,243,873
Excess (deficiency) of revenues and transfers in over (under) expenditures and transfers out	\$ (1,973,748)	\$ (4,470,475)	\$ 11,575,671	\$ 16,046,146

Original budget compared to final budget—The County increased total appropriations \$6,651,804 during the year ended December 31, 2021. The budget was amended upward within all of the functions of expenditures. These increases were funded with matching revenues (state and federal aid and other revenues) of \$4,155,077, while the remaining \$2,496,727 appropriated fund balance.

Final budget compared to actual results—The General Fund appropriations were under final budgetary appropriations by \$3,243,873. The largest budgetary savings was realized within health, primarily due to less than anticipated spending for contracted services. Actual revenues and transfers in exceeded final budget by \$12,802,273 due to more sales tax revenue received than originally anticipated.

Capital Assets and Debt Administration

Capital assets—The County’s investment in capital assets for its governmental activities as of December 31, 2021 amounted to \$122,719,251 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, vehicles and equipment, and infrastructure. The County’s business-type activities reported no capital assets at December 31, 2021. All depreciable capital assets were depreciated from acquisition date to the end of the current year, as outlined in the County’s capital asset policy.

Capital assets, net of depreciation, for governmental activities at the years ended December 31, 2021 and December 31, 2020 are presented in Table 7 on the following page.

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

	Governmental Activities	
	December 31,	
	2021	2020
Land	\$ 6,429,337	\$ 6,429,337
Construction in progress	13,168,464	4,976,710
Land Improvements	3,052,163	3,271,407
Buildings and improvements	46,417,995	46,618,290
Vehicles and equipment	8,073,351	8,278,950
Infrastructure	45,577,941	47,814,616
Total	<u>\$ 122,719,251</u>	<u>\$ 117,389,310</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, 2021, the County's governmental activities had long-term liabilities outstanding of \$167,973,918, which was a decrease of \$29,990,051 from the prior year. The County's business-type activities did not report any long-term debt at year-end.

A summary of the County's long-term liabilities at December 31, 2021 and December 31, 2020 is presented below in Table 8.

Table 8—Summary of Long-Term Liabilities

	Governmental Activities	
	December 31,	
	2021	2020
Serial bonds	\$ 31,850,000	\$ 34,570,000
Premium on serial bonds	2,755,554	2,977,198
WTASC bonds and accreted interest	6,857,864	6,829,661
Compensated absences	6,065,871	6,069,321
Capital leases	287,515	577,531
Other postemployment benefits	118,296,988	99,851,909
Workers' compensation	1,686,000	1,717,000
Net pension liability	174,126	45,371,349
Total	<u>\$ 167,973,918</u>	<u>\$ 197,963,969</u>

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

Economic Factors

The unemployment rate, not seasonally adjusted, for the County during December 2021 was 3.3 percent. This compares to New York State's unemployment rate of 4.5 percent and the national unemployment rate of 3.9 percent.

The County considered current year operational expenses and estimated increases based on economic factors when establishing the 2022 budget. The County's 2022 budget includes the appropriation of \$1,000,000 of fund balance in the General Fund, and the appropriation of \$545,689 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

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

COUNTY OF WARREN, NEW YORK
Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Soil and Water
	Activities	Activities		Conservation
				District
				(unaudited)
ASSETS				
Cash and cash equivalents	\$ 45,315,996	\$ 1,108,490	\$ 46,424,486	\$ 102,579
Restricted cash and cash equivalents	27,102,643	-	27,102,643	82,843
Receivables, net of allowances:				
Taxes	10,748,179	-	10,748,179	-
Other	1,347,418	188,358	1,535,776	-
Intergovernmental receivables	25,601,410	-	25,601,410	-
Due from Fiduciary Funds	709,321	-	709,321	-
Inventories	511,930	-	511,930	-
Prepaid items	1,920,560	-	1,920,560	-
Noncurrent receivables	731,110	418,597	1,149,707	-
Capital assets, not being depreciated	19,597,801	-	19,597,801	-
Capital assets, net of accumulated depreciation	103,121,450	-	103,121,450	-
Total assets	<u>236,707,818</u>	<u>1,715,445</u>	<u>238,423,263</u>	<u>185,422</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	196,650	-	196,650	-
Deferred outflows—relating to pensions	39,450,874	-	39,450,874	-
Deferred outflows—relating to OPEB	31,166,553	-	31,166,553	-
Total deferred outflows of resources	<u>70,814,077</u>	<u>-</u>	<u>70,814,077</u>	<u>-</u>
LIABILITIES				
Accounts payable	11,434,808	-	11,434,808	-
Accrued liabilities	10,248,742	-	10,248,742	-
Intergovernmental payables	13,274,751	-	13,274,751	445
Unearned revenue	10,500,356	-	10,500,356	-
Noncurrent liabilities:				
Due within one year	4,683,441	-	4,683,441	-
Due in more than one year	163,290,477	-	163,290,477	-
Total liabilities	<u>213,432,575</u>	<u>-</u>	<u>213,432,575</u>	<u>445</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	53,095,732	-	53,095,732	-
Deferred inflows—relating to OPEB	56,099,178	-	56,099,178	-
Deferred inflows—unavailable revenue	-	-	-	1,289
Total deferred inflows of resources	<u>109,194,910</u>	<u>-</u>	<u>109,194,910</u>	<u>1,289</u>
NET POSITION				
Net investment in capital assets	82,435,959	-	82,435,959	-
Restricted for:				
Westmount legacy costs	3,834,030	-	3,834,030	-
Capital projects	6,175,131	-	6,175,131	-
Occupancy tax	4,813,652	-	4,813,652	-
Debt service	556,681	-	556,681	-
Other	974,081	-	974,081	-
Unrestricted	(113,895,124)	1,715,445	(112,179,679)	183,688
Total net position	<u>\$ (15,105,590)</u>	<u>\$ 1,715,445</u>	<u>\$ (13,390,145)</u>	<u>\$ 183,688</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, 2021

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position						Component Unit
		Program Revenues			Primary Government			Soil and Water Conservation District (unaudited)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government support	\$ 44,870,227	\$ 4,609,108	\$ 2,024,148	\$ 121,360	\$ (38,115,611)	\$ -	\$ (38,115,611)	\$ -
Education	2,453,234	-	-	-	(2,453,234)	-	(2,453,234)	-
Public safety	29,175,294	1,747,505	882,872	-	(26,544,917)	-	(26,544,917)	-
Health	13,846,760	3,217,908	8,317,926	-	(2,310,926)	-	(2,310,926)	-
Transportation	16,505,252	1,490,007	2,559,088	9,776,670	(2,679,487)	-	(2,679,487)	-
Economic assistance and opportunity	37,829,895	2,739,971	16,089,503	-	(19,000,421)	-	(19,000,421)	-
Culture and recreation	1,389,518	65,654	140,257	931,654	(251,953)	-	(251,953)	-
Home and community services	1,210,940	28,858	441	-	(1,181,641)	-	(1,181,641)	-
Interest and other fiscal charges	1,628,768	-	-	-	(1,628,768)	-	(1,628,768)	-
Total governmental activities	<u>148,909,888</u>	<u>13,899,011</u>	<u>30,014,235</u>	<u>10,829,684</u>	<u>(94,166,958)</u>	<u>-</u>	<u>(94,166,958)</u>	<u>-</u>
Business-type activities:								
Warren County LDC	58,534	21,479	50,000	-	-	12,945	12,945	-
Total primary government	<u>\$ 148,968,422</u>	<u>\$ 13,920,490</u>	<u>\$ 30,064,235</u>	<u>\$ 10,829,684</u>	<u>(94,166,958)</u>	<u>12,945</u>	<u>(94,154,013)</u>	<u>-</u>
Component unit:								
Soil and Water Conservation District	<u>\$ 805,596</u>	<u>\$ 152,873</u>	<u>\$ 714,044</u>	<u>\$ -</u>				<u>61,321</u>
General revenues:								
					45,185,709	-	45,185,709	-
					2,367,162	-	2,367,162	-
					73,660,265	-	73,660,265	-
					2,343,344	-	2,343,344	119
					583,419	-	583,419	16,419
					240,994	-	240,994	1,054
					899,373	-	899,373	-
					<u>125,280,266</u>	<u>-</u>	<u>125,280,266</u>	<u>17,592</u>
					31,113,308	12,945	31,126,253	78,913
					<u>(46,218,898)</u>	<u>1,702,500</u>	<u>(44,516,398)</u>	<u>104,775</u>
					<u>\$ (15,105,590)</u>	<u>\$ 1,715,445</u>	<u>\$ (13,390,145)</u>	<u>\$ 183,688</u>

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

COUNTY OF WARREN, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2021

	<u>General</u>	<u>County Road</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 39,566,672	\$ 1,622,052	\$ -	\$ 1,787,395	\$ 42,976,119
Restricted cash and cash equivalents	21,906,053	2,988,871	1,598,991	608,728	27,102,643
Receivables (net of allowances):					
Taxes	10,748,179	-	-	-	10,748,179
Other	1,314,710	-	-	32,708	1,347,418
Intergovernmental receivables	14,929,690	1,396,280	9,018,842	256,584	25,601,396
Due from other funds	5,891,952	110,890	1,083,987	20,122	7,106,951
Inventories	110,626	78,465	-	322,839	511,930
Prepaid items	1,795,815	85,974	2,215	30,193	1,914,197
Total assets	<u>\$ 96,263,697</u>	<u>\$ 6,282,532</u>	<u>\$ 11,704,035</u>	<u>\$ 3,058,569</u>	<u>\$ 117,308,833</u>
LIABILITIES					
Accounts payable	\$ 6,184,661	\$ 164,678	\$ 4,876,616	\$ 151,340	\$ 11,377,295
Accrued liabilities	9,046,013	592,172	2,737	259,936	9,900,858
Intergovernmental payables	13,253,002	-	21,352	397	13,274,751
Due to other funds	1,189,374	911,832	4,179,915	89,752	6,370,873
Unearned revenue	10,500,356	-	-	-	10,500,356
Total liabilities	<u>40,173,406</u>	<u>1,668,682</u>	<u>9,080,620</u>	<u>501,425</u>	<u>51,424,133</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	5,072,066	-	-	-	5,072,066
Total deferred inflows of resources	<u>5,072,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,072,066</u>
FUND BALANCES (DEFICIT)					
Nonspendable	1,906,441	164,439	2,215	353,032	2,426,127
Restricted	11,405,697	2,988,871	2,621,200	608,798	17,624,566
Assigned	1,698,962	1,460,540	-	1,605,796	4,765,298
Unassigned	36,007,125	-	-	(10,482)	35,996,643
Total fund balances (deficit)	<u>51,018,225</u>	<u>4,613,850</u>	<u>2,623,415</u>	<u>2,557,144</u>	<u>60,812,634</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 96,263,697</u>	<u>\$ 6,282,532</u>	<u>\$ 11,704,035</u>	<u>\$ 3,058,569</u>	<u>\$ 117,308,833</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, 2021

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

Fund balances—total governmental funds (page 16)	\$	60,812,634	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these assets is \$237,736,561 and the accumulated depreciation is \$115,017,310.			122,719,251
A long-term asset, due from New York State to WTASC, is not available to pay for current period expenditures and, therefore, is not reported in the funds.			731,110
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.			196,650
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.			5,072,066
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
Deferred outflows related to employer contributions	\$	4,886,559	
Deferred outflows related to experience, changes in assumptions, proportions, and investment earnings		34,564,315	
Deferred inflows related to pension plans		<u>(53,095,732)</u>	(13,644,858)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.			
Deferred outflows relating to change in assumptions and differences between expected and actual experience	\$	31,166,553	
Deferred inflows related to OPEB liability		<u>(56,099,178)</u>	(24,932,625)
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.			510,889
Net accrued interest expense for serial bonds of \$272,303 and WTASC bonds of \$10,486 are not reported in the funds.			(282,789)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:			
Serial bonds	\$	(31,850,000)	
Premiums on serial bonds		(2,755,554)	
WTASC bonds and accreted interest		(6,857,864)	
Compensated absences		(6,065,871)	
Capital leases		(287,515)	
Other post employment benefits obligation		(118,296,988)	
Net pension liability		<u>(174,126)</u>	<u>(166,287,918)</u>
Net position of governmental activities	\$		<u>(15,105,590)</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, 2021

	General	County Road	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Real property taxes	\$ 34,695,945	\$ 9,958,135	\$ -	\$ 1,275,839	\$ 45,929,919
Real property tax items	2,367,162	-	-	-	2,367,162
Non-property tax items	73,660,265	-	-	-	73,660,265
Departmental income	11,226,080	-	-	18,484	11,244,564
Intergovernmental charges	1,553,521	19,589	32,573	-	1,605,683
Licenses and permits	253,230	-	-	-	253,230
Fines and forfeitures	204,823	-	-	-	204,823
Use of money and property	2,084,518	5,972	191	27,912	2,118,593
Sale of property and compensation for loss	46,355	15,954	-	178,685	240,994
Miscellaneous	580,347	72	-	3,000	583,419
Interfund revenues	-	53,740	-	1,217,850	1,271,590
State aid	16,255,143	2,422,786	4,312,407	50,000	23,040,336
Federal aid	10,600,770	18,222	6,517,277	667,314	17,803,583
Tobacco settlement revenue	-	-	-	863,788	863,788
Total revenues	<u>153,528,159</u>	<u>12,494,470</u>	<u>10,862,448</u>	<u>4,302,872</u>	<u>181,187,949</u>
EXPENDITURES					
Current:					
General government support	47,967,728	-	-	58,767	48,026,495
Education	2,659,788	-	-	-	2,659,788
Public safety	29,568,186	562,146	-	-	30,130,332
Health	14,959,460	-	-	-	14,959,460
Transportation	701,076	9,573,208	-	1,865,621	12,139,905
Economic assistance and opportunity	39,813,070	-	-	681,173	40,494,243
Culture and recreation	1,286,696	-	-	-	1,286,696
Home and community services	1,298,666	-	-	9,803	1,308,469
Employee benefits-unallocated	19,315	-	-	-	19,315
Debt service:					
Principal	290,016	-	-	2,980,000	3,270,016
Interest and fiscal charges	20,722	-	-	1,340,638	1,361,360
Capital outlay	-	-	13,332,477	-	13,332,477
Total expenditures	<u>138,584,723</u>	<u>10,135,354</u>	<u>13,332,477</u>	<u>6,936,002</u>	<u>168,988,556</u>
Excess (deficiency) of revenues over expenditures	<u>14,943,436</u>	<u>2,359,116</u>	<u>(2,470,029)</u>	<u>(2,633,130)</u>	<u>12,199,393</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	565,673	19	1,236,565	3,988,055	5,790,312
Transfers out	<u>(3,933,438)</u>	<u>(1,097,223)</u>	<u>(192,922)</u>	<u>(566,729)</u>	<u>(5,790,312)</u>
Total other financing sources (uses)	<u>(3,367,765)</u>	<u>(1,097,204)</u>	<u>1,043,643</u>	<u>3,421,326</u>	<u>-</u>
Net change in fund balances	11,575,671	1,261,912	(1,426,386)	788,196	12,199,393
Fund balances—beginning	<u>39,442,554</u>	<u>3,351,938</u>	<u>4,049,801</u>	<u>1,768,948</u>	<u>48,613,241</u>
Fund balances—ending	<u>\$ 51,018,225</u>	<u>\$ 4,613,850</u>	<u>\$ 2,623,415</u>	<u>\$ 2,557,144</u>	<u>\$ 60,812,634</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, 2021

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) \$ 12,199,393

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

Capital asset additions	\$ 13,176,681	
Depreciation expense	(7,841,952)	
Loss on disposal of assets	<u>(4,788)</u>	5,329,941

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	\$ (744,210)	
Change in long-term receivable - tobacco settlement revenue	<u>35,585</u>	(708,625)

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	\$ 6,334,443	
Cost of benefits earned net of employee contributions	<u>(2,983,430)</u>	3,351,013

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	\$ 27,792,987	
Changes in assumptions	<u>(956,252)</u>	26,836,735

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.

(677,772)

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

36,958

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	\$ 2,720,000	
Amortization of premiums on serial bonds	221,644	
Repayment of WTASC bonds	260,000	
WTASC subordinate turbo CABs accretion	(288,203)	
Change in compensated absences	3,450	
Repayment of capital leases	290,016	
Change in OPEB obligation	<u>(18,445,079)</u>	<u>(15,238,172)</u>

Change in net position of governmental activities \$ 31,113,308

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, 2021

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Warren County LDC</u>	<u>Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,108,490	\$ 2,339,877
Receivables:		
Loans receivable, current	175,132	-
Other	13,226	-
Intergovernmental receivables	-	14
Due from other funds	-	5,442
Prepaid items	-	6,363
Total current assets	<u>1,296,848</u>	<u>2,351,696</u>
Noncurrent assets:		
Noncurrent loans receivable, net of allowance	<u>418,597</u>	<u>-</u>
Total noncurrent assets	<u>418,597</u>	<u>-</u>
Total assets	<u>1,715,445</u>	<u>2,351,696</u>
LIABILITIES		
Current liabilities:		
Accounts payable	-	57,513
Accrued liabilities	-	65,095
Due to other funds	-	32,199
Total current liabilities	<u>-</u>	<u>154,807</u>
Noncurrent liabilities:		
Due within one year:		
Workers' compensation	<u>-</u>	<u>1,686,000</u>
Total noncurrent liabilities	<u>-</u>	<u>1,686,000</u>
Total liabilities	<u>-</u>	<u>1,840,807</u>
NET POSITION		
Unrestricted	<u>1,715,445</u>	<u>510,889</u>
Total net position	<u>\$ 1,715,445</u>	<u>\$ 510,889</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, 2021

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Warren County LDC</u>	<u>Internal Service Funds</u>
Operating revenues:		
Charges for services	\$ 21,479	\$ 1,016,004
County support fee	50,000	-
Other operating revenue	-	87,431
Total operating revenues	<u>71,479</u>	<u>1,103,435</u>
Operating expenses:		
Personal services	-	187,777
Contractual services	-	1,411,519
Administrative and general services	58,534	-
Employee benefits	-	185,018
Total operating expenses	<u>58,534</u>	<u>1,784,314</u>
Operating income (loss)	<u>12,945</u>	<u>(680,879)</u>
Nonoperating revenues:		
Interest income	-	3,107
Total nonoperating revenues	<u>-</u>	<u>3,107</u>
Change in net position	12,945	(677,772)
Net position—beginning	<u>1,702,500</u>	<u>1,188,661</u>
Net position—ending	<u>\$ 1,715,445</u>	<u>\$ 510,889</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, 2021

	Business-Type Activities	Governmental Activities
	Warren County LDC	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from services provided	\$ 66,587	\$ 1,099,229
Payments to suppliers and service providers	-	(1,418,738)
Payments to employees for salaries and benefits	(58,534)	(372,795)
Net cash provided by (used for) operating activities	8,053	(692,304)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from loan payments	94,979	-
Interest earned on bank accounts	-	3,107
Net cash provided by investing activities	94,979	3,107
Net increase (decrease) in cash and cash equivalents	103,032	(689,197)
Cash and cash equivalents—beginning	1,005,458	3,029,074
Cash and cash equivalents—ending	\$ 1,108,490	\$ 2,339,877
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 12,945	\$ (680,879)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Decrease in receivables	3,441	-
(Increase) in prepaid items	-	(962)
(Decrease) increase in accounts payable	(8,333)	16,125
Increase in accrued liabilities and intergovernmental payables	-	8,200
(Decrease) in due to/from other funds	-	(587)
(Decrease) in unearned revenue	-	(3,201)
(Decrease) in workers' compensation liability	-	(31,000)
Total adjustments	(4,892)	(11,425)
Net cash provided by (used for) operating activities	\$ 8,053	\$ (692,304)

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

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

COUNTY OF WARREN, NEW YORK
Statement of Fiduciary Net Position—Fiduciary Funds
December 31, 2021

	Private Purpose Trust	Custodial
ASSETS		
Restricted cash and cash equivalents	\$ 51,860	\$ 4,134,320
Intergovernmental receivables	-	17,088
Due from other funds	-	215,342
Total assets	51,860	4,366,750
LIABILITIES		
Accounts payable and other liabilities	268	3,149,405
Due to other funds	329	924,334
Total liabilities	597	4,073,739
NET POSITION		
Restricted for other purposes	\$ 51,263	\$ 293,011

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, 2021

	Private Purpose Trust	Custodial
ADDITIONS		
Interest earnings	\$ -	\$ 97
Funds received on behalf of others		93,179
Gifts and donations	26,452	-
Total additions	26,452	93,276
DEDUCTIONS		
Funds distributed to others	-	230,887
Public safety	1,200	-
Economic assistance and opportunity	6,187	-
Total deductions	7,387	230,887
Change in fiduciary net position	19,065	(137,611)
Net position—beginning	32,198	430,622
Net position—ending	\$ 51,263	\$ 293,011

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

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

COUNTY OF WARREN, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

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

Reporting Entity

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

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

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

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

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

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

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

Basis of Presentation—Government-wide Financial Statements

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

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

Basis of Presentation—Fund Financial Statements

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

The County reports the following major governmental funds:

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

The County reports the following proprietary funds:

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

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

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

Additionally, the County reports the following fund types:

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Cash, Cash Equivalents and Investments—Cash and cash equivalents include cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days or less from the date of acquisition. The County had no investments at December 31, 2021; however, when the County does have investments they are recorded at fair value based on quoted market value.

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

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

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

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

Capital Assets—Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets, except for buildings and building improvements, and infrastructure assets, are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value.

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

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

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

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2021, 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, 2021 the primary government has three items that qualify for reporting in this category. The first item arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenue from property taxes that remain uncollected after 60 days after year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item represents the effect of the net change in the County's proportion of the collective net pension liability and the difference during the measurement periods between the County's contributions and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide financial statements. The final item represents the effects of the change in the County's proportion of the collective OPEB liability and difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

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

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

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

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

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The County Board of Supervisors has by resolution authorized the County Treasurer to assign fund balance. The County Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments

generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed on the previous page, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

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

Property Taxes—County real property taxes are levied annually no later than December 31st and become a lien on January 1st. Accordingly, property taxes are recognized as revenue in the year for which the levy is made, and to the extent that such taxes are received within the reporting period of 60 days thereafter. Delinquent property taxes not collected at year-end (excluding collections in the 60 day subsequent period) are included in deferred inflows of resources in the fund financial statements. At December 31, 2021, the total real property tax receivable is recorded at \$10,873,179, 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, 2021, the County reported unearned revenues within the General Fund in the amount of \$10,500,356. 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, 2021, the County reported \$6,068,125 within the General 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 2021, the County has reported interfund revenues of \$53,740 and \$1,217,850 in the Country Road Fund and Road Machinery Fund, respectively.

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows/inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses/expenditures during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2021, the County implemented GASB Statements No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; No. 91, *Conduit Debt Obligations*; No. 93, *Replacement of Interbank Offered Rates*; No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32*; and No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. GASB Statement No. 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 93 addresses those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (“IBOR”). GASB Statement No. 97 increases the consistency and comparability related to the reporting of fiduciary units, mitigates costs associated with the reporting of certain defined contribution plans and enhances the relevance, consistency and comparability of the accounting and reporting for Internal Revenue Code Section 457 deferred compensation plans. GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR, which replaces the acronym for comprehensive annual financial report. The implementation of GASB Statements No. 89, 91, 93, 97 and 98 did not have a material impact on the County’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The County has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 87, *Leases*; and No. 99, *Omnibus 2022*, effective for the year ending December 31, 2022, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023, and 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. The County is, therefore, unable to disclose the impact that adopting GASB

Statements No. 87, 94, 96, 99, 100, and 101 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, 2021 are as follows:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 6,175	\$ -	\$ -	\$ 6,175
Deposits	69,650,754	3,448,367	4,186,180	77,285,301
Money market funds	14,383	-	-	14,383
Discount note (maturing within 90 days)	407,450	-	-	407,450
Total	<u>\$ 70,078,762</u>	<u>\$ 3,448,367</u>	<u>\$ 4,186,180</u>	<u>\$ 77,713,309</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2021 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 943,994	\$ 943,994
Uninsured:		
Collateral held by pledging bank's agent in the County's name	<u>82,503,716</u>	<u>76,341,307</u>
Total deposits	<u>\$ 83,447,710</u>	<u>\$ 77,285,301</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, 2021, 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 \$27,102,643, 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 \$21,906,053, \$2,988,871, \$1,598,991, \$52,117, \$89,394 and \$467,217 in the General Fund, Country Road Fund, Capital Projects Fund, Road Machinery Fund, Debt Service Fund, and WTASC Fund, respectively. Total Private Purpose Trust Fund and the Custodial Fund restricted cash and cash equivalents totals \$51,860 and \$4,134,320, 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, 2021, the County had no investments.

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

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

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

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

3. RECEIVABLES

Major revenues accrued by the governmental funds of the County at December 31, 2021 consisted of the following:

Taxes Receivable—Represents unpaid county, school and village taxes. At December 31, 2021, the total real property tax receivable is recorded at \$10,873,179, which is offset by an allowance for uncollected taxes of \$125,000.

Other Receivables—Represent amounts due from various sources. The County’s other receivables at December 31, 2021 are as follows:

Governmental Funds:	
General Fund	\$ 1,314,710
Nonmajor governmental funds	<u>32,708</u>
Total governmental funds	<u>\$ 1,347,418</u>
Proprietary Funds:	
Warren County LDC Fund	<u>\$ 188,358</u>
Total proprietary funds	<u>\$ 188,358</u>

Receivables—The LDC reported \$13,226 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 \$776,287, and an allowance for doubtful accounts of \$182,558 has been established as of December 31, 2021.

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,	
2022	\$ 175,132
2023	104,474
2024	96,949
2025	43,603
2026	<u>356,129</u>
Total	776,287
Less: current portion and allowance	<u>(357,690)</u>
Noncurrent loans receivable, net of allowance	<u>\$ 418,597</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, 2021 are as follows:

Governmental funds:		
General Fund:		
Due from New York State and Federal governments	\$ 13,546,085	
Due from towns and cities	<u>1,383,605</u>	\$ 14,929,690
County Road Fund:		
Due from New York State and Federal governments	\$ 1,392,499	
Due from towns and cities	<u>3,781</u>	1,396,280
Capital Projects Fund:		
Due from New York State and Federal governments		9,018,842
Nonmajor governmental funds:		
Due from New York State and Federal governments	\$ 72,718	
Due from towns and cities	<u>183,866</u>	<u>256,584</u>
Total governmental funds		<u>\$ 25,601,396</u>
Proprietary fund:		
Workers Compensation Fund		
Due from New York State and Federal governments		<u>\$ 14</u>
Fiduciary fund:		
Custodial Fund		
Due from towns and cities		<u>\$ 17,088</u>

4. CAPITAL ASSETS

Capital asset activity for the primary government's governmental activities for the year ended December 31, 2021 was as follows:

	Balance 1/1/2021	Increases	Decreases	Balance 12/31/2021
Capital assets not being depreciated:				
Land	\$ 6,429,337	\$ -	\$ -	\$ 6,429,337
Construction in progress	4,976,710	9,184,583	992,829	13,168,464
Total capital assets, not being depreciated	<u>11,406,047</u>	<u>9,184,583</u>	<u>992,829</u>	<u>19,597,801</u>
Capital assets being depreciated:				
Land improvements	4,637,254	-	-	4,637,254
Buildings and improvements	74,969,880	1,484,213	-	76,454,093
Vehicles and equipment	26,594,437	1,647,604	1,017,611	27,224,430
Infrastructure	107,969,873	1,853,110	-	109,822,983
Total capital assets, being depreciated	<u>214,171,444</u>	<u>4,984,927</u>	<u>1,017,611</u>	<u>218,138,760</u>
Less accumulated depreciation:				
Land improvements	1,365,847	219,244	-	1,585,091
Buildings and improvements	28,351,590	1,684,508	-	30,036,098
Vehicles and equipment	18,315,487	1,848,415	1,012,823	19,151,079
Infrastructure	60,155,257	4,089,785	-	64,245,042
Total accumulated depreciation	<u>108,188,181</u>	<u>7,841,952</u>	<u>1,012,823</u>	<u>115,017,310</u>
Total capital assets, being depreciated, net	<u>105,983,263</u>	<u>(2,857,025)</u>	<u>4,788</u>	<u>103,121,450</u>
Governmental activities capital assets, net	<u>\$ 117,389,310</u>	<u>\$ 6,327,558</u>	<u>\$ 997,617</u>	<u>\$ 122,719,251</u>

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

Governmental activities:	
General government support	\$ 548,073
Public safety	1,371,909
Health	48,326
Transportation	5,164,720
Economic assistance and opportunity	477,657
Culture and recreation	202,744
Home and community services	28,523
Total governmental activities	<u>\$ 7,841,952</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by the County’s governmental and propriety funds at December 31, 2021 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	\$ 8,997,741	\$ 592,172	\$ 2,737	\$ 259,936	\$ 9,852,586	\$ 65,095
Current compensated absences	36,480	-	-	-	36,480	-
Overpayments	11,792	-	-	-	11,792	-
Total	<u>\$ 9,046,013</u>	<u>\$ 592,172</u>	<u>\$ 2,737</u>	<u>\$ 259,936</u>	<u>\$ 9,900,858</u>	<u>\$ 65,095</u>

6. PENSION OBLIGATIONS

Plan Description and Benefits Provided

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

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2021, the County reported the liability as outlined on the following page for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2021. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of April 1, 2020, with update procedures used to roll forward the total net pension liability to the measurement date. The County’s proportion of the net pension liability was based on projections of the County’s long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the County.

	<u>ERS</u>
Measurement date	March 31, 2021
Net pension liability	\$ 174,126
County's portion of the Plan's total net pension liability	0.1748713%

For the year ended December 31, 2021, the County recognized pension expense of \$2,947,942. At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u>	
	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Differences between expected and actual experiences	\$ 2,126,554	\$ -
Changes in assumptions	32,016,206	603,836
Net difference between projected and actual earnings on pension plan investments	-	50,019,321
Changes in proportion and differences between the County's contributions and proportionate share of contributions	421,555	2,472,575
County contributions subsequent to the measurement date	<u>4,886,559</u>	<u>-</u>
Total	<u>\$ 39,450,874</u>	<u>\$ 53,095,732</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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>ERS</u>
2022	\$ (3,841,282)
2023	(1,682,405)
2024	(3,165,472)
2025	(9,842,258)

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:

	<u>ERS</u>
Measurement date	March 31, 2021
Actuarial valuation date	April 1, 2020
Interest rate	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2015- March 31, 2020
Inflation rate	2.70%
Cost-of-living adjustments	1.40%

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-2020. The actuarial assumptions used in the April 1, 2020 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, 2021	
Asset class:		
Domestic equities	32.0 %	4.1 %
International equities	15.0	6.3
Private equity	10.0	6.8
Real estate	9.0	5.0
Opportunistic portfolio/Absolute return strategies	3.0	4.5
Credit	4.0	3.6
Real assets	3.0	6.0
Fixed income	23.0	0.0
Cash	1.0	0.5
Total	<u>100 %</u>	

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 to the Discount Rate Assumption—The chart below presents the County’s proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the County’s proportionate share of the net pension liability 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	\$ 48,330,719	\$ 174,126	\$ (44,237,523)

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:

	<u>(Dollars in Thousands)</u>
	<u>ERS</u>
Valuation date	April 1, 2020
Employers' total pension liability	\$ 220,680,157
Plan fiduciary net position	<u>220,580,583</u>
Employers' net pension liability	<u>\$ 99,574</u>
System fiduciary net position as a percentage of total pension liability	100.0%

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, 2020, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	648
Active employees	<u>721</u>
Total	<u><u>1,369</u></u>

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

Total OPEB Liability

The County’s total OPEB liability for governmental activities of \$118,296,988, was measured as of December 31, 2021, and was determined by an actuarial valuation as of January 1, 2020.

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

In the January 1, 2020 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.12% effective December 31, 2020 to 2.05% effective December 31, 2021. Salary increases are based on the NYS ERS assumptions adopted April 1, 2020. Mortality rates were based on Pub-2010 headcount-weighted projected fully-generationally using MP-2020. To estimate the change in the cost of healthcare, the actuaries’ initial healthcare cost trend rate used ranged from 4.04% to 5.10%. An inflation rate of 2.50% was assumed for developing the rate of increase in healthcare costs. The

actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial valuation as of January 1, 2020 using census data and health care costs information.

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

	Governmental Activities
Balance at December 31, 2020	\$ 99,851,909
Changes for the year:	
Service cost	4,054,513
Interest	2,169,327
Differences between expected and actual experience	14,026,452
Changes in assumptions	1,370,875
Benefit payments	(3,176,088)
Net changes	18,445,079
Balance at December 31, 2021	\$ 118,296,988

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

	1% Decrease (1.05%)	Current Discount Rate (2.05%)	1% Increase (3.05%)
Governmental Activities:			
Total OPEB Liability	\$ 140,701,874	\$ 118,296,988	\$ 100,730,155

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the net OPEB liability of a 1% change in the initial (5.10%)/ultimate (4.04%) healthcare cost trend rates.

	1% Decrease (4.10/3.04%)	Healthcare Cost Trend Rates (5.10/4.04%)	1% Increase (6.10/5.04%)
Governmental Activities:			
Total OPEB Liability	\$ 96,632,914	\$ 118,296,988	\$ 147,171,245

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, 2021, the County governmental activities contributed \$3,176,088 to the Plan for current premiums. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The County reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The table below presents the County’s deferred outflows of resources and deferred inflows of resources at December 31, 2021.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,273,145	\$ 49,834,970
Changes of assumptions	18,893,408	6,264,208
Total	<u>\$ 31,166,553</u>	<u>\$ 56,099,178</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>
2022	\$ (11,439,409)
2023	(11,439,406)
2024	(8,307,306)
2025	479,502
2026	1,924,666
Thereafter	3,849,328

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, 2020 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
2021	\$ 1,717,000	\$ 393,590	\$ 424,590	\$ 1,686,000
2020	1,859,000	408,818	550,818	1,717,000

9. LEASE OBLIGATIONS

Capital Leases—During the years ended December 31, 2006 and 2007, the County entered into long-term capital leases for various capital improvements to the County Countryside adult home and County municipal center. Total minimum lease payments at December 31, 2021 are \$297,920, of which \$10,405 represents imputed interest costs. A \$287,515 long-term liability has been recorded within the County's governmental activities. The assets acquired through the capital leases are presented below:

	Governmental Activities
Assets:	
Buildings and improvements	\$ 2,824,099
Less: accumulated depreciation	(959,924)
Total	<u>\$ 1,864,175</u>

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

Year Ending December 31,	Governmental Activities
2022	<u>\$ 297,920</u>
Total minimum lease payments	297,920
Less: amount representing imputed interest	(10,405)
Present value of minimum lease payments	<u>\$ 287,515</u>

10. LONG-TERM LIABILITIES

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

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

The County's outstanding long-term liabilities include serial bonds, WTASC bonds payable and accreted interest, compensated absences, capital leases, other postemployment benefits ("OPEB") obligation, workers' compensation, and net pension liability. The serial bonds of the County are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the County's long-term debt for the year ended December 31, 2021 is presented below:

	Balance 1/1/2021	Increases	Decreases	Balance 12/31/2021	Due Within One Year
Governmental activities:					
Serial bonds	\$ 34,570,000	\$ -	\$ 2,720,000	\$ 31,850,000	\$ 2,760,000
Premium on serial bonds	2,977,198	-	221,644	2,755,554	221,644
Bonds payable	37,547,198	-	2,941,644	34,605,554	2,981,644
WTASC bonds and accreted interest	6,829,661	288,203	260,000	6,857,864	1,020,000
Compensated absences*	6,069,321	-	3,450	6,065,871	394,282
Capital leases	577,531	-	290,016	287,515	287,515
OPEB obligation	99,851,909	21,621,167	3,176,088	118,296,988	-
Workers' compensation	1,717,000	393,590	424,590	1,686,000	-
Net pension liability*	45,371,349	-	45,197,223	174,126	-
Total governmental activities	\$ 197,963,969	\$ 22,302,960	\$ 52,293,011	\$ 167,973,918	\$ 4,683,441

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

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

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, 2021 is shown below:

Description	Original Issue	Year of Issue/ Maturity	Interest Rate (%)	Beginning Balance 1/1/2021	Increases	Decreases	Ending Balance 12/31/2021	Due Within One Year
Governmental activities - County:								
Public improvement refunding bonds	11,340,000	2012/2023	2.0-5.0	\$ 3,240,000	\$ -	\$ 1,075,000	\$ 2,165,000	\$ 1,080,000
Court expansion bonds	8,000,000	2015/2035	2.0-3.3	6,625,000	-	365,000	6,260,000	370,000
Court expansion and NSTEM bonds	14,263,765	2017/2037	3.0	12,400,000	-	605,000	11,795,000	615,000
Public improvement refunding bonds	13,070,000	2020/2034	4.0	12,305,000	-	675,000	11,630,000	695,000
Total governmental activities - County				\$ 34,570,000	\$ -	\$ 2,720,000	\$ 31,850,000	\$ 2,760,000

Premiums on Serial Bonds—Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized within governmental activities. The premiums are being amortized on a short-line annual basis over the life of the bonds. The unamortized premiums outstanding at December 31, 2021 is \$2,755,554 for the County.

Warren Tobacco Asset Securitization Corporation (“WTASC”)—Changes in WTASC’s long-term debt for the year ended December 31, 2021 are as follows:

Description	Balance 1/1/2021	Increase	Decrease	Balance 12/31/2021	Due Within One Year*
Tobacco Settlement Bonds:					
Series 2001	\$ 2,450,000	\$ -	\$ 260,000	\$ 2,190,000	\$ 1,020,000

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

Subordinate Turbo CABs—Interest on the subordinate turbo CABs is compounded semiannually on June 1 and December 1, but is not payable until bond maturity. Interest accretes until both principal and 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 1/1/2021	Annual Net Interest Accretion	Turbo Redemption Payments	Ending Balance 12/31/2021
Subordinate	6.00% -					
Turbo CABs	7.15%	\$ 1,852,507	\$ 4,379,661	\$ 288,203	\$ -	\$ 4,667,864

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, 2021, 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, 2021 for governmental activities is \$6,065,871 for accrued sick and vacation time. Management estimates that \$394,282 of long-term sick time benefits will be due within one year.

Capital Leases—The County entered into long-term capital leases for various capital improvements. The outstanding balance at December 31, 2021 was \$287,515. Refer to Note 9 for additional information related to the County’s leases.

OPEB Obligation—As explained in Note 7, the County provides medical, dental, and life insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. The County’s annual OPEB cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with GASB. The County’s long-term OPEB obligation is estimated to be \$118,296,988 at December 31, 2021.

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, 2021 is \$1,686,000.

Net Pension Liability—The County reports a liability for its proportionate share of the net pension liability for the Employee Retirement System. The County's net pension liability is estimated to be \$174,126. Refer to Note 6 for additional information related to the County's net pension liability.

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

Governmental Activities									
Year ending December 31,	Serial Bonds	Premium on Serial Bonds	WTASC Bonds	Compensated Absences	Capital Leases	OPEB Obligation	Workers' Compensation	Net Pension Liability	Total
2022	\$ 2,760,000	\$ 221,644	\$ 1,020,000	\$ 394,282	\$ 287,515	\$ -	\$ -	\$ -	\$ 4,683,441
2023	2,825,000	221,644	405,000	-	-	-	-	-	3,451,644
2024	1,790,000	221,644	425,000	-	-	-	-	-	2,436,644
2025	1,840,000	221,644	340,000	-	-	-	-	-	2,401,644
2026	1,905,000	221,644	-	-	-	-	-	-	2,126,644
2027-2031	10,415,000	1,108,220	-	-	-	-	-	-	11,523,220
2032-2036	9,420,000	530,908	-	-	-	-	-	-	9,950,908
2037-thereafter	895,000	8,206	4,667,864	5,671,589	-	118,296,988	1,686,000	174,126	131,399,773
Total	\$ 31,850,000	\$ 2,755,554	\$ 6,857,864	\$ 6,065,871	\$ 287,515	\$ 118,296,988	\$ 1,686,000	\$ 174,126	\$ 167,973,918

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

Year Ending December 31,	County Serial Bonds	WTASC Bonds	Capital Leases	Total
2022	\$ 1,101,587	\$ 96,556	\$ 10,405	\$ 1,208,548
2023	993,612	55,631	-	1,049,243
2024	883,412	31,769	-	915,181
2025	825,437	9,775	-	835,212
2026	765,244	-	-	765,244
2027-2031	2,829,333	-	-	2,829,333
2032-2036	857,345	-	-	857,345
2037-2041	13,425	-	-	13,425
Total	\$ 8,269,395	\$ 193,731	\$ 10,405	\$ 8,473,531

11. NET POSITION AND FUND BALANCE

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

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

Capital assets, net of accumulated depreciation		\$ 122,719,251
Related debt:		
Serial bonds—County	\$ (31,850,000)	
Unamortized bond premiums	(2,755,554)	
Deferred charges on refunding	196,650	
Bonds payable—WTASC	(6,857,864)	
Capital leases	(287,515)	
Unspent proceeds of debt	<u>1,270,991</u>	<u>(40,283,292)</u>
Net investment in capital assets		<u>\$ 82,435,959</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 \$16,353,575 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 \$3,834,030, \$6,175,131, \$4,813,652, \$556,681 and \$974,081, 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, 2021 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 \$1,795,815, \$85,974, \$2,215, \$10,482, and \$19,711, respectively, at December 31, 2021.
- **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 \$110,626, \$78,465, and \$322,839, respectively, at December 31, 2021.

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, 2021, the County reported the following restricted fund balances:

	Westmount Legacy Costs	Capital	Occupancy Tax	Debt Service	Insurance/ Employee Benefits	Other				Total Restricted
						Forfeitures Crime	Probation	Environmental Testing	STOP DWI	
General Fund	\$ 3,834,030	\$ 1,783,934	\$ 4,813,652	\$ -	\$ 80,000	\$ 514,821	\$ 2,902	\$ 211,247	\$ 165,111	\$ 11,405,697
County Road Fund	-	2,988,871	-	-	-	-	-	-	-	2,988,871
Capital Projects Fund	-	2,621,200	-	-	-	-	-	-	-	2,621,200
Nonmajor funds:										
Road Machinery Fund	-	52,117	-	-	-	-	-	-	-	52,117
Debt Service Fund	-	-	-	89,464	-	-	-	-	-	89,464
WTASC Fund	-	-	-	467,217	-	-	-	-	-	467,217
Total	<u>\$ 3,834,030</u>	<u>\$ 7,446,122</u>	<u>\$ 4,813,652</u>	<u>\$ 556,681</u>	<u>\$ 80,000</u>	<u>\$ 514,821</u>	<u>\$ 2,902</u>	<u>\$ 211,247</u>	<u>\$ 165,111</u>	<u>\$ 17,624,566</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, \$545,689, has been appropriated within the 2022 General Fund budget.
- **Restricted for Debt Service**—Represents amounts that are restricted for the reduction of future debt service requirements.
- **Restricted for Insurance/Employee Benefits**—Represents amounts that are restricted to pay future costs associated with insurance and employee benefits.
- **Restricted for Other**—Represents amounts restricted for future costs related to forfeitures crime, probation, environmental testing, and STOP DWI programs.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the County’s highest level of decision-making authority. As of December 31, 2021, the County had no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the County Board of Supervisors, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance may represent the residual amount of fund balance.

As of December 31, 2021, the County reported the following fund balance assignments:

	<u>Encumbrances</u>	Subsequent Year's <u>Expenditures</u>	Specific <u>Use</u>	Total <u>Assigned</u>
General Fund	\$ 698,962	\$ 1,000,000	\$ -	\$ 1,698,962
County Road Fund	147,012	750,000	563,528	1,460,540
Nonmajor funds:				
Road Machinery Fund	794,556	478,000	285,485	1,558,041
Sewer Fund	-	-	47,755	47,755
Total	<u>\$ 1,640,530</u>	<u>\$ 2,228,000</u>	<u>\$ 896,768</u>	<u>\$ 4,765,298</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 2022 fiscal year.
- **Assigned to Specific Use**—Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignments’ purpose relates to each fund’s operations and represents the remaining amounts within funds that are not restricted or committed.

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

12. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the subsequent year. The composition of interfund balances as of December 31, 2021 is presented below:

Fund	Interfund	
	Receivable	Payable
General	\$ 5,891,952	\$ 1,189,374
County Road	110,890	911,832
Capital Projects	1,083,987	4,179,915
Nonmajor funds:		
Special Grant	11,548	81,604
Road Machinery	8,504	8,148
Debt Service	70	-
Total governmental funds	7,106,951	6,370,873
Workers' Compensation	5,442	32,199
Custodial	215,342	924,663
Total	<u>\$ 7,327,735</u>	<u>\$ 7,327,735</u>

The County made the following transfers during the year ended December 31, 2021:

Fund	Transfers	Transfers
	In	Out
General	\$ 565,673	\$ 3,933,438
County Road	19	1,097,223
Capital Projects	1,236,565	192,922
Nonmajor funds:		
Special Grant	1,443	-
Road Machinery	7,090	134,835
Debt Service	3,979,522	-
WTASC	-	431,894
Total governmental funds	<u>\$ 5,790,312</u>	<u>\$ 5,790,312</u>

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

Interfund Revenues—The County allocates County Road Fund and Road Machinery Fund costs incurred in the road maintenance of the County to other funds based on their proportionate benefit of the total costs allocated. In 2021, the County has reported interfund revenues of \$53,740 and \$1,217,850 in the County Road Fund and Road Machinery Fund, respectively. The amounts are reported as transportation expenditures in the County Road Fund and Road Machinery Fund, as well as in the benefitting funds.

13. 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, 2021 was \$2,088,692.

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, 2021 was \$12,954.

Lake Champlain-Lake George Regional Development Corporation—The operation of the Lake Champlain-Lake George Regional Development Corporation is undertaken jointly with the counties of Essex, Clinton, Hamilton, and Washington under Section 402 and 1411 of the Not-for-Profit Corporation Laws of New York State and is excluded from the County’s financial statements. Separate financial statements are issued for the corporation. The County’s share of the operating costs for the year ended December 31, 2021 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, 2021 was \$0.

14. LABOR CONTRACTS

The County’s employees operate under six collective bargaining units, with the balance governed by County rules and regulations. Warren County PSBA, Warren County Police Benevolent Association and the Warren County Correctional Supervisors Association contracts are settled through December 31, 2022. The CSEA Unit 857 contract is settled through December 31, 2023. The Warren County Correction Officers Union contract and Warren County Sheriff’s Employees Alliance contract are settled through December 31, 2024.

15. 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 \$141,899 during 2021 in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$571,815 in property taxes.

16. CONTINGENCIES

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

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

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

17. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. 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, 2021, the County reported the following significant encumbrances/construction commitments:

Purpose	Amount
Road and Bridge Improvement - Capital Projects Fund	\$ 3,562,688
Court expansion - Capital Projects Fund	259,656
Automotive equipment - Road Machinery Fund	427,024
Total	<u>\$ 4,249,368</u>

18. 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, 2021.

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 \$431,894 for the year ended December 31, 2021.

Warren County Local Development Corporation (“LDC”)—An agreement between the LDC and the County requires the County to pay a support fee for services rendered in administrating the development grants of the County. The support fee revenue amounted to \$50,000 for the year ended December 31, 2021. 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.

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 12, 2022, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

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

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

	Year Ended December 31,							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Measurement date	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	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	<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	\$ 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 as a percentage of its covered payroll	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	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

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

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

	Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 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	(6,334,443)	(5,741,812)	(5,572,084)	(5,520,418)	(5,610,011)	(5,896,377)	(6,420,262)	6,973,699
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 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	16.2%	15.1%	15.0%	15.5%	16.2%	17.4%	16.9%	19.5%

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

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

Governmental activities:

	Year Ended December 31,			
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 4,054,513	\$ 4,608,759	\$ 5,539,596	\$ 6,454,563
Interest	2,169,327	3,113,526	6,562,728	5,867,223
Differences between expected and actual experience	14,026,452	(19,652,642)	(73,466,414)	-
Changes of assumptions	1,370,875	10,981,678	20,745,547	(18,792,621)
Change of benefit terms	-	(6,389,809)	(1,120,323)	-
Benefit payments	(3,176,088)	(3,641,717)	(3,101,764)	(3,888,449)
Net changes in total OPEB liability	18,445,079	(10,980,205)	(44,840,630)	(10,359,284)
Total OPEB liability—beginning	99,851,909	110,832,114	155,672,744	166,032,028
Total OPEB liability—ending	<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	3,176,088	3,641,717	3,101,764	3,888,449
Benefit payments	(3,176,088)	(3,641,717)	(3,101,764)	(3,888,449)
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OPEB Liability—ending	<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%
Covered-employee payroll	\$ 38,977,056	\$ 35,609,424	\$ 39,792,111	\$ 32,698,047
County's net OPEB liability as a percentage of covered-employee payroll	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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 33,973,877	\$ 33,973,877	\$ 34,695,945	\$ 722,068
Real property tax items	2,141,600	2,141,600	2,367,162	225,562
Non-property tax items	60,265,288	60,265,288	73,660,265	13,394,977
Departmental income	11,221,448	11,228,331	11,226,080	(2,251)
Intergovernmental charges	837,887	1,355,189	1,553,521	198,332
Licenses and permits	205,000	205,000	253,230	48,230
Fines and forfeitures	251,883	251,883	204,823	(47,060)
Use of money and property	1,345,244	1,345,244	2,084,518	739,274
Sale of property and compensation for loss	10,350	28,501	46,355	17,854
Miscellaneous	412,229	410,679	580,347	169,668
State aid	15,357,980	16,656,126	16,255,143	(400,983)
Federal aid	10,753,696	13,040,781	10,600,770	(2,440,011)
Total revenues	<u>136,776,482</u>	<u>140,902,499</u>	<u>153,528,159</u>	<u>12,625,660</u>
EXPENDITURES				
Current:				
General government support	43,319,993	43,966,339	47,967,728	(4,001,389)
Education	2,538,692	2,701,663	2,659,788	41,875
Public safety	28,593,841	30,271,259	29,568,186	703,073
Health	16,119,644	18,885,505	14,959,460	3,926,045
Transportation	562,494	777,203	701,076	76,127
Economic assistance and opportunity	41,001,203	41,997,461	39,813,070	2,184,391
Culture and recreation	1,341,451	1,430,270	1,286,696	143,574
Home and community services	1,393,312	1,423,658	1,298,666	124,992
Employee benefits	63,200	64,498	19,315	45,183
Debt service:				
Principal	290,017	290,017	290,016	1
Interest and fiscal charges	20,723	20,723	20,722	1
Total expenditures	<u>135,244,570</u>	<u>141,828,596</u>	<u>138,584,723</u>	<u>3,243,873</u>
Excess (deficiency) of revenues over expenditures	<u>1,531,912</u>	<u>(926,097)</u>	<u>14,943,436</u>	<u>15,869,533</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	360,000	389,060	565,673	176,613
Transfers out	<u>(3,865,660)</u>	<u>(3,933,438)</u>	<u>(3,933,438)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,505,660)</u>	<u>(3,544,378)</u>	<u>(3,367,765)</u>	<u>176,613</u>
Net change in fund balances *	(1,973,748)	(4,470,475)	11,575,671	16,046,146
Fund balances—beginning	<u>39,442,554</u>	<u>39,442,554</u>	<u>39,442,554</u>	<u>-</u>
Fund balances—ending	<u>\$ 37,468,806</u>	<u>\$ 34,972,079</u>	<u>\$ 51,018,225</u>	<u>\$ 16,046,146</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 9,958,135	\$ 9,958,135	\$ 9,958,135	\$ -
Intergovernmental charges	56,000	56,000	19,589	(36,411)
Use of money and property	26,000	26,000	5,972	(20,028)
Sale of property and compensation for loss	1,703	6,083	15,954	9,871
Miscellaneous	-	-	72	72
Interfund revenues	147,800	147,800	53,740	(94,060)
State aid	2,018,464	3,029,106	2,422,786	(606,320)
Federal aid	-	22,600	18,222	(4,378)
Total revenues	<u>12,208,102</u>	<u>13,245,724</u>	<u>12,494,470</u>	<u>(751,254)</u>
EXPENDITURES				
Current:				
Public safety	685,530	658,597	562,146	96,451
Transportation	11,213,452	13,557,796	9,573,208	3,984,588
Total expenditures	<u>11,898,982</u>	<u>14,216,393</u>	<u>10,135,354</u>	<u>4,081,039</u>
Excess (deficiency) of revenues over expenditures	<u>309,120</u>	<u>(970,669)</u>	<u>2,359,116</u>	<u>3,329,785</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	19	19
Transfers out	(980,970)	(1,200,240)	(1,097,223)	103,017
Total other financing sources (uses)	<u>(980,970)</u>	<u>(1,200,240)</u>	<u>(1,097,204)</u>	<u>103,036</u>
Net change in fund balances*	(671,850)	(2,170,909)	1,261,912	3,432,821
Fund balances—beginning	<u>3,351,938</u>	<u>3,351,938</u>	<u>3,351,938</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,680,088</u>	<u>\$ 1,181,029</u>	<u>\$ 4,613,850</u>	<u>\$ 3,432,821</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, 2021

1. OPEB LIABILITY

Changes of Assumptions—Significant changes in assumptions reflect the effects of changes in the long-term discount rate, and the healthcare trend rate. The discount rate changed from 2.12% at December 31, 2020 to 2.05% at December 31, 2021. The health care trend rate remained at 4.04% at December 31, 2021.

2. BUDGETARY INFORMATION

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

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

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

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

Excess of Expenditures over Appropriations—For the year ended December 31, 2021, the County's General Fund had expenditures in excess of the final budgeted amount within general government support in the amount of \$4,001,389 as a result of higher than anticipated disbursement of sales tax revenue.

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

SUPPLEMENTARY INFORMATION

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

COUNTY OF WARREN, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2021

	<u>Special Revenue</u>					<u>Total Nonmajor Funds</u>
	<u>Special Grant</u>	<u>Road Machinery</u>	<u>Sewer</u>	<u>Debt Service</u>	<u>WTASC</u>	
ASSETS						
Cash and cash equivalents	\$ 146,332	\$ 1,597,244	\$ 43,819	\$ -	\$ -	\$ 1,787,395
Restricted cash and cash equivalents	-	52,117	-	89,394	467,217	608,728
Receivables (net of allowances):						
Other	-	28,834	3,874	-	-	32,708
Intergovernmental receivables	21,559	234,963	62	-	-	256,584
Due from other funds	11,548	8,504	-	70	-	20,122
Inventories	-	322,839	-	-	-	322,839
Prepaid items	10,482	19,711	-	-	-	30,193
Total assets	<u>\$ 189,921</u>	<u>\$ 2,264,212</u>	<u>\$ 47,755</u>	<u>\$ 89,464</u>	<u>\$ 467,217</u>	<u>\$ 3,058,569</u>
LIABILITIES						
Accounts payable	12,927	\$ 138,413	\$ -	\$ -	\$ -	\$ 151,340
Accrued liabilities	95,335	164,601	-	-	-	259,936
Intergovernmental payables	55	342	-	-	-	397
Due to other funds	81,604	8,148	-	-	-	89,752
Total liabilities	<u>189,921</u>	<u>311,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501,425</u>
FUND BALANCES (DEFICIT)						
Nonspendable	10,482	342,550	-	-	-	353,032
Restricted	-	52,117	-	89,464	467,217	608,798
Assigned	-	1,558,041	47,755	-	-	1,605,796
Unassigned	(10,482)	-	-	-	-	(10,482)
Total fund balances (deficit)	<u>-</u>	<u>1,952,708</u>	<u>47,755</u>	<u>89,464</u>	<u>467,217</u>	<u>2,557,144</u>
Total liabilities and fund balances (deficit)	<u>\$ 189,921</u>	<u>\$ 2,264,212</u>	<u>\$ 47,755</u>	<u>\$ 89,464</u>	<u>\$ 467,217</u>	<u>\$ 3,058,569</u>

COUNTY OF WARREN, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended December 31, 2021

	<u>Special Revenue</u>				<u>WTASC</u>	<u>Total Nonmajor Funds</u>
	<u>Special Grant</u>	<u>Road Machinery</u>	<u>Sewer</u>	<u>Debt Service</u>		
REVENUES						
Real property taxes	\$ -	\$ 1,271,890	\$ 3,949	\$ -	\$ -	\$ 1,275,839
Departmental income	13,493	-	4,991	-	-	18,484
Use of money and property	-	1,995	20	895	25,002	27,912
Sale of property and compensation for loss	-	178,685	-	-	-	178,685
Miscellaneous	3,000	-	-	-	-	3,000
Interfund revenues	-	1,217,850	-	-	-	1,217,850
State aid	-	50,000	-	-	-	50,000
Federal aid	664,680	2,634	-	-	-	667,314
Tobacco settlement revenue	-	-	-	-	863,788	863,788
Total revenues	<u>681,173</u>	<u>2,723,054</u>	<u>8,960</u>	<u>895</u>	<u>888,790</u>	<u>4,302,872</u>
EXPENDITURES						
Current:						
General government support	-	-	-	-	58,767	58,767
Transportation	-	1,865,621	-	-	-	1,865,621
Economic Assistance and opportunity	681,173	-	-	-	-	681,173
Home and community services	1,443	-	8,360	-	-	9,803
Debt service:						
Principal	-	-	-	2,720,000	260,000	2,980,000
Interest and fiscal charges	-	-	-	1,207,488	133,150	1,340,638
Total expenditures	<u>682,616</u>	<u>1,865,621</u>	<u>8,360</u>	<u>3,927,488</u>	<u>451,917</u>	<u>6,936,002</u>
Excess (deficiency) of revenues over expenditures	<u>(1,443)</u>	<u>857,433</u>	<u>600</u>	<u>(3,926,593)</u>	<u>436,873</u>	<u>(2,633,130)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,443	7,090	-	3,979,522	-	3,988,055
Transfer out	-	(134,835)	-	-	(431,894)	(566,729)
Total other financing sources (uses)	<u>1,443</u>	<u>(127,745)</u>	<u>-</u>	<u>3,979,522</u>	<u>(431,894)</u>	<u>3,421,326</u>
Net change in fund balances	-	729,688	600	52,929	4,979	788,196
Fund balances—beginning	-	1,223,020	47,155	36,535	462,238	1,768,948
Fund balances—ending	<u>\$ -</u>	<u>\$ 1,952,708</u>	<u>\$ 47,755</u>	<u>\$ 89,464</u>	<u>\$ 467,217</u>	<u>\$ 2,557,144</u>

COUNTY OF WARREN, NEW YORK
Combining Statement of Net Position—Internal Service Funds
December 31, 2021

	<u>Workers'</u>	<u>Unemployment</u>	<u>Total</u>
	<u>Compensation</u>	<u>Unemployment</u>	<u>Internal</u>
			<u>Service</u>
			<u>Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,242,586	\$ 97,291	\$ 2,339,877
Intergovernmental receivables	14	-	14
Due from other funds	5,442	-	5,442
Prepaid items	6,363	-	6,363
Total current assets	<u>2,254,405</u>	<u>97,291</u>	<u>2,351,696</u>
Total assets	<u>2,254,405</u>	<u>97,291</u>	<u>2,351,696</u>
LIABILITIES			
Current liabilities:			
Accounts payable	57,513	-	57,513
Accrued liabilities	65,095	-	65,095
Due to other funds	32,199	-	32,199
Total current liabilities	<u>154,807</u>	<u>-</u>	<u>154,807</u>
Noncurrent liabilities:			
Due within one year:			
Workers' compensation	<u>1,686,000</u>	<u>-</u>	<u>1,686,000</u>
Total noncurrent liabilities	<u>1,686,000</u>	<u>-</u>	<u>1,686,000</u>
Total liabilities	<u>1,840,807</u>	<u>-</u>	<u>1,840,807</u>
NET POSITION			
Unrestricted	<u>413,598</u>	<u>97,291</u>	<u>510,889</u>
Total net position	<u>\$ 413,598</u>	<u>\$ 97,291</u>	<u>\$ 510,889</u>

COUNTY OF WARREN, NEW YORK
Combining Statement of Revenues, Expenses, and Changes in Net Position—
Internal Service Funds
Year Ended December 31, 2021

	<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	\$ 1,016,004	\$ -	\$ 1,016,004
Other operating revenue	<u>-</u>	<u>87,431</u>	<u>87,431</u>
Total operating revenues	<u>1,016,004</u>	<u>87,431</u>	<u>1,103,435</u>
Operating expenses:			
Personal services	187,777	-	187,777
Contractual services	1,411,519	-	1,411,519
Employee benefits	<u>97,587</u>	<u>87,431</u>	<u>185,018</u>
Total operating expenses	<u>1,696,883</u>	<u>87,431</u>	<u>1,784,314</u>
Operating (loss)	<u>(680,879)</u>	<u>-</u>	<u>(680,879)</u>
Nonoperating revenues:			
Interest income	<u>3,072</u>	<u>35</u>	<u>3,107</u>
Total nonoperating revenues	<u>3,072</u>	<u>35</u>	<u>3,107</u>
Change in net position	(677,807)	35	(677,772)
Net position—beginning	<u>1,091,405</u>	<u>97,256</u>	<u>1,188,661</u>
Net position—ending	<u>\$ 413,598</u>	<u>\$ 97,291</u>	<u>\$ 510,889</u>

COUNTY OF WARREN, NEW YORK
Combining Statement of Cash Flows—Internal Service Funds
Year Ended December 31, 2021

	<u>Workers'</u>	<u>Unemployment</u>	<u>Total</u>
	<u>Compensation</u>	<u>Unemployment</u>	<u>Internal</u>
			<u>Service</u>
			<u>Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from services provided	\$ 1,011,464	\$ 87,765	\$ 1,099,229
Payments to suppliers and service providers	(1,418,738)	-	(1,418,738)
Payments to employees for salaries and benefits	<u>(285,364)</u>	<u>(87,431)</u>	<u>(372,795)</u>
Net cash (used for) provided by operating activities	<u>(692,638)</u>	<u>334</u>	<u>(692,304)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on bank accounts	<u>3,072</u>	<u>35</u>	<u>3,107</u>
Net cash provided by investing activities	<u>3,072</u>	<u>35</u>	<u>3,107</u>
Net (decrease) increase in cash and cash equivalents	(689,566)	369	(689,197)
Cash and cash equivalents—beginning	<u>2,932,152</u>	<u>96,922</u>	<u>3,029,074</u>
Cash and cash equivalents—ending	<u>\$ 2,242,586</u>	<u>\$ 97,291</u>	<u>\$ 2,339,877</u>
Reconciliation of operating (loss) to net cash provided by (used for) operating activities:			
Operating (loss)	\$ (680,879)	\$ -	\$ (680,879)
Adjustments to reconcile operating (loss) to net cash (used for) provided by operating activities:			
(Increase) in prepaid items	(962)	-	(962)
Decrease in accounts payable	16,125	-	16,125
Increase in accrued liabilities	8,200	-	8,200
Decrease (increase) in due to/from other funds	(921)	334	(587)
(Decrease) in unearned revenue	(3,201)	-	(3,201)
(Decrease) in workers' compensation	<u>(31,000)</u>	<u>-</u>	<u>(31,000)</u>
Total adjustments	<u>(11,759)</u>	<u>334</u>	<u>(11,425)</u>
Net cash (used for) provided by operating activities	<u>\$ (692,638)</u>	<u>\$ 334</u>	<u>\$ (692,304)</u>

FEDERAL AWARDS INFORMATION

COUNTY OF WARREN, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

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	C025807	\$ -	\$ 923,948
Passed through NYS Office of Temporary and Disability Assistance: <i>SNAP Cluster:</i> State Administrative Matching Grants for the Supplemental Nutrition Assistance Program <i>Total SNAP Cluster</i>	10.561	N/A	-	694,639
Total U.S. Department of Agriculture			-	1,618,587
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 <i>Total CDBG-Entitlement Grants Cluster</i>	14.218	1197PF6-20	-	441
Total U.S. Department of Housing and Urban Development			-	441
U.S. Department of Justice:				
Passed through NYS Division of Criminal Justice Services: Law Enforcement Assistance Narcotics and Dangerous Drugs Training	16.004	N/A	-	47,176
Total U.S. Department of Justice			-	47,176
U.S. Department of Labor:				
Direct Programs: <i>WIOA Cluster:</i> WIOA Adult Program WIOA Youth Activities WIOA Dislocated Workers Formula Grants <i>Total WIOA Cluster</i>	17.258 17.259 17.278	N/A N/A N/A	- - -	273,037 169,307 136,411
Total U.S. Department of Labor			-	578,755
U.S. Department of Transportation:				
Direct Programs: Airport Improvement Program	20.106	N/A	-	2,099,274
Passed through NYS Department of Transportation: <i>Highway Planning and Construction Cluster:</i> Highway Planning and Construction <i>Total Highway Planning and Construction Cluster</i>	20.205	See Note 5	-	4,395,980
Total U.S. Department of Transportation			-	6,495,254
U.S. Department of the Treasury:				
Direct Program: Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	185,777
Total U.S. Department of the Treasury			-	185,777
U.S. Department of Education:				
Passed through NYS Department of Health: Special Education—Grants for Infants and Families with Disabilities	84.181	C-36441GG	-	32,758
Total U.S. Department of Education			-	32,758

(continued)

COUNTY OF WARREN, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

(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:				
National Family Caregiver Support, Title III, Part E	93.052	N/A	-	44,051
Special Programs for the Aging, Title III, Part D	93.043	N/A	-	6,941
<i>Aging Cluster:</i>				
Special Programs for the Aging, Title III, Part B	93.044	N/A	-	39,840
Special Programs for the Aging, Title III, Part C	93.045	N/A	-	257,631
Nutrition Services Incentive Program	93.053	N/A	-	214,189
<i>Total Aging Cluster</i>			-	511,660
Guardianship Assistance	93.090	N/A	-	903
COVID-19 Testing for the Uninsured	93.461	N/A	-	96,413
Provider Relief Fund	93.498	N/A	-	157,753
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	6823-01	-	213,849
Temporary Assistance for Needy Families	93.558	N/A	-	3,180,781
Child Support Enforcement	93.563	N/A	-	353,471
Low-Income Home Energy Assistance	93.568	N/A	-	3,903,873
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	-	44,819
Foster Care, Title IV-E	93.658	N/A	-	887,436
Adoption Assistance	93.659	N/A	-	878,447
Social Services Block Grant	93.667	N/A	-	192,332
Child Abuse and Neglect State Grants	93.669	N/A	-	133,642
<i>Medicaid Cluster:</i>				
Medical Assistance Program	93.778	N/A	-	814,747
<i>Total Medicaid Cluster</i>			-	814,747
Centers for Medicare and Medicaid Services (CMS)				
Research, Demonstrations and Evaluations	93.779	N/A	-	100,130
Passed through Health Research Inc.:				
Public Health Emergency Preparedness	93.069	1628-10	-	69,403
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	-	258,472
Passed through NYS Office of Children and Family Services:				
Promoting Safe and Stable Families	93.556	581-A-030	-	1,489
Passed through NYS Office of Alcoholism and Substance Abuse Services:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	-	321,870
Passed through NYS Department of Health:				
Preventive Health and Health Services Block Grant	93.991	C-026544	-	45,937
Total U.S. Department of Health and Human Services			-	12,218,419
U.S. Department of Homeland Security:				
Passed through NYS Office of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	204,151
Passed through NYS Division of Homeland Security and Emergency Services:				
State Homeland Security Program (SHSP)	97.067	See Note 5	-	132,537
Total U.S. Department of Homeland Security			-	336,688
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 21,513,855

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, 2021

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, 2021. 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: 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 CFDA 20.205 AND CFDA 97.067 FEDERAL PROGRAMS

Detail of the Highway Planning and Construction and State Homeland Security Program (SHSP) pass-through identifying numbers for the year ended December 31, 2021 are as follows:

	<u>Pass-Through Identifying Number</u>	<u>Total Federal Expenditures</u>
CFDA No. 20.205:		
	D031509	\$ 79,270
	D033375	531,463
	D035401	10,940
	D036053	18,972
	D036056	252,365
	D040061	1,060,329
	D040064	117,247
	D040068	154,560
	D040067	2,067,802
	D040252	<u>103,032</u>
	Total	<u>\$ 4,395,980</u>
CFDA No. 97.067:		
	C974200	\$ 14,404
	C974290	6,180
	T837305	29,189
	T974204	14,364
	T974242	29,406
	T974294	<u>38,994</u>
	Total	<u>\$ 132,537</u>

Certified Public Accountants

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

Honorable Board of Supervisors
County of Warren, New York:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Warren, New York (the "County") as of and for the year ended December 31, 2021, 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 12, 2022 (which report includes a disclaimer of opinion on the Warren County Soil and Water Conservation District discretely presented component unit). Our report includes a reference to other auditors who audited the financial statements of the Warren County Local Development Corporation, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

August 12, 2022

Certified Public Accountants

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

Honorable Board of Supervisors
County of Warren, New York:

Report on Compliance for Each Major Federal Program

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, 2021. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Warren Tobacco Asset Securitization Corporation ("WTASC"), the Warren County Local Development Corporation ("LDC"), and the Warren County Soil and Water District (the "District"), which expended \$0, \$871,266 and \$31,069 in federal awards, respectively, which are not included in the County's schedule of expenditures of federal awards during the year ended December 31, 2021. Our audit, described below, did not include the operations of WTASC, LDC, or the District. Other auditors were engaged to perform such audits on LDC in accordance with Uniform Guidance, as applicable, while the District was unaudited during the year ended December 31, 2021.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

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 12, 2022

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

COUNTY OF WARREN, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

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

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes No

Significant deficiency(ies) identified? _____ Yes None reported

Noncompliance material to the financial statements noted? _____ Yes No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes No

Significant deficiency(ies) identified? _____ Yes None reported

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
93.043/93.044/93.045/93.053	Aging Cluster
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases
93.558	Temporary Assistance for Needy Families
93.658	Foster Care, Title IV-E

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

Auditee qualified as low-risk auditee? _____ Yes No

Section II. FINANCIAL STATEMENT FINDINGS

No findings noted.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

COUNTY OF WARREN, NEW YORK
Summary Schedule of Prior Audit Findings and Corrective Action Plan
Year Ended December 31, 2021
(Follow-Up on December 31, 2020 Findings)

No findings were reported.